

**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:

APPLICATION OF PHILLIPS PETROLEUM COMPANY
FOR A NON-STANDARD OIL PRORATION
UNIT, AN UNORTHODOX OIL WELL LOCATION,
A HIGH ANGLE/HORIZONTAL DIRECTIONAL
DRILLING PILOT PROJECT, SPECIAL OPERATING
RULES THEREFOR, A SPECIAL PROJECT
OIL ALLOWABLE AND PRODUCTION TESTING PERIOD,
EDDY COUNTY, NEW MEXICO.

No. 11014

PRE-HEARING STATEMENT

This Prehearing Statement is submitted by Campbell, Carr, Berge & Sheridan, P.A.,
as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Phillips Petroleum Company _____

name, address, phone and
contact person

ATTORNEY

W. Thomas Kellahin, Esq. _____
Kellahin & Kellahin _____
Post Office Box 2265 _____
Santa Fe, New Mexico 87504-2265 _____
(505) 982-4285 _____

OTHER PARTY

Bass Enterprises Production Co.
c/o J. Wayne Bailey
201 Main Street 3109
Fort Worth, TX 76102-3131
(817) 390-8400

name, address, phone and
contact person

ATTORNEY

William F. Carr, Esq.
Campbell, Carr, Berge & Sheridan, P.A.
Post Office Box 2208
Santa Fe, New Mexico 87504
(505) 988-4421

STATEMENT OF CASE

APPLICANT

(Please make a concise statement of what is being sought with this application and the reasons therefore.)

OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

Bass Enterprises Production Co. is concerned that the testing allowables sought by Phillips will adversely affect its interests in offsetting tracts and will therefore participate in the hearing to protect these interests.

PROPOSED EVIDENCE

APPLICANT

WITNESSES
(Name and expertise)

EST. TIME

EXHIBITS

OTHER PARTY

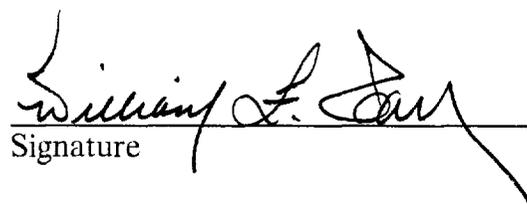
WITNESSES
(Name and expertise)

EST. TIME

EXHIBITS

PROCEDURAL MATTERS

(Please identify any procedural matters which need to be resolved prior to hearing)


Signature

**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:

JUL 5 1994

CASE NO. 11014

APPLICATION OF PHILLIPS PETROLEUM COMPANY FOR A NON-STANDARD OIL PRORATION UNIT, AN UNORTHODOX OIL WELL LOCATION, A HIGH ANGLE/HORIZONTAL DIRECTIONAL DRILLING PILOT PROJECT, SPECIAL OPERATING RULES WITH A SPECIAL PROJECT OIL ALLOWABLE AND PRODUCTION TESTING PERIOD FOR THE CABIN-LAKE DELAWARE POOL, EDDY COUNTY, NEW MEXICO.

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Phillips Petroleum Company as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

Phillips Petroleum Co.
4001 Penbrook
Odessa, Texas 79762
Attn: Elizabeth Harris, Esq.
(915) 368-1278

ATTORNEY

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

STATEMENT OF CASE

APPLICANT

Phillips Petroleum Company proposes that this project be subject to Special Rules and Regulations as follows:

- (a) Pool Name: Cabin Lake-Delaware Oil Pool;
- (b) Spacing/Proration Unit: 120 acres being a non-standard unit consisting of the SE/4SW/4 and S/2SE/4 of Section 11 described above;
- (c) A producing window within the project area not closer than 330 feet from the outer boundaries of the non-standard proration and spacing unit;
- (d) Special Daily Project Allowable based the current depth bracket oil allowable of 187 BOPD times the number of 40-acre tracts contacted by the producing lateral of the wellbore as determined from directional surveys;
- (e) An exception to Division General Rule 502 to establish a test period being the first 12 months from the date of first production during the first six months of which the project well may be produced at rates up to 3 times the daily project allowable of 561 BOPD or 1683 BOPD and for the last six months of which the project well may be produced at rates up to one and one-half times the daily project allowable of 561 BOPD or 842 BOPD;

(f) That any over production which has accrued at the end of the test period shall be made up during the second year of production, such that no over-production shall exist after the 24th month following first production.

Phillips contends that:

By drilling a single high angle/horizontal wellbore, the applicant is decreasing flow velocity in the reservoir while increasing the amount of the reservoir which is normally exposed in the wellbore of a vertical well which is calculated to result in the recovery of an amount of gas and oil equivalent to the production of three vertical wells, thereby preventing waste caused by the drilling of unnecessary vertical wells.

The purpose of the special allowable and testing period is to provide an opportunity for Phillips to conduct rate-time tests on the project well in order to obtain relevant reservoir data including reliable permeability information which cannot be obtained with any other method.

In as much as the exact distance and direction of the lateral portion of the wellbore is not known at this time, the Applicant seeks approval to be allowed to drill and produce said lateral portion anywhere within an area designated a target window as follows: commencing at a producing distance not closer than 330 feet from any of the side boundaries of the proposed spacing unit so that within the drilling window no portion of the wellbore open for production shall be closer than 330 feet to the outer boundary of the spacing unit.

PROPOSED EVIDENCE

APPLICANT

WITNESSES	EST. TIME	EXHIBITS
Ken Schramko (P.E.)	60 Min.	est. 12 exhibits

PROCEDURAL MATTERS

None applicable at this time.

KELLAHIN AND KELLAHIN

By: _____
W. Thomas Kellahin
P.O. Box 2265
Santa Fe, New Mexico 87504
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