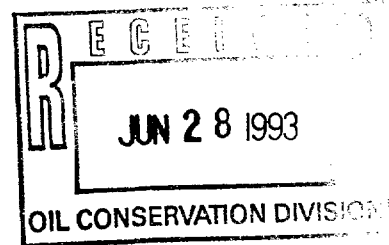


STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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



CASE NO. 10754

APPLICATION OF MERIDIAN OIL INC.
FOR AN UNORTHODOX GAS WELL LOCATION,
NON-STANDARD GAS PRORATION UNITS,
AND DOWNHOLE COMMINGLING,
RIO ARriba 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

STATEMENT OF CASE

APPLICANT:

Meridian Oil Inc. seeks approval to downhole commingle Choza Mesa-Pictured Cliffs Gas Pool and Basin-Fruitland Coal Gas Pool production within the wellbore of its proposed San Juan 28-4 Unit 225 Well to be drilled at an unorthodox gas well location and dedicated to non-standard proration units for both these pool, Rio Arriba County, New Mexico. As set forth in its application, Meridian will establish, among other things, that:

(1) Ownership is identical within the spacing unit; correlative rights will not be impaired;

(2) The San Juan 28-4 #225 Well is a new well to be drilled for commingled production;

(3) That in this instance, both Pictured Cliffs production and the coal gas production will be of such low productivity that neither can be economically produced unless it is downhole commingled with the other;

(4) No reservoir damage will occur;

(5) Approval will allow the economic recovery of gas which might otherwise be left in the reservoirs thereby preventing waste.

(6) That the location is unorthodox as to both pools because of the irregular size of said Section 7.

(7) That because of the irregular size of Section 7, the Basin-Fruitland Coal Gas Pool dedication will be all of this section consisting of 229.88 acres and the Choza Mesa Pictured Cliffs Gas Pool dedication will be 114.60 acres being lots 3-5 and the SE/4SW/4 of said Section 7.

PROPOSED EVIDENCE


APPLICANT

WITNESSES	EST. TIME	EXHIBITS
Mike Dawson (geologist)	10 min.	4
Alan Alexander (landman)	10 min.	4
Kurt Shipley (petroleum engineer) alternate: Scott Daves (PE)	20 min.	8

PROCEDURAL MATTERS

NONE.

KELLAHIN AND KELLAHIN

By: 
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Santa Fe, New Mexico 87504
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