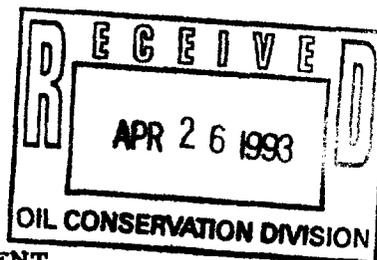


STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION COMMISSION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 10656 (DENOVO)

APPLICATION OF MITCHELL ENERGY
CORPORATION FOR COMPULSORY POOLING
AND AN UNORTHODOX GAS WELL LOCATION,
LEA COUNTY, NEW MEXICO



PRE-HEARING STATEMENT

This pre-hearing statement is submitted by MITCHELL ENERGY CORPORATION as required by the Oil Conservation Commission.

APPEARANCE OF PARTIES

APPLICANT

MITCHELL ENERGY CORPORATION
400 West Illinois
Suite 1000
Midland, Texas 79701
ATTN: Steve J. Smith

ATTORNEY

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

OPPOSITION PARTY

STRATA PRODUCTION COMPANY
200 West First Street
Suite 700
Roswell, NM 88201

ATTORNEY

Sealy H. Cavin, Jr.
STRATTON AND CAVIN
P.O. Box 1216
Albuquerque, NM 87103
(505) 243-5400

7 11 11
APR 11 1911
CONSERVATION DIV.

Pre-Hearing Statement
Case No. 10656
Page 2

STATEMENT OF CASE

APPLICANT

BEFORE THE DIVISION:

Mitchell Energy Corporation ("Mitchell") proposed the subject well to Strata Production Company ("Strata") but despite its efforts was not been able to reach an agreement with Strata. Therefore Mitchell sought to have the interests of Strata pooled for the subject well.

In addition, Mitchell sought approval of an unorthodox well location for the subject well. The proposed spacing unit for the well was the W/2 of Section 28, Township 20 South, Range 33 East, NMPM, to be located 1980 feet FWL but only 1650 feet FNL, instead of the standard 1980 feet FNL. The location is necessary for a combination of topographical and geological reasons.

All offset interest owners were notified and Strata Production Company opposed this application.

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BEFORE THE COMMISSION:

Mitchell requests the Commission affirm the Examiner order which included among other things:

(1) That Mitchell controls 75% of the working interest in the spacing unit and the remaining 25% working interest at all times relevant hereto has been under the ownership and control of Strata;

(2) That Mitchell has conducted a good faith effort to obtain the joinder of Strata but has been unable to do so;

(3) That Mitchell is not required to provide an opportunity to each of Strata's "undisclosed partners" to join in the well.

Pre-Hearing Statement

Case No. 10656

Page 3

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(5) That Strata stipulated before the Division Examiner that Mitchell's proposed well costs are reasonable.

(6) The Mitchell's proposed well costs and overhead rates adopted by the Division in this case be re-affirmed by the Commission.

(7) That the non-consent penalty of 200% adopted by the Division in this case be reaffirmed by the Commission.

(8) That Mitchell timely notified Strata of its right to join in the well pursuant to Order R-9845. That Strata failed to either seek a stay of the Examiner order pursuant to Division Memorandum 3-85 or to timely tender payment of its 25% share of the costs of the well and now Strata has defaulted and is subject to the 200% penalty against its 25% working interest as a non-consenting party.

PROPOSED EVIDENCEAPPLICANT

WITNESSES	EST. TIME	EXHIBITS
Steve J. Smith Landman	40 Minutes	Plat of Area; Correspondence with Strata; Ownership Information; JOA-Overhead Rates
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Pre-Hearing Statement
Case No. 10656
Page 4

PROPOSED EVIDENCE (Continued)

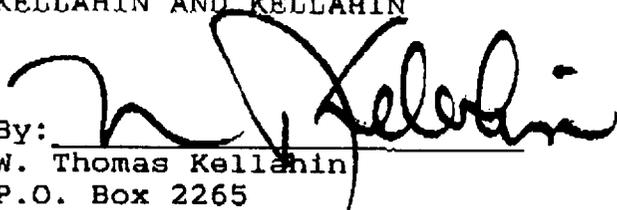
APPLICANT

POSSIBLE WITNESSES	EST. TIME	EXHIBITS
Carl Richard Petroleum Engineer	15 Minutes	

PROCEDURAL MATTERS

None applicable at this time.

