

**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:

1994 | 8

CASE NO. 11041

APPLICATION OF PG&E RESOURCES COMPANY
FOR POOL CREATION, SPECIAL POOL RULES
AND A DISCOVERY ALLOWABLE,
LEA COUNTY, NEW MEXICO.

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by PG&E RESOURCES COMPANY as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

PG&E Resources Company
6688 N. Central Expressway
Dallas, Texas 75206-3922
attn: Jerry Anderson
(214) 750-3800

ATTORNEY

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

STATEMENT OF CASE

APPLICANT

PG&E Resources Company has drilled, completed and now operates its Smith "15" Well No. 1, located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 15, Township 16 South, Range 36 East, NMPM, Lea County, New Mexico, which constitutes a "new oil discovery" for the production of oil from the Strawn formation.

The nearest Strawn oil production is some two miles to the east in the Northwest Lovington-Strawn Pool.

Based upon this discovery, PG&E Resources Company seeks the creation of a new pool to be designated the Diamond-Strawn Pool which shall be defined as all of the Strawn formation as identified on the log of the discovery well, the top of which is located at 11453 feet and the bottom of which is located 11574 feet with an initial pool boundary consisting of:

TOWNSHIP 16 SOUTH, RANGE 36 EAST
Section 15: S/2 SW/4

PG&E Resources Inc. also seeks a "discovery oil allowable" for the discovery well as set forth in Division General Rule 509 (A).

In addition, PG&E Resources Company requests the adoption of the following Special Rules and Regulations for this pool:

- (a) 80-acre oil spacing and proration units;
- (b) with no more than one producing well for each 80-acre spacing or proration unit;
- (c) well locations within 150 feet of the center of a governmental quarter-quarter section;
- (d) a special limiting gas oil ratio of 2,000 cubic feet of gas per barrel of oil;

(e) a special depth bracket maximum oil allowable of 445 barrels of oil per day per oil spacing unit;

(f) that each well completed or recompleted in the Diamond-Strawn Pool or the Strawn formation within one mile thereof, shall be spaced, drilled operated and produced in accordance with these special rules.

PROPOSED EVIDENCE

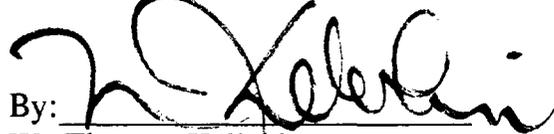
APPLICANT:

WITNESSES	EST. TIME	EXHIBITS
Jerry Anderson (landman)	15 min.	2 exhibits
Ralph Nelson (geologist)	20 Min.	3 exhibits
George Vaughn (petroleum engineer)	20 Min.	3 exhibits

PROCEDURAL MATTERS

None applicable at this time.

KELLAHIN AND KELLAHIN

By: 

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