

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

JUL 19 2018 PM03:47

APPLICATION OF CONOCOPHILLIPS COMPANY FOR APPROVAL OF THE ZIA HILLS BS/WC UNIT; CONTRACTION OF THE JENNINGS UPPER BONE SPRING SHALE POOL, THE PURPLE SAGE-WOLFCAMP GAS POOL AND THE WC-025 G-08 S263205N UPPER WOLFCAMP POOL; AND FOR CREATION OF WILDCAT BONE SPRING AND WOLFCAMP OIL POOLS FOR THE UNIT AREA, LEA AND EDDY COUNTIES, NEW MEXICO.

CASE NO. 16340

CONOCO'S PRE-HEARING STATEMENT

ConocoPhillips Company ("Conoco") submits this Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

ConocoPhillips Company

ATTORNEY

Michael H. Feldewert
Jordan L. Kessler
Julia Broggi
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile
mfeldewert@hollandhart.com
jlkessler@hollandhart.com
jbroggi@hollandhart.com

STATEMENT OF CASE

Conoco seeks an order (1) approving the Zia Hills BS/WC Unit comprised of approximately 13,863 acra in Lea and Eddy Counties, New Mexico, (2) contracting the Jennings; Upper Bone Spring Shale Pool (Pool Code 97838), the Purple Sage-Wolfcamp Gas Pool (98220) and the WC-025 G-08 S263205N; Upper Wolfcamp Pool (98065) from the interior

boundary of the Unit Area; and (3) creating wildcat Bone Spring and Wolfcamp oil pools to cover the Bone Spring and Wolfcamp formations, respectively, within the Unit Area.

COP is the designated operator under the Unit Agreement. The unitized interval consists of the Bone Spring and Wolfcamp formations described as the stratigraphic equivalent of below the base of the Brushy Canyon formation at a measured depth of 7,678 feet down to the stratigraphic equivalent of to the top of the Cisco formation at a measured depth of 14,050 feet as encountered in the Stampede 27 1M (API No. 30-015-42118) and the State GR 1 (API No. 30-025-26785). COP owns all the working interest in the Unit Area except the NE/4 and SW/4 of Section 26, Township 26 South, Range 31 East. COP is attempting to contact and reach agreement with the working interest owners in this acreage and has provided notice of this application and hearing to these uncommitted interest owners. Both the Bureau of Land Management and the New Mexico State Land Office have provided preliminary approval of the Unit Agreement.

To foster administrative reporting and efficiency, COP seeks to contract the Jennings; Upper Bone Spring Shale Pool (Pool Code 97838), the Purple Sage-Wolfcamp Gas Pool (98220) and the WC-025 G-08 S263205N; Upper Wolfcamp Pool (98065) from the interior boundary of the Unit Area and replace them with wildcat Bone Spring and Wolfcamp oil pools. The Division's district office approves of this plan and has identified the following wildcat pool designations for the proposed Unit Area:

- WC-015 G-05 S263125N; Bone Spring (Pool Code 98009) – **To be named Zia Hills Bone Spring Pool**
- WC-025 G-09 S263225A; Wolfcamp (Pool Code 98081) – **To be named Zia Hills Wolfcamp Pool**

All Division designated operators of wells within the pools to be contracted, or within the same formation within one-mile of the pools to be contracted that have not been assigned to another pool, have been provided notice of this application and hearing.

APPLICANT'S PROPOSED EVIDENCE

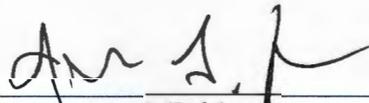
WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Hunter Smith, Landman	Approx. 20	Approx. 5
Krystin Robertson, Geologist	Approx. 10	Approx. 2

PROCEDURAL MATTERS

None at this time.

Respectfully submitted,

HOLLAND & HART LLP



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