KELLAHIN AND KELLAHIN

By: 

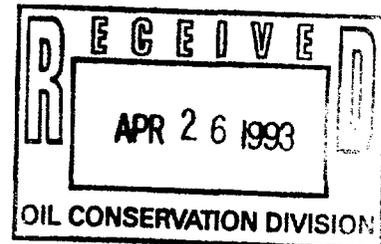
W. Thomas Kellahin
P.O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285
ATTORNEYS FOR APPLICANT

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

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APPLICANT

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400 West Illinois
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ATTORNEY

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OPPOSITION PARTY

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200 West First Street
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ATTORNEY

Sealy H. Cavin, Jr.
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Pre-Hearing Statement
Case No. 10656
Page 2

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Pre-Hearing Statement

Case No. 10656

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Pre-Hearing Statement
Case No. 10656
Page 4

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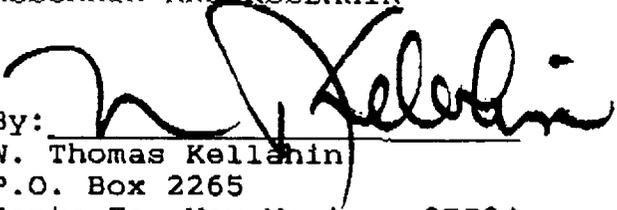
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PROCEDURAL MATTERS

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KELLAHIN AND KELLAHIN

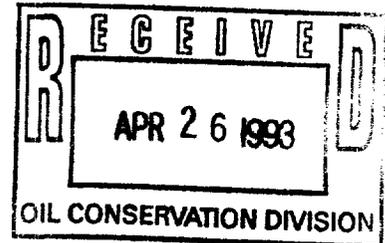
By: 
W. Thomas Kellahin
P.O. Box 2265
Santa Fe, New Mexico 87504
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ATTORNEYS FOR APPLICANT

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ATTORNEY

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Pre-Hearing Statement
Case No. 10656
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Pre-Hearing Statement

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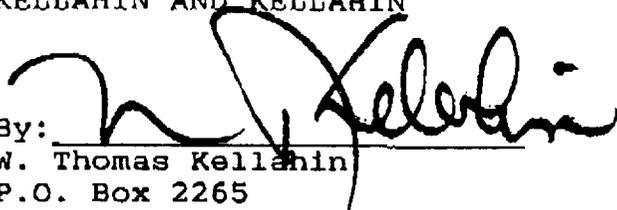
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PROCEDURAL MATTERS

None applicable at this time.

KELLAHIN AND KELLAHIN

By: 

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

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

IN THE MATTER OF THE HEARING
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OPPOSITION PARTY

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200 West First Street
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ATTORNEY

Sealy H. Cavin, Jr.
STRATTON AND CAVIN
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Pre-Hearing Statement
Case No. 10656
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Pre-Hearing Statement
Case No. 10656
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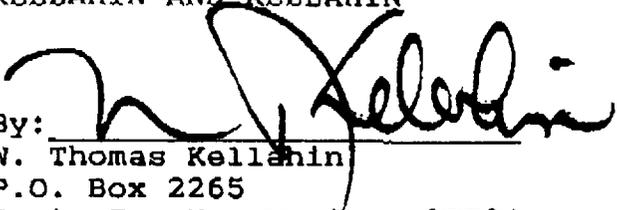
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POSSIBLE WITNESSES	EST. TIME	EXHIBITS
Carl Richard Petroleum Engineer	15 Minutes	

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
ATTORNEYS FOR APPLICANT

STRATTON & CAVIN, P.A.

ATTORNEYS & COUNSELORS AT LAW

320 GOLD AVENUE, S.W.

SUITE 1200

P. O. BOX 1216

ALBUQUERQUE, NEW MEXICO 87103-1216

HAROLD D. STRATTON, JR.

SEALY H. CAVIN, JR.

HARRY T. NUTTER

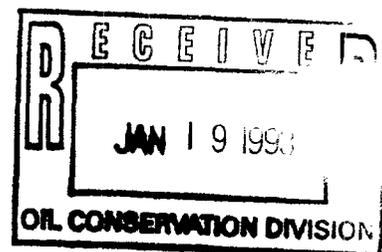
TELEPHONE (505) 243-5400

FACSIMILE (505) 243-1700

January 15, 1993

**VIA FAX (827-5741) AND CERTIFIED MAIL -- RETURN RECEIPT
REQUESTED**

Robert G. Stovall, General Counsel
Oil Conservation Division
State of New Mexico
P.O. Box 2088
Santa Fe, New 87504-2088

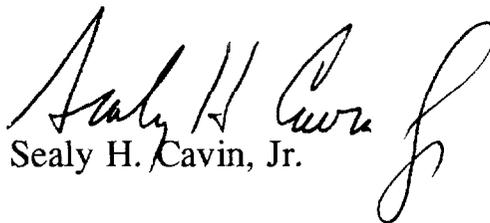


**Re: OCD Case 10656 -- Application of Mitchell Energy Corporation for
Compulsory Pooling and Unorthodox Gas Well Location, Lea County,
New Mexico**

Dear Mr. Stovall:

Enclosed herewith are duplicate originals of the Pre-Hearing Statement in the above-referenced case and also our Entry of Appearance.

