

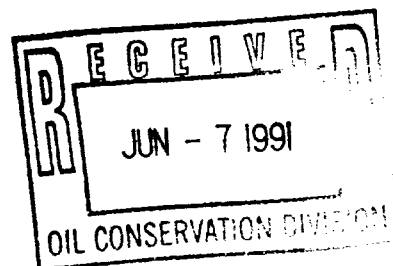
GAS COMPANY OF NEW MEXICO

Sarah D. Smith
MANAGER
LEGAL AND REGULATORY AFFAIRS

June 5, 1991

Mr. Robert Stovall, Esq.
Oil Conservation Division
P.O. Box 2088
State Land Office Building
Santa Fe, New Mexico 87504-2088

Re: Meridian Case No. 10324



Dear Bob:

Enclosed please find for filing the original and four copies of my entry of appearance and a prehearing statement on behalf of Gas Company of New Mexico and Sunterra Gas Gathering Company in the above-referenced matter. Would you please conform one of each and return them to me in the self-addressed stamped envelope which has been provided. Copies of these documents have been sent this day to Tom Kellehin, Meridian's attorney.

Please do not hesitate to let us know if you require anything further.

Yours very truly,

A handwritten signature in cursive script, appearing to read 'Sarah D. Smith'.

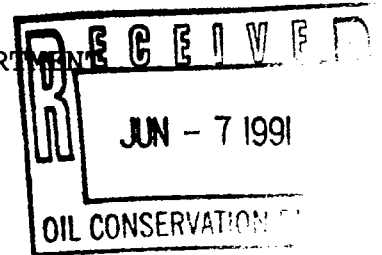
Sarah D. Smith

:mrh

Enclosures

cc: Ann Bolton (w/enclosure)
Paul Mollo (w/enclosure)

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



IN THE MATTER OF THE APPLICATION
OF MERIDIAN OIL, INC. FOR SPECIAL
PROJECT GAS ALLOWABLE, ETC.:

CASE NO. 10324

PRE-HEARING STATEMENT

This prehearing statement is submitted by Gas Company of New Mexico and Sunterra Gas Gathering Company as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT:

MERIDIAN OIL, INC.

INTERVENOR:

GAS COMPANY OF NEW MEXICO and
SUNTERRA GAS GATHERING COMPANY
P.O. Box 26400
Albuquerque, New Mexico 87125-6400
Attn: Ann Bolton

ATTORNEY:

Sarah D. Smith, Esq.
GAS COMPANY OF NEW MEXICO
P.O. Box 26400
Albuquerque, NM 87125-6400
(505) 880-7937

STATEMENT OF CASE

This case involves an application by Meridian Oil, Inc. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, an exception to Rule 2(b) of the special rules governing the Blanco-Mesaverde pool, and a special project gas allowable, San Juan County, New Mexico.

Gas Company of New Mexico (GCNM) and Sunterra Gas Gathering Company (SGGC) are large purchasers of gas from numerous wells in the Blanco-Mesaverde pool. GCNM and SGGC object to Meridian's request for a special project allowable as an unjustified and

unreasonable departure from the Commission's established method of determining allowables. The resulting instability in the entire OCD system of prorationing will have a dramatic effect on GCNM and SGGC's interests in the subject pool. Therefore, GCNM and SGGC have a direct interest in this proceeding which cannot adequately be represented by any other party.

PROPOSED EVIDENCE

INTERVENOR:

WITNESSES:

EST. TIME:

Paul D. Mollo
Gas Company of New Mexico


15 - 20 Minutes

Joel L. Levine
Gas Company of New Mexico

15 - 20 Minutes

PROCEDURAL MATTERS

No procedural matters of which GCNM or SGGC are aware need to be resolved prior to the hearing.



Sarah D. Smith, Esq.
Attorney for GCNM and SGGC

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ENTRY OF APPEARANCE

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Attorney for
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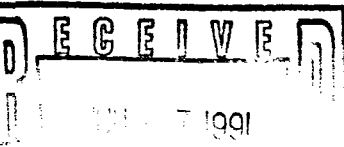
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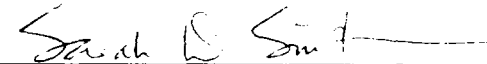
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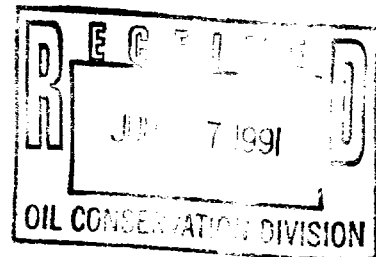
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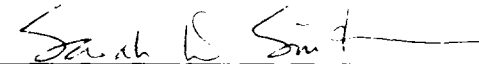
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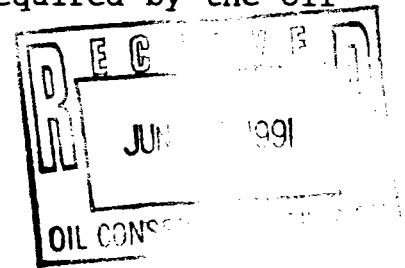
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