

**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. 11514 (DeNovo)

**APPLICATION OF READ & STEVENS, INC.
AN UNORTHODOX GAS WELL AND
SIMULTANEOUS DEDICATION LOCATION,
CHAVES COUNTY, NEW MEXICO.**

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by READ & STEVENS, INC., as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

Read & Stevens, Inc.
P. O. Box 1518
Roswell, New Mexico 88202
(505) 622-3770
Attn: John C. Maxey, Jr.

ATTORNEY

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

UMC Petroleum Corporation

James Bruce
Hinkle Law Firm
P. O. Box 2064
Santa Fe, NM 87504
(505) 982-4554

STATEMENT OF READ & STEVENS, INC.

Read & Stevens, Inc. ("Read & Stevens") is the operator of two Lower Penn interval gas wells in Section 26, T15S, R27E which are in the Buffalo Valley-Pennsylvanian Gas Pool, a **prorated gas pool** with the following special rules:

320-acre gas spacing units with wells located in either the NW/4 or the SE/4 and not closer than 990 feet to the outer boundary nor closer than 330 feet from any interior quarter-quarter line.

UMC Petroleum Corporation ("UMC") is the operator of two Lower Penn interval gas wells in Section 35, T15S, R27E which are in the Diamond Mound-Morrow Gas Pool which is **not a prorated gas pool** and is subject to the following general state-wide rules:

320-acre gas spacing units with wells located not closer than 990 feet to the outer boundary nor closer than 330 feet from any interior quarter-quarter line.

While Section 26 and 35 are in different pools subject to different rules, these four wells are in fact competing among each other for gas reserves from the same common Pennsylvanian reservoir.

Read & Stevens proposes to drill its Harris Federal Well No. 11 at a standard gas well location **but** in the SW/4 of Section 26 which requires an **exception** from Rule 2 for the Buffalo Valley-Penn Gas Pool.

The Harris Federal Well No. 11 is necessary in order for Read & Stevens to produce its just and equitable share of the gas from this reservoir.

PROPOSED EVIDENCE

APPLICANT:

WITNESSES	EST. TIME	EXHIBITS
Jim Brannigan (geologist)	40 min.	@ 8 exhibits
Terry Payne (petroleum engineer)	45-60 Min.	@ 6 exhibits

PROCEDURAL MATTERS

None anticipated at this time.

KELLAHIN AND KELLAHIN



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

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:

APPLICATION OF READ & STEVENS,
INC. FOR AN UNORTHODOX GAS WELL
LOCATION AND SIMULTANEOUS DEDICATION,
CHAVES COUNTY, NEW MEXICO.

CASE NO. 11514 (DE NOVO)

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by UMC Petroleum Corporation as required by the Oil Conservation Commission.

APPEARANCES

APPLICANT'S ATTORNEY

W. Thomas Kellahin

APPLICANT

Read & Stevens, Inc.

OPPONENT'S ATTORNEY

James Bruce
Hinkle, Cox, Eaton, Coffield
& Hensley, L.L.P.
P.O. Box 2068
Santa Fe, New Mexico 87504
(505) 982-4554

OPPONENT

UMC Petroleum Corporation
410 17th Street
Suite 1400
Denver, Colorado 80202
Attn: Bret Jamison
(303) 573-4730

STATEMENT OF THE CASE

APPLICANT

OPPONENT

Read & Stevens seeks approval of an unorthodox infill gas well location in the Buffalo Valley-Pennsylvanian (Prorated) Gas Pool. The proposed well will be simultaneously dedicated to an existing well in the S½ of Section 26, Township 15 South, Range 27 East. UMC operates wells in Section 35, to the south of the proposed well. The proposed well will drain UMC's leases, adversely affecting its correlative rights, and is unnecessary to drain the reservoir. Thus, the application should be denied, or in the

alternative should be approved only with the imposition of a substantial penalty on production from the new well.

PROPOSED EVIDENCE

APPLICANT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
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OPPONENT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
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Bret Jamison (Engineer)	25 min.	3 (est.)
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PROCEDURAL MATTERS

-None-

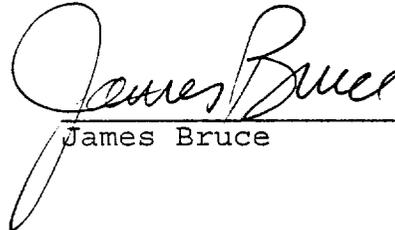
HINKLE, COX, EATON, COFFIELD
& HENSLEY, L.L.P.



James Bruce
P.O. Box 2068
Santa Fe, New Mexico 87504
(505) 982-4554

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Pre-Hearing Statement was mailed this 24th day of October, 1996 to W. Thomas Kellahin, P.O. Box 2265, Santa Fe, New Mexico 87504.



James Bruce