

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

CASE NO. 12191

**APPLICATION OF OXY USA INC.
FOR APPROVAL OF AN UNORTHODOX GAS WELL
LOCATION AND SIMULTANEOUS DEDICATION
EDDY COUNTY, NEW MEXICO**

99 JUN -7 AM 11:13
OIL CONSERVATION DIV.

PRE-HEARING STATEMENT

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

APPEARANCE OF PARTIES

APPLICANT

ATTORNEY

OXY USA Inc.
5 Greenway Plaza, Suite 2400
Houston, Texas 77227-7570
(713) 215-7317
attn: Richard E. Foppiano

W. Thomas Kellahin
KELLAHIN & KELLAHIN
P.O. Box 2265
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STATEMENT OF THE CASE

1. OXY is the operator of the Roscoe Federal Well No. 1 which is located at a standard gas well location in Unit I of Section 4 and is dedicated to a non-standard 323.68 acre proration and spacing unit approved by Division Administrative Order NSL-3961 consisting of Lots 1, 2, 3, 4 and S/2N/2 (N/2 equivalent) of this irregular section. ("the Roscoe spacing unit") for production from the Crow Flats-Morrow Gas Pool.

2. Yates Petroleum Corporation ("Yates") has applied to the Division for an unorthodox gas well location for its Luck Coyote "ATD" Well No. to be located 660 feet from the North and East lines of Section 5, T17S, R27E. This application is currently scheduled for hearing on the Division's Examiner Docket set for May 27, 1999.

3. Yates' proposed location encroaches upon OXY's Roscoe spacing unit.

4. OXY's existing Roscoe well is currently producing from the Crow Flats-Morrow Gas Pool at a rate of 300-400 MCFPD and will not be able to protect its spacing unit from drainage by the proposed Yates' well.

5. OXY proposes to drill its Jazz Federal Well No. 1 at an unorthodox well location in an attempt to protect the Roscoe spacing unit from offset drainage.

6. OXY seeks simultaneous dedication and an exception to Division Rule 104.D(3) so that both its wells can be produced concurrently.

7. OXY has obtained waivers of objections from all of the necessary persons.

PROPOSED EVIDENCE

APPLICANT:

| WITNESSES | EST. TIME | EXHIBITS |
|--------------------------|-----------|--------------|
| Bob Doty (geology) | 15 Min. | @ 3 exhibits |
| Richard E. Foppiano (PE) | 15 Min. | @ 6 exhibits |

PROCEDURAL MATTERS

None anticipated

KELLAHIN AND KELLAHIN

By: 
W. Thomas Kellahin