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

Oil Conservation Division

**IN THE MATTER OF THE APPLICATION OF
CONCHO EXPLORATION, INC. TO INCREASE
THE DEPTH BRACKET ALLOWABLE FOR THE
SHUGART-DELAWARE POOL, EDDY COUNTY,
NEW MEXICO**

CASE NO. 13108

APPLICANT'S PRE-HEARING STATEMENT

Applicant hereby submits this Pre-Hearing Statement as required by the rules of the New Mexico Oil Conservation Division.

APPEARANCES

APPLICANT

Concho Exploration Inc.

ATTORNEY

Michael H. Feldewert, Esq.
Holland & Hart, LLP
P. O. Box 2208
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OPPONENT

None

OPPONENT'S ATTORNEY

None

APPLICANT'S STATEMENT OF CASE

The Shugart-Delaware Pool underlies portions of Sections 22 and 27 of T-18-S, R-31-E, Eddy County New Mexico. Concho seeks to increase the depth bracket allowable for this pool from 80 to 142 barrels of oil per day for each 40-acre unit to conform to the producing depth of Concho's Principle Federal Well No. 1, which was recently drilled and completed in the Delaware formation in the NE/4 NW/4 (Unit C) of Section 27.

The initial well in the Shugart-Delaware Pool was completed in November of 1958 with top perforations at 4,970 feet. Pursuant to Division Rule 505, the Shugart-Delaware Pool was therefore assigned a depth bracket allowable of 80 barrels of oil per day for each 40-acre unit based on a pool depth range of 0 to 4,999 feet. Concho's recently completed well is at a depth of

6,120 to 6,194 feet, which is deeper than the remaining producing wells in the Shugart-Delaware Pool. Concho's new well has encountered a new source of Delaware production that can produce at rates in excess of the depth bracket allowable presently authorized for the existing shallower wells in the Shugart-Delaware Pool. The existing shallower wells in the Shugart-Delaware Pool are completed in a separate zone of the Delaware formation that is largely depleted and which is not in communication with Concho's new, deeper well. Concho therefore requests that the Division increase the depth bracket allowable for the Shugart-Delaware Pool to 142 barrels of oil per day for each 40-acre unit to conform to the producing depth of Concho's new well.

APPLICANT'S PROPOSED EVIDENCE

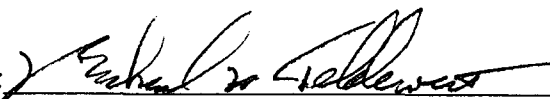
WITNESS (Name and Expertise)	ESTIMATED TIME	EXHIBITS
James Turbyfill, Geologist	Approx. 15 minutes	Approx. 5
Lois K. Folger	Approx. 10 minutes	Approx. 1

PROCEDURAL MATTERS

None.

Respectfully submitted,

HOLLAND & HART, LLP

By: 
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