

CAMPBELL & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL  
BRUCE D. BLACK  
MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
J. SCOTT HALL  
PETER N. IVES  
JOHN H. BEMIS  
MARTE D. LIGHTSTONE

RECEIVED

JUN 17 1987

OIL CONSERVATION DIVISION

GUADALUPE PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

June 17, 1987

HAND DELIVERED

Bill Lemay, Chairman  
New Mexico Oil Conservation Division  
New Mexico State Land Office Bldg.  
Santa Fe, New Mexico 87501

Re: OCC Case Nos. 9148 and 9158 : Application of Texaco  
Producing, Inc.

Dear Mr. Lemay:

Enclosed please find the original of Revised Statement of  
Issues, Texaco Producing, Inc. and Revised Identification of  
Witnesses for Texaco Producing, Inc.

Very truly yours,



J. Scott Hall

JSH/dmg  
encl.  
cc: Charles High, Esq.

BEFORE THE  
OIL CONSERVATION COMMISSION  
DEPARTMENT OF ENERGY AND MINERALS

APPLICATION OF TEXACO PRODUCING, INC.  
FOR PERMITS TO DRILL IN POTASH-OIL  
AREA, EDDY COUNTY, NEW MEXICO

Case No. 9148  
Case No. 9158

REVISED  
IDENTIFICATION OF WITNESSES  
FOR  
TEXACO PRODUCING, INC.

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OIL CONSERVATION DIVISION

- ✓ 1. Russell Pool  
Petroleum Engineer
- ✓ 2. W. A. Baker  
Petroleum Engineer
- ✓ 3. Tom Bryla  
Landman
- ✓ 4. Terry McCance  
Geologist
- ✓ 5. John Seeman  
Petroleum Engineer

Texaco Producing, Inc. also reserves the right to call any  
or all of the witnesses identified or called by the opponents.

Respectfully submitted:

CAMPBELL & BLACK

By

J. Scott Hall

J. Scott Hall

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Santa Fe, New Mexico 87504-2208

(505) 988-4421

BEFORE THE  
OIL CONSERVATION COMMISSION  
DEPARTMENT OF ENERGY AND MINERALS

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OIL CONSERVATION DIVISION

APPLICATION OF TEXACO PRODUCING, INC.  
FOR PERMITS TO DRILL IN POTASH-OIL  
AREA, EDDY COUNTY, NEW MEXICO

Case No. 9148

Case No. 9158

REVISED STATEMENT OF ISSUES  
TEXACO PRODUCING, INC.

1. Texaco Producing, Inc. has the right to drill on Section 16, T-23 S, R-30 E, N.M.P.M., Eddy County, New Mexico at locations 2310' FNL and 1980' FWL and 2310' FNL and FEL. The right to drill is subject to the approval of the New Mexico Oil Conservation Division and Oil Conservation Commission.

2. The Wells proposed by Texaco Producing, Inc. at both proposed locations will likely be commercially successful.

3. Compliance with the casing, cementing and completion requirements of NMOCD Order No. R-111A is adequate to protect the safety of the underground potash mining operations in the area. (This issue is limited in application to the two proposed wells. Texaco will not address the merits of Order R-111A.)

4. Locations other than those proposed by Texaco Producing, Inc. are infeasible due to: (1) increased geologic risks and, (2) topographic limitations.

5. The directional drilling of wells from a surface location near the Skelly State Forty-Niner Ridge Unit No. 1 Well is not practicable.

6. The drilling and completion of the wells at the locations proposed by Texaco Producing, Inc. will not result in the loss of significant potash reserves.

7. The value of hydrocarbon reserves likely to be produced from wells drilled and completed at the proposed locations exceeds the value of potash reserves to be lost, if any.

8. The likelihood that the Potash reserves underlying Section 16 will ever be mined is slight.

9. Royalties from production from the proposed wells will be received by the State of New Mexico.

10. Unless Texaco Producing, Inc. is allowed to implement its drilling and development plan on its State Lease, it is threatened with the elimination of those lands from the Forty-Niner Ridge Unit participating area.

11. Approval of both applications for permits to drill are necessary for the prevention of waste, the protection of correlative rights and is otherwise in the interest of conservation.

12. Texaco Producing, Inc. requires approval of its applications on an expedited basis in order to avoid the irreparable harm which would result from the loss of valuable property interests.

Respectfully submitted:

CAMPBELL & BLACK

By



J. Scott Hall

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Attorneys for Texaco Producing, Inc.