

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. 10701

APPLICATION OF MERIDIAN OIL INC.  
FOR DOWNHOLE COMMINGLING AND FOR  
AN ADMINISTRATIVE DOWNHOLE COMMINGLING  
PROCEDURE WITHIN THE HUERFANITO UNIT AREA,  
SAN JUAN COUNTY, NEW MEXICO.

**PRE-HEARING STATEMENT**

This pre-hearing statement is submitted by 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. seeks an administrative procedure to downhole commingle Blanco-Mesaverde Gas Pool and Basin-Dakota Gas Pool production within the Huerfanito Unit with the six initial wells for downhole commingling being the Huerfanito Unit Wells 71, 104, 78M, 79M, 82M and 98M, San Juan County New Mexico. As set forth in its application, Meridian will establish, among other things, that:

(1) Ownership is different between the spacing units because there are different participating areas for each pool which are not identical. However, correlative rights will not be impaired;

(2) Huerfanito Unit Wells 71 and 104 are existing Dakota Wells to be recompleted and commingled with Mesaverde production. The other four wells are proposed new wells;

(3) It is not otherwise economic to attempt to drill and separately complete wells in the unit for either Dakota production or for Mesaverde production;

(3) No reservoir damage will occur;

(4) Approval will allow the economic recovery of gas which might otherwise be left in the reservoirs.

**PROPOSED EVIDENCE**

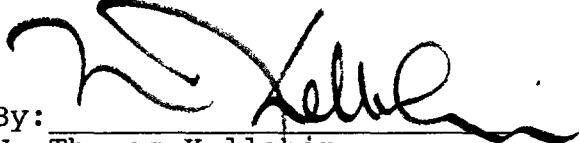
APPLICANT

WITNESSES	EST. TIME	EXHIBITS
Chip Head (geologist)	20 min.	2
Alan Alexander (landman)	15 min.	4
Mike Pippin (petroleum engineer)	20 min.	2

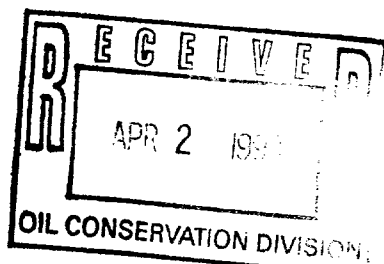
**PROCEDURAL MATTERS**

None applicable at this time.

KELLAHIN AND KELLAHIN



By: \_\_\_\_\_  
W. Thomas Kellahin  
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Attorney for Applicant



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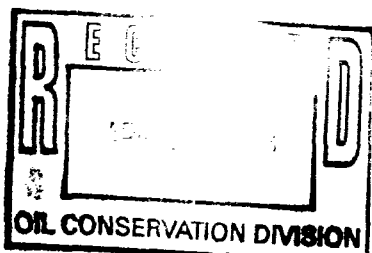
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