

**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. 12122

**APPLICATION OF CONOCO INC. FOR
DOWNHOLE COMMINGLING, UNORTHODOX
WELL LOCATIONS AND AN EXCEPTION
FOR THE SAN JUAN 28-7 UNIT FROM
RULE 2 OF THE SPECIAL RULES AND
REGULATIONS FOR THE BASIN DAKOTA
GAS POOL, RIO ARRIBA COUNTY, NEW
MEXICO.**

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by the Estate of Glenn D. Hughes as required by the Oil Conservation Division.

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OIL CONSERVATION DIV.

APPEARANCES OF PARTIES

APPLICANT

Conoco, Inc.

ATTORNEY

W. Thomas Kellahin
Kellahin & Kellahin
P.O. Box 2265
Santa Fe, New Mexico 87501
Telephone: (505) 982-4285

OPPOSITION OR OTHER PARTY

Richard D. Hughes,
Personal Representative of the
Estate of Glenn D. Hughes
2321 Candelaria NW
Albuquerque, New Mexico 87107

ATTORNEY

Stratton & Cavin, P.A.
Sealy H. Cavin, Jr.
P.O. Box 1216
Albuquerque, New Mexico 87103-1216
Telephone: (505) 243-5400

STATEMENT OF CASE

APPLICANT

Conoco, Inc. has applied to the Division for downhole commingling, 6 unorthodox gas well locations and approval of a Pilot Project including an exception from Rule 2 of the Special Rules and Regulations for the Basin-Dakota Gas Pool for purposes of establishing a pilot infill drilling program within its San Juan 28-7 Unit whereby up to four wells may be drilled on a standard gas proration unit to determine proper well density and well location requirements for Dakota wells, Rio Arriba County, New Mexico. Applicant seeks approval for a pilot program including an exception for the San Juan 28-7 Unit from Rule 2 of the Special Rules and Regulations for the Basin-Dakota Gas Pool and authorization to drill wells at unorthodox locations anywhere in the proration unit provided such wells are located no closer than 10 feet from any section, quarter-section or quarter-quarter section line and to increase the well density from the current maximum of two (2) wells (160-acre infill) provided in Order R-8170 to a maximum of four (4) wells (80-acre infill) per gas proration and spacing unit for wells dedicated to the Basin Dakota Gas Pool within the San Juan 28-7 Unit. Applicant further seeks approval, in accordance with Order R-10476-B, to downhole commingling production in the six pilot project wells from the Blanco-Mesaverde Gas Pool and the Basin-Dakota Gas Pool.

OPPOSITION OR OTHER PARTY

The Estate of Glenn D. Hughes is requesting a four (4) week continuance to the hearing scheduled for March 4, 1999 in order that, with the assistance of counsel, the Estate can -- (1) identify its interest in the San Juan 28-7 Unit; and (2) ascertain the implications of Conoco's application with respect to the Estate's interest.

PROPOSED EVIDENCE

OPPOSITION OR OTHER PARTY

WITNESS

EST. TIME

EXHIBITS

The Estate does not at this time plan to call any witnesses.

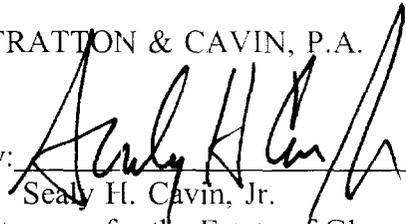
PROCEDURAL MATTERS

Other than the continuance, the Estate is not aware of any procedural matters which need to be addressed prior to the hearing.

RESPECTFULLY SUBMITTED:

STRATTON & CAVIN, P.A.

By:

A handwritten signature in black ink, appearing to read "Sealy H. Cavin, Jr.", written over a horizontal line.

Sealy H. Cavin, Jr.

Attorneys for the Estate of Glenn D. Hughes

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