

**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:**

**APPLICATION OF CHEVRON USA, INC. FOR
APPROVAL OF A PILOT PROJECT FOR THE
PURPOSE OF DETERMINING PROPER WELL DENSITY
REQUIREMENT FOR WELLS IN THE
BASIN-FRUITLAND COAL GAS POOL
RIO ARRIBA, SAN JUAN, MCKINLEY AND
SANDOVAL COUNTIES, NEW MEXICO**

CASE NO. 13-0001

2006 SEP 13 PM 12:44

RECEIVED

WNT 9/13/07

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by the ConocoPhillips Company ("ConocoPhillips") as required by the New Mexico Oil Conservation Division.

APPEARANCES OF THE PARTIES

APPLICANT

Chevron USA, Inc.

ATTORNEY

William F. Carr, Esq.

OPPONENTS

ConocoPhillips Company
P. O. Box 4289
Farmington, New Mexico 87499-4289
Attn: Alan Alexander
505-326-9757

ATTORNEY

W. Thomas Kellahin
706 Gonzales Road
Santa Fe, New Mexico 87501
505-982-4285
Fax: 505-982-2047

Devon Energy Corporation

James Bruce, Esq.

Koch Exploration Company, LLC

J. Scott Hall, Esq.

STATEMENT OF THE CASE

OPPONENT:

ConocoPhillips is opposed to Chevron's application and will request that the Division enter an order denying this proposed pilot project for reasons that include the following:

- (1) The Division's Fruitland Coalbed Methane Study Committee is the appropriate method for studying and determining the proper well density for the Basin Fruitland Coal-Gas Pool, including choosing locations for meaningful pilot project areas.
- (2) Chevron's proposed pilot project is in the Low Productivity Area of the pool immediately adjacent to the High Productivity Area and is therefore neither suitable nor representative of an appropriate pilot area;
- (3) Chevron's proposed pilot project does not contain a "buffer" or a protective well location setback and therefore will adversely affect correlative rights;
- (4) Chevron's proposed pilot project is self serving because it appears to contain all of Chevron's coal-gas acreage and if approved will allow Chevron, under the guise of a pilot, to increase well density for its own gain and will not benefit any other operators or interest owners;
- (5) Chevron's proposed pilot project appears to be an excuse for rate acceleration rather than a legitimate science project to study ways to increase ultimate recovery.
- (6) Chevron has refused to supply bottom hole pressures from their recently drilled wells in the proposed pilot area, which pressures are necessary for proper evaluation of the pilot project.
- (7) Chevron has refused to verify the bottom hole location of the proposed pilot wells, the location of which are necessary for evaluation of drainage and correlative rights determinations.

PROPOSED EVIDENCE

APPLICANT

WITNESSES	EST. TIME	EST. EXHIBITS
Jennifer Queen (Petroleum Engineer)	20 Min.	5 exhibits

Michael Sturdy (Petroleum Geologist)

20 Min.

4 exhibits

PROCEDURAL MATTERS

None at this time.

KELLAHIN & KELLAHIN

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', is written over the printed name 'KELLAHIN & KELLAHIN'.

W. Thomas Kellahin
Kellahin & Kellahin
706 Gonzales Road
Santa Fe, New Mexico 87501
Phone 505-982-4285
Fax 505-982-2047
E-mail: tkellahin@comcast.net