

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:

CASES NOS. 10745 and
10754

APPLICATION OF MERIDIAN OIL INC.
TO AMEND ORDER R-9920 AND TO REOPEN
CASES 10754 AND 10745, SAN JUAN
AND RIO ARriba COUNTIES, 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

STATEMENT OF CASE

APPLICANT:

Meridian Oil Inc. requests an amendment to Order R-9920 such that the economic criteria for downhole commingling is based initially upon the relationship of costs to rate and estimated ultimate gas recovery only from the Pictured Cliffs pool. In addition, Meridian seeks to have this same criteria adopted in any order issued for cases 10754 and 10745.

Meridian proposed the following language:

"In the event total gas production from the Pictured Cliffs pool in a well exceeds both a maximum average daily producing rate of 300 MCFD and an estimated ultimate gas recovery (EUR) of 800 MMCF, then and in that event, downhole commingling will not be allowed in the affected well until either (a) both the rate and the EUR for the Pictured Cliffs pool drop below the above described limits, or (b) Meridian Oil Inc. submits evidence to the Aztec District Office of the Division that pursuant to Division Rule 303 (including cost to rate and EUR criteria) the Basin Fruitland Coal Gas Pool production qualifies the well for downhole commingling with the Pictured Cliffs pool."

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PROPOSED EVIDENCE

APPLICANT

WITNESSES	EST. TIME	EXHIBITS
Scott Daves (PE)	30-40 Min.	10


Possible additional witnesses:

Jim Craddock (PE)
Mike Dawson (geologist)
Alan Alexander (landman)

PROCEDURAL MATTERS

NONE.

KELLAHIN AND KELLAHIN

By: 
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