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OIL CONSERVATION DIV.
SANTA FE

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. 9996

APPLICATION OF TXO PRODUCTION
CORP. FOR AN UNORTHODOX OIL WELL
LOCATION, EDDY COUNTY, NEW MEXICO

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by TXO
PRODUCTION CORP. as required by the Oil Conservation
Division.

APPEARANCE OF PARTIES

APPLICANT

(name, address, phone
and contact person)

TXO Production Corp.
415 West Wall, Suite 900
Midland, Texas 79701-4468
Attn: Mr. Richard H. Coats
(915) 682-7992

ATTORNEY

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

OPPOSITION OR OTHER PARTY

(name, address, phone
and contact person)

ATTORNEY

STATEMENT OF CASE

APPLICANT

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

TXO Production Corp. proposes to drill another Delaware Sand development well at an unorthodox well location in the NE/4SE/4 of Section 18. Section 18 and the W/2 of Section 17 is all the same federal lease. TXO has unsuccessfully tried to develop a 40-acre stepout well in its Yates Federal No. 6 well in NE/4SE/4 to offset other production on the lease. The unorthodox location is necessary in order to minimize the geologic risk and to recover oil that might not otherwise be recovered thereby preventing waste.

All working interest and royalty ownership is common in the spacing unit and each adjoining spacing unit towards which the well encroaches.

OPPOSITION OR 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)

PROPOSED EVIDENCE

APPLICANT

WITNESSES (name and expertise)	EST. TIME	EXHIBITS
Richard Coats(landman)	10 min.	Ownership and offset
Glen Brown (geologist)	20 min.	operators
Corky Vickers (petroleum engineer)	15 min.	Cross section structure map Isopach maps Drainage calculations

OPPOSITION

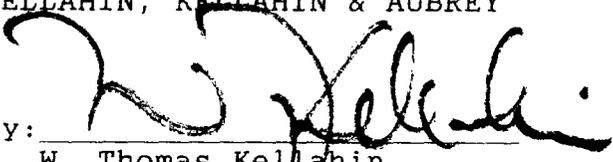
WITNESSES (name and expertise)	EST. TIME	EXHIBITS
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PROCEDURAL MATTERS

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

None.

KELLAHIN, KELLAHIN & AUBREY

By: 

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