

**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. 11169

THE APPLICATION OF CONOCO INC. FOR
POOL CREATION, SPECIAL POOL RULES AND
THE ASSIGNMENT OF A DISCOVERY ALLOWABLE,
LEA COUNTY, NEW MEXICO.

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by CONOCO INC. as required
by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

Conoco Inc.
10 Desta Drive West
Midland, Texas 79705-4500
Attn: Jerry Hoover
(915) 686-6548

ATTORNEY

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

STATEMENT OF CASE

APPLICANT:

Conoco is the only operator in the proposed pool and currently all categories of owners in the pool have common ownership. On August 19, 1994, Conoco completed its Hardy "36" State Well No. 3 at a standard location 2080 feet FNL and 1730 feet FEL, (Unit G) of said Section 36 which constitutes a "new discovery" under Division Rule 509 and is entitled to a discovery oil allowable for production from the Tubb-Drinkard formations.

Conoco proposes that the Division create a new pool to be known as the North Hardy Tubb-Drinkard Pool, the vertical limits of which shall be from the top of the Tubb formation to the base of the Drinkard formation, identified as being 6308 feet and 6886 feet, respectively, on the log of the Hardy "36" State Well No. 1 located in Unit K of Section 36, T20S, R37E, NMPM, and adoption of temporary special rules and regulations including:

- (a) 40-acre spacing and proration units; and
- (b) a special limiting gas-oil ratio of 10,000 cubic feet of gas per barrel of oil.

Conoco proposes that the initial pool boundary for should comprise the S/2NW/4, the N/2SW/4, the SW/4NE/4, and the NW/4SE/4 of Section 36, T20S, R37E, Lea County, New Mexico.

Conoco has geological and petroleum engineering data and conclusions to demonstrate that the Drinkard and Tubb formations constitute one single common source of supply ("reservoir") in this particular area and that there is no geologic, petroleum engineering or conservation reason to require that they be treated as separate pools.

Based upon the present evidence available concerning the nature of the Tubb and Drinkard formations, both are typical solution gas drive oil pools which are commonly combined by the Division and authorized to be produced at special gas oil ratio rates.

Conoco has petroleum engineering data which supports its request that the Division establish an initial special gas oil ratio of 10,000 cubic feet of gas per barrel of oil for the North Hardy Tubb-Drinkard Pool.

In order to avoid the arbitrary effect of having any well in either pool shut-in or curtailed as a result of allowables being calculated based upon inapplicable statewide rules the effective date of this order should be made retroactive to August 19, 1994.

Approval of Conoco's request will allow the interest owners the opportunity to economically recover their share of the oil and gas in the subject pool, will not reduce ultimate recovery from the subject pools, and will not violate correlative rights.

PROPOSED EVIDENCE

APPLICANT

WITNESSES	EST. TIME	EXHIBITS
David E. Nelson (geologist)	30 Min.	est. 10 exhibits
Damian G. Barrett (P.E.)	30 Min.	est. 12 exhibits

PROCEDURAL MATTERS

None applicable at this time.

KELLAHIN AND KELLAHIN

By: 

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