

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. 11028 through  
CASE NO. 11036

APPLICATIONS OF CONOCO INC.  
FOR DOWNHOLE COMMINGLING,  
SAN JUAN COUNTY, NEW MEXICO.

CONSOLIDATED  
**PRE-HEARING STATEMENT**

This Consolidated Pre-Hearing Statement is submitted by CONOCO  
INC. as required by the Oil Conservation Division.

**APPEARANCE OF PARTIES**

**APPLICANT**

CONOCO INC.  
10 Desta West  
Midland, Texas 79705  
Attn: Jerry Hoover  
(915) 686-6548

**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:

Conoco Inc. seeks approval to downhole commingle production within the wellbores of eight (8) wells as identified on Exhibit "A" attached.

Conoco requests that Case 11034 for the State Com AK #35 well be dismissed.

Attached as Exhibit "B" is a list of the types of exhibits to be introduced in each case.

A hearing is required in these cases, because the ownership between the pools to be commingled is NOT common.

Conoco will establish, among other things, that:

(1) Ownership is different between the two spacing units but correlative rights will not be impaired;

(2) That production in these wells can no longer economically be produced in any other means than downhole commingling; and

(3) No reservoir damage will occur.

**PROPOSED EVIDENCE**

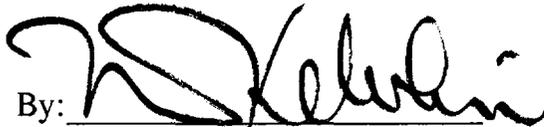
APPLICANT

WITNESSES	EST. TIME	EXHIBITS
Tom Scarborough (landman)	30 min.	4 per case
Ben Sargent (petroleum engineer)	60 min.	10 per case

**PROCEDURAL MATTERS**

None applicable at this time.

KELLAHIN AND KELLAHIN

By: 

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

CASE NO.	WELL NAME	FOOTAGE	UNIT	SEC-TNSHP-RNG	COUNTY	POOL NAMES	SPACING UNIT ACRES	SECTION PORTION	WELLBOR: LEASE
1	State Com R #14	940' FSL & 990' FWL	M	36-30N-9W	San Juan	Bianco Mesaverde Bianco PC	320 160	S/2 SW/4	E-1147
1	State Com Q #13A	1500' FSL & 1450' FEL	J	36-29N-8W	San Juan	Bianco Mesaverde Bianco PC	320 160	E/2 SE/4	E-1202
1	State Com G #2A	1650' FSL & 1650' FEL	J	32-29N-8W	San Juan	Bianco Mesaverde Bianco PC	320 160	S/2 SE/4	E-5226
1	State Com #47	1760' FSL & 835' FWL	L	2-27N-8W	San Juan	Bianco Mesaverde Bianco PC, South	320 160	S/2 SW/4	E-9224
2	Brington #15E	1740' FSL & 1650' FNL	F	15-30N-11W	San Juan	Basin Dakota Bianco Mesaverde	320 320	W/2 W/2	FEE
3	State Com S #15A	790' FNL & 1150' FWL	D	36-32N-12W	San Juan	Bianco Mesaverde Bianco PC Glades Fruitland Sand	320 160 160	N/2 NW/4 NW/4	E-3251
4	Graham C "WN" Fed. #14	1050' FSL & 1600' FEL	O	9-27N-8W	San Juan	Bianco Mesaverde Otero Chaca	320 160	E/2 SE/4	NH-0575
5	State Com AI #34E	1180' FSL & 1485' FWL	N	36-32N-12W	San Juan	Basin Dakota Glades Fruitland Sand	320 160	W/2 SW/4	E-5152
6	State Com AK #35	790' FNL & 1700' FEL	B	36-32N-12W	San Juan	Basin Dakota Bianco Mesaverde (Uncomp.)	320 320	E/2 N/2	E-1198

HEARING EXHIBITS FOR:

<u>CASE:</u>		<u>Other Approvals</u>
11028	State Com #47	SLO - YES
11029	State Com G #2A	SLO - YES
11030	State Com R #14	SLO - YES
11031	State Com Q #13A	SLO - YES
11032	** State Com S #15A	SLO - YES
11033	State Com AJ #34E	SLO - YES
<del>Dismiss → 11034</del>	<del>State Com AK #35</del>	<del>SLO - YES</del>
11035	(federal) Graham C "WN" Fed. #14	BLM - YES
11036	(federal) Brulington #15E	BLM -

LAND WITNESS EXHIBITS

1. Well and Lease Information including:
  - a. Lease Name & Well No.
  - b. Well Location (including unit, footage, & county)
  - c. Federal or State Lease Numbers or Fee Designation
  - d. Federal or State Communitization Numbers (if applicable)
  - e. Names and spacing of Pools to be DHC'd
- 2-A. Upper zone 9-section plat showing dedicated acreage and ownership of offsetting leases.
- 2-B. Lower zone 9-section plat showing dedicated acreage and ownership of offsetting leases.
3. Ownership list for both zones (WI, CRI, R, ORRI).
4. Copies of certified mail receipts.

ENGINEERING WITNESS EXHIBITS

5. Form C-116 (Average Daily Rates for April, 1994).
- 6-A. Upper zone decline curve.
- 6-B. Lower zone decline curve.
- 7-A. Upper zone gas analysis.
- 7-B. Lower zone gas analysis.
8. Data sheet including:
  - a. BHP's for each zone (surface readings converted to bottom hole and to a common datum).
  - b. Computation (or statement) showing that the value of the commingled production will not be less than the sum of the values of the individual streams.
  - c. Percentage Formulas suggested for allocation of production to each commingled zone, based both on volume and BTU sales value.
  - d. Uneconomic Zone declaration (under dual operations).
  - e. Statement: "It is requested that the OCD order stipulate that the applicant shall consult with the supervisor of the Aztec District Office of the Division in determining the proper allocation of production."
9. Economic Evaluation Graphs showing increases in reserves and well life resulting from downhole commingling.
10. Copy of approval by SLO (State Land Office) or BLM as applicable.

\*\* Since the State Com S #15A will be a triple zone DHC, all exhibits which are zone specific (9-section plats, decline curves, & gas analyses) will include 3 instead of 2 exhibits. Therefore, there will be a total of 16 exhibits for this well.