

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. 10595

**APPLICATION OF SOUTHLAND ROYALTY CO.  
FOR A HIGH ANGLE/HORIZONTAL  
DIRECTIONAL DRILLING PILOT PROJECT,  
SPECIAL OPERATING RULES THEREFOR,  
AND AN UNORTHODOX OIL WELL LOCATION,  
RIO ARRIBA COUNTY, NEW MEXICO**

RECEIVED

OCT 30 1992

**PRE-HEARING STATEMENT**

OIL CONSERVATION DIVISION

This pre-hearing statement is submitted by SOUTHLAND ROYALTY COMPANY as required by the Oil Conservation Division.

**APPEARANCE OF PARTIES**

**APPLICANT**

Southland Royalty Company  
P.O. Box 4289  
Farmington, NM 87499  
ATTN: Alan Alexander

**ATTORNEY**

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

**OPPOSITION OR OTHER PARTY**

**ATTORNEY**

N/A

**STATEMENT OF CASE**

APPLICANT

Applicant, Southland Royalty Company. ("Southland"), seeks to initiate a high angle/horizontal directional drilling pilot project in the Gavilan-Mancos Oil Pool underlying all of Section 16, Township 26 North, Range 2 West, being a standard 640-acre spacing and proration unit for said pool. Southland proposes to re-enter its Tapacitos Well No. 3 located at an unorthodox surface location 1540 feet from the North Line and 995 feet from the East Line (Unit H) of said Section 16, kick off from vertical in an estimated westerly direction commencing to build angle at an appropriate rate to vertically and horizontally traverse the proposed producing area. Southland further seeks the adoption of special operating provisions and rules within the pilot project area including the designation of a target window such that the horizontal or producing portion of the wellbore shall be no closer than 790 feet from the outer boundary of the spacing unit.

OPPOSITION OR OTHER PARTY

N/A

**PROPOSED EVIDENCE**

APPLICANT

WITNESSES	EST. TIME	EXHIBITS
David Schoderbek Geologist	20 Minutes	3-4 Exhibits
Paul Allan Drilling Engineer	20 Minutes	3 Exhibits
Alan Alexander Landman	10-15 Minutes	2 Exhibits

OPPOSITION

WITNESSES	EST. TIME	EXHIBITS
SEE OPPOSITION FILING, IF ANY		

**PROCEDURAL MATTERS**

None applicable at this time.

KELLAHIN AND KELLAHIN

By:   
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(505) 982-4285  
ATTORNEYS FOR APPLICANT