Very truly yours,

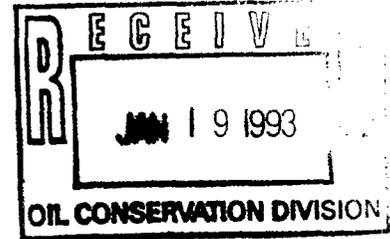

Sealy H. Cavin, Jr.

SHC/jas

Enclosures

cc: W. Thomas Kellahin, Esq., w/Enclosures, via FAX
Mark B. Murphy, President -- Strata Production Company

**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. 10656

**APPLICATION OF MITCHELL ENERGY CORPORATION
FOR COMPULSORY POOLING AND AN UNORTHODOX
GAS WELL LOCATION, LEA COUNTY, NEW MEXICO.**

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Sealy H. Cavin, Jr., as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Mitchell Energy Corporation
1000 Independence Plaza
400 W. Illinois
Midland, Texas 79701

ATTORNEY

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

OPPOSITION OR OTHER PARTY

Strata Production Company
700 Petroleum Building
Roswell, New Mexico 88201

ATTORNEY

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Stratton & Cavin, P.A.
P.O. Box 1216
Albuquerque, New Mexico 87103
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STATEMENT OF CASE

APPLICANT

See Applicant's Application and Pre-Hearing Statement.

OPPOSITION OR OTHER PARTY

Strata is opposed to the proposed unorthodox location and to compulsory pooling. Strata believes that a N½ spacing unit should be created instead of a W½ spacing unit.

PROPOSED EVIDENCE

APPLICANT

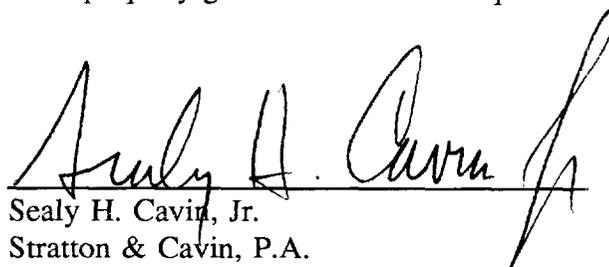
WITNESS	EST. TIME	EXHIBITS
See Application.		

OPPOSITION

WITNESS	EST. TIME	EXHIBITS
Mark B. Murphy	15 minutes	2
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PROCEDURAL MATTERS

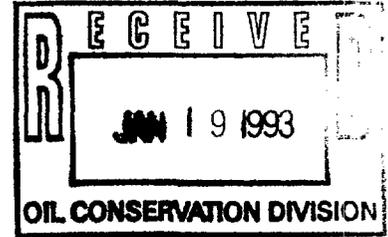
There is a question as to whether notice has been properly given to all interested parties.



Sealy H. Cavin, Jr.
Stratton & Cavin, P.A.
Attorneys for Strata Production Company
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Albuquerque, New Mexico 87103-1216
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**STATE OF NEW MEXICO
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CASE NO. 10656

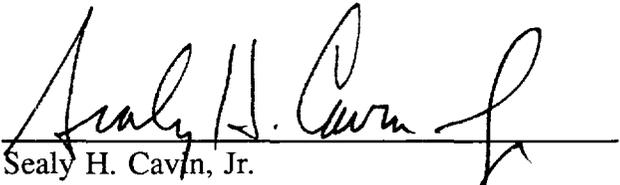
**APPLICATION OF MITCHELL ENERGY CORPORATION
FOR COMPULSORY POOLING AND AN UNORTHODOX
GAS WELL LOCATION, LEA COUNTY, NEW MEXICO.**

ENTRY OF APPEARANCE

The law firm of Stratton & Cavin, P.A., by and through Sealy H. Cavin, Jr., hereby enters its appearance on behalf of Strata Production Company, in the above-captioned case.

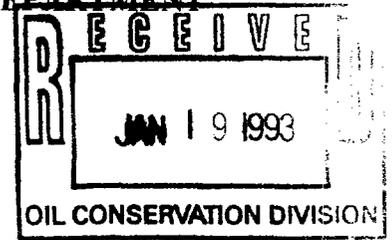
RESPECTFULLY SUBMITTED,

STRATTON & CAVIN, P.A.

