

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

2008 OCT 19 PM 4 27

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

CASE NO. 13794

**APPLICATION OF PEOPLES ENERGY PRODUCTION –
TEXAS, L.P., FOR AN UNORTHODOX WELL
LOCATION AND AN EXCEPTION TO THE WELL
DENSITY REQUIREMENTS FOR THE BLANCO-
MESAVERDE GAS POOL, SAN JUAN COUNTY, NEW
MEXICO.**

PRE-HEARING STATEMENT

This Pre-Hearing Statement is submitted by Holland & Hart LLP as required by the Oil Conservation Division.

20/12/01

APPEARANCES OF PARTIES

APPLICANT

ATTORNEY

Peoples Energy Production – Texas, L.P.
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STATEMENT OF CASE

Applicant in the above-styled cause seeks an exception to the well density requirements of Rule I.B of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool to permit it to simultaneously produce the following three Mesaverde wells located in the same quarter section (SE/4) on a standard 322.24 spacing and proration unit comprised of

the E/2 of Section 26, Township 32 North, Range 9 West, NMPM:

- A. The Gardner Well No. 5A (API No. 30-045-30280) drilled as a vertical well at a location 787 feet from the South line and 1625 feet from the East line (Unit O);
- B. The Gardner Well No. 12 (API No. 30-045-33630) directionally drilled from a surface location 700 feet from the South line and 1665 feet from the East line of Section 26 to an unorthodox bottomhole location 2024 feet from the South line and 2453 feet from the East line (Unit J); and
- C. The Gardner Well No. 14 (API No. 30-045-33631) directionally drilled from a surface location 795 feet from the South line and 1600 feet from the East line of Section 26 to a bottomhole location 2300 feet from the South line and 774 feet from the East line (Unit I) of the Section 26.

Applicant also seeks approval of the unorthodox bottomhole location of the Gardner Well No. 12

Said wells are located approximately 18 miles northeast of Aztec, New Mexico.

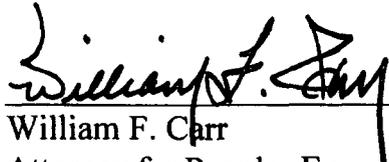
PROPOSED EVIDENCE

APPLICANT

WITNESSES (Name and Expertise)	ESTIMATED TIME	EXHIBITS
Dianne Sumrall (Land)	Approx. 10 Minutes	Approx. 6

PROCEDURAL MATTERS

Peoples Energy Production – Texas, L.P., has none at this time.

A handwritten signature in black ink, appearing to read "William F. Carr", written over a horizontal line.

William F. Carr
Attorney for Peoples Energy Production – Texas,
L.P.