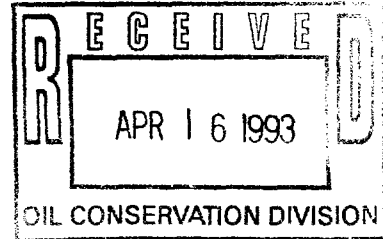


STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION



IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 10724

APPLICATION OF MERIDIAN OIL INC.
FOR AN UNORTHODOX GAS WELL
LOCATION AND DOWNHOLE COMMINGLING,
SAN JUAN COUNTY, NEW MEXICO.

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by MERIDIAN OIL
INC. as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

MERIDIAN OIL INC.
P. O. Box 4289
Farmington, N.M. 87499
Attn: Alan Alexander
(505) 326-9757

ATTORNEY

W. Thomas Kellahin
KELLAHIN AND KELLAHIN
P.O. Box 2265
Santa Fe, NM 87504
(505) 982-4285

OPPOSITION OR OTHER PARTY

ATTORNEY

N/A

STATEMENT OF CASE

APPLICANT:

Meridian Oil Inc. seeks approval to downhole commingle West Kutz-Pictured Cliffs Gas Pool (SW/4 equivalent dedication) and Basin-Fruitland Coal Gas Pool (W/2 equivalent dedication) production within the wellbore of its proposed RHODES C #101 WELL to be drilled at an unorthodox gas well location in Unit N of Section 30, T28N, R11W, San Juan County, New Mexico. As set forth in its application, Meridian will establish, among other things, that:

(1) Ownership is COMMON between the two spacing units and correlative rights will not be impaired;

(2) There are insufficient Fruitland Coal gas reserves under the W/2 of Section 30 to justify the drilling of a well for production only from that pool;

(3) There are insufficient Pictured Cliffs gas reserves under either the SW/4 or NW/4 of Section 30 to justify a "stand alone" Pictured Cliff well;

(4) The SW/4 of Section 30 has better potential for a successful Fruitland Coal Gas Well;

(5) Neither the Fruitland Coal gas nor the Pictured Cliffs gas in the spacing unit can economically be produced in any other means than downhole commingling;

(6) The well location is unorthodox for BOTH the Basin Fruitland Coal Gas Pool and the West Kutz Pictured Cliffs Gas Pool;

(7) The unorthodox location is 100 feet FSL and 370 feet FEL of its spacing unit in Section 30 rather than the required 790 feet from the outer boundary of the respective spacing units;

(8) The unorthodox location is made necessary because of the topographical limitation imposed in the S/2 of Section 30 by the "NAPI" irrigation project.

(9) No reservoir damage will occur.

(10) Waste will be prevented because approval of the application will afford an opportunity to recover gas that might not otherwise be recovered.

(11) The proposed Basin-Fruitland Coal Gas Pool spacing unit is the W/2 equivalent of Section 30 being 316.02 acres. The proposed West Kutz-Pictured Cliffs Pool spacing unit is the SW/4 equivalent of Section 30 being 158.06 acres. Both are standard in size for their respective pools.

PROPOSED EVIDENCE

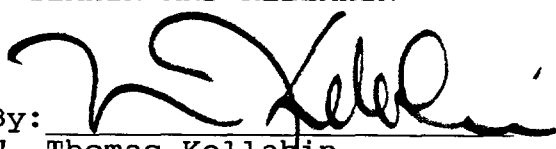
APPLICANT

WITNESSES	EST. TIME	EXHIBITS
Tom Yersak (geologist)	10 min.	2
Alan Alexander (landman)	10 min.	4
Scott Daves (petroleum engineer)	10 min.	2

PROCEDURAL MATTERS

Applicant proposes to consolidate this case with Cases 10721, 10722, 10723 and 10725 for purposes of hearing.

KELLAHIN AND KELLAHIN

By: 
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