By: 

Sealy H. Cavin, Jr.
Attorneys for Strata Production Company
P.O. Box 1216
Albuquerque, New Mexico 87103-1216
Telephone: (505) 243-5400

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



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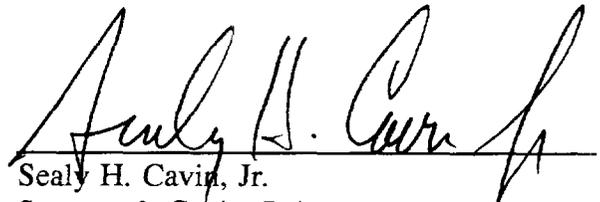
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OIL CONSERVATION DIVISION
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STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
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M.S.

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200 West First Street
Suite 700
Roswell, NM 88201

ATTORNEY

Sealy H. Cavin, Jr.
STRATTON AND CAVIN
P.O. Box 1216
Albuquerque, NM 87103
(505) 243-5400

STATEMENT OF CASE

APPLICANT

Mitchell Energy Corporation ("Mitchell") has proposed the subject well to Strata Production Company ("Strata") but despite its efforts has not been able to reach an agreement with Strata. Therefore Mitchell Energy Corporation seeks to have the interests of Strata pooled for the subject well.

In addition, Mitchell seeks approval of an unorthodox well location for the subject well. The proposed spacing unit for the well is the W/2 of Section 28, Township 20 South, Range 33 East, NMPM, to be located 1980 feet FWL but only 1650 feet FNL, instead of the standard 1980 feet FNL. The location is necessary for a combination of topographical and geological reasons.

All offset interest owners have been notified and Strata Production Company has entered its appearance in opposition to this application.

OPPOSITION OR OTHER PARTY

SEE OPPOSITION FILING

PROPOSED EVIDENCE

APPLICANT

WITNESSES	EST. TIME	EXHIBITS
Steve J. Smith Landman	30 Minutes	Plat of Area; Correspondence with Strata; Ownership Information; JOA-Overhead Rates
Ted Gawloski Geologist	30 Minutes	Topographical Plat Geologic Maps to Justify Risk Factor, Spacing Orientation & Unorthodox Loc.

PROPOSED EVIDENCE (Continued)

APPLICANT

WITNESSES	EST. TIME	EXHIBITS
Carl Richard Petroleum Engineer	15 Minutes	AFE Overhead Costs Exhibits

OPPOSITION

WITNESSES	EST. TIME	EXHIBITS
SEE OPPOSITION FILING		

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

ATTORNEYS FOR APPLICANT

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. 10656

**APPLICATION OF MITCHELL ENERGY
CORPORATION FOR COMPULSORY POOLING
AND AN UNORTHODOX GAS WELL LOCATION,
LEA COUNTY, NEW MEXICO**

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by MITCHELL ENERGY CORPORATION as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

MITCHELL ENERGY CORPORATION
400 West Illinois
Suite 1000
Midland, Texas 79701
ATTN: Steve J. Smith

ATTORNEY

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

OPPOSITION OR OTHER PARTY

STRATA PRODUCTION COMPANY
200 West First Street
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Roswell, NM 88201

ATTORNEY

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Pre-Hearing Statement
Case No. 10656
Page 3

PROPOSED EVIDENCE (Continued)

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Case No. 10656
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PROPOSED EVIDENCE (Continued)

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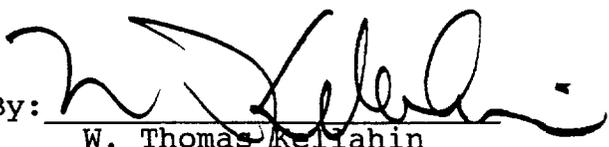
OPPOSITION

WITNESSES	EST. TIME	EXHIBITS
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PROCEDURAL MATTERS

None applicable at this time.

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ATTORNEYS FOR APPLICANT

M.S.

KELLAHIN AND KELLAHIN

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TELEPHONE (505) 982-4285

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LASON KELLAHIN (RETIRED 1991)

FACSIMILE COVER SHEET

DATE: January 18, 1993

NUMBER OF PAGES: 4
(including cover sheet)

TIME: _____

TO: Michael Stogner
Hearing Examiner

FROM: W. Thomas Kellahin

OF: Oil Conservation Division

SPECIAL INSTRUCTIONS:

FAX NO.: 827-5741

URGENT

RE: NMOCD Case No. 10656

FOR YOUR INFORMATION

Application of Mitchell

FOR YOUR REVIEW

Energy Corporation for

PLEASE REPLY

Compulsory Pooling etc.

FOR YOUR APPROVAL

PER YOUR REQUEST

MESSAGE: Mitchell Energy's Pre-Hearing Statement follows for
your review. The original and two copies will follow by
US Mail.

A HARD COPY WILL _____ WILL NOT FOLLOW BY U.S. MAIL.

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
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Pre-Hearing Statement
Case No. 10656
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