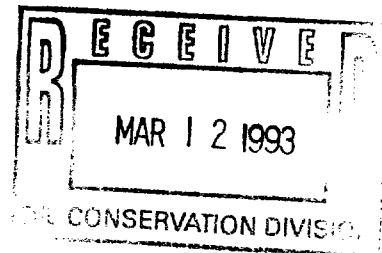


STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 10659

APPLICATION OF MERIDIAN OIL, INC.
FOR APPROVAL OF A NON-STANDARD
PRORATION AND SPACING UNIT,
LEA 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 51810
Midland, TX 79710
ATTN: Tom O'Donnell

ATTORNEY

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

OPPOSITION OR OTHER PARTY
(Name, Address, and Phone)

ATTORNEY

N/A

STATEMENT OF CASE

APPLICANT

Meridian Oil Inc. seeks approval of a 160-acre non-standard spacing unit consisting of the E/2E/2 of Section 7, T26S, R37E, NMPM, Lea County, New Mexico for a well to be drilled therein and dedicated to the Rhodes Yates-Seven Rivers Gas Pool.

The W/2E/2 and the W/2 of Section 7 is current within the boundary of the Scarborough Yates-Seven Rivers Pool.

This proposed Non-Standard Proration Unit is controlled by Meridian Oil Inc. and is located such that its western boundary is contiguous to the eastern boundary of the Scarborough Pool while part of the eastern boundary of the proposed Non-Standard Proration Unit is contiguous with part of the western boundary of the Rhodes Pool.

Meridian has contacted the working interest owner of the W/2E/2 of Section 7 to discuss the formation of 2 standard 160-acre spacing units and to which pool said units would be dedicated.

Meridian believes that the E/2E/2 of Section 7 is a logical extension of the Rhodes Pool, while the working interest owner of the W/2E/2 of Section 7 prefers to have his acreage continue to be dedicated to the Scarborough Pool.

The affected working interest owner has no objection to the deletion of his acreage from the proposed Meridian Non-Standard Proration Unit. Approval of Meridian's request will allow acreage within the "buffer" zone between two existing pools to be developed and dedicated to a Pool.

Well is the Rhodes Pool have limited capacity to drain 160 acre standard spacing units and often effectively drain only 80-acres. Approval of this application will not impair correlative rights and will prevent waste.

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OPPOSITION OR OTHER PARTY

N/A

PROPOSED EVIDENCE

APPLICANT

WITNESSES	EST. TIME	EXHIBITS
Tom O'Donnell Petroleum Engineer	20 Minutes	5 Exhibits

OPPOSITION OR OTHER PARTY

WITNESSES	EST. TIME	EXHIBITS
N/A		


PROCEDURAL MATTERS

None applicable at this time.

Respectfully submitted,

KELLAHIN AND KELLAHIN,

BY:


W. Thomas Kellahin
Post Office Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285
ATTORNEYS FOR MERIDIAN OIL INC.