



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. 11165

**APPLICATION OF NAUMANN OIL & GAS, INC.
FOR COMPULSORY POOLING, A NON-STANDARD
GAS PRORATION AND SPACING UNIT AND AN
UNORTHODOX GAS WELL LOCATION
LEA COUNTY, NEW MEXICO.**

PRE-HEARING STATEMENT

**This pre-hearing statement is submitted by NAUMANN OIL & GAS,
INC., as required by the Oil Conservation Division.**

APPEARANCE OF PARTIES

APPLICANT

Naumann Oil & Gas, Inc.
c/o Logro Corp.
P. O. Box 261324
Plano, Texas 75026-1324
attn: David N. Frye
(214) 964-0608

ATTORNEY

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

STATEMENT OF CASE

APPLICANT

This case involves the recompletion of an existing and temporarily abandoned Dakota Resources, Inc. Custer Wells Well No. 1 which was originally drilled at an unorthodox well location for production from the Ellenburger formation. The proposed gas spacing and proration unit contains only 312.95 acres because of governmental surveys.

NAUMANN OIL & GAS, INC. seeks:

(1) an order pