

**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:

26 1994

CASE NO. 11039

APPLICATION OF MERIDIAN OIL INC.
FOR AN UNORTHODOX COAL GAS WELL
LOCATION AND DOWNHOLE COMMINGLING,
SAN JUAN 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 Aztec-Pictured Cliffs Gas Pool (SE/4 dedication) and Basin-Fruitland Coal Gas Pool (E/2 dedication) production within the wellbore of its existing FIFIELD WELL NO. 2 which was drilled as a Pictured Cliffs well and is at an unorthodox "off-pattern" coal-gas well location 1650 feet FSL and 1090 feet FEL (Unit I) of Section 5, T29N, R11W, San Juan County, New Mexico. As set forth in its application, Meridian will establish, among other things, that:

(1) Ownership is different between the two spacing units but correlative rights will not be impaired because:

(a) there are insufficient coal-gas reserves under the SE/4 of Section 5 to justify a "stand alone" coal-gas well,

(b) the SE/4 of Section 5 has some potential for a successful Fruitland Coal Gas Well only if it is added to the existing Pictured Cliff production in the subject well,

(c) the existing coal gas well in the NE/4 will be plugged upon recompletion of the Fifield Well No. 2, and

(d) The coal-gas in the spacing unit cannot economically be produced in any other means than downhole commingling;

(2) The unorthodox location is because making the existing Fifield Well No. 2 into a coal-gas completion will result in the well being located in the SE/4 of the section and it is therefore "off-pattern."

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(3) No reservoir damage will occur.

The proposed Basin-Fruitland Coal Gas Pool spacing unit is the E/2 equivalent of Section 5 being 305.92 acres. The proposed Aztec-Pictured Cliffs Pool spacing unit is the SE/4 of Section 5 being 160 acres. Both are standard in size for their respective pools.

PROPOSED EVIDENCE

APPLICANT

WITNESSES	EST. TIME	EXHIBITS
Alan Alexander (landman)	10 min.	4
Scott Daves (petroleum engineer)	20 min.	5

PROCEDURAL MATTERS

None anticipated at this time

KELLAHIN-AND KELLAHIN

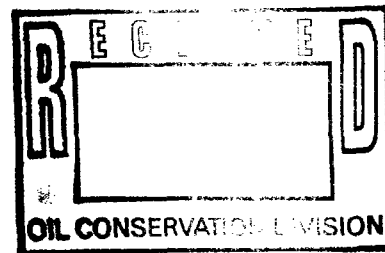
By: 

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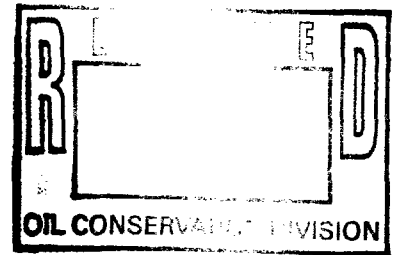
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