

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

CASE NO. 11678

**APPLICATION OF BURLINGTON RESOURCES OIL & GAS
COMPANY FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 11656

**APPLICATION OF TEXACO EXPLORATION AND PRODUCTION,
INC. FOR COMPULSORY POOLING AND A DIRECTIONAL WELL
PROJECT, LEA COUNTY, NEW MEXICO.**

**MOTION FOR CONSOLIDATION
AND
PRE-HEARING STATEMENT**

This pre-hearing statement is submitted by BURLINGTON RESOURCES OIL & GAS COMPANY, as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT IN CASE 11678

Burlington Resources
P. O. Box 51810
Midland, Texas 79710-1810
Attn: Leslyn Swierc

ATTORNEY

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

APPLICANT IN CASE 11656

Texaco Exploration & Production
P. O. Box 3109
Midland, Texas 79702
Attn: Ron Lanning

ATTORNEY

William F. Carr, Esq.
P. O. Box 2208
Santa Fe, New Mexico
(505) 988-4422

BURLINGTON'S STATEMENT OF CASE

1. Burlington controls 48 % of the working interest in the SW/4 of Section 23, T26S, R37E, NMPM, Lea County, New Mexico.

2. Texaco Exploration and Production Inc. ("Texaco") controls 50 % of the working interest in this proposed gas spacing unit.

3. On July 10, 1996, Burlington acquired its interest in this gas spacing unit from Doyle Hartman.

4. Since then, Burlington and Texaco have had numerous discussions concerning the drilling of wells to test this spacing unit for gas production from the Rhodes-Seven Rivers Gas Pool.

5. Texaco has previously proposed that the spacing unit be developed with a vertical well(s) and that Burlington operate the spacing unit.

6. However, Texaco's latest proposal now involves a multilateral horizontal well which is more than twice the projected cost of a vertical wellbore.

7. Because Burlington is unwilling to participate in the drilling of an expensive multilateral horizontal wellbore, Texaco has filed NMOCD Case 11656 in which Texaco seeks to obtain a compulsory pooling order for its horizontal well project.

8. In turn, Burlington has proposed to Texaco that the spacing unit can and should be developed utilizing conventional vertical wellbores.

9. By its conduct, Texaco has rejected Burlington's proposal and has refused to discuss this matter with Burlington.

10. That all reasonable efforts by Burlington to form a voluntary agreement for this well has failed and it has been unable to obtain the voluntary agreement of Texaco in this matter.

PROPOSED EVIDENCE

OPPOSITION PARTY:

WITNESSES	EST. TIME	EXHIBITS
Leslyn Swierc	30 Min	@ 8
Chris J. Settle petroleum engineer	30 Min	@ 8
Marcus Phomerson geologist	30 Min.	@ 3

PROCEDURAL MATTERS

Motion to consolidate cases for hearing.

KELLAHIN AND KELLAHIN

By: 

W. Thomas Kellahin
P.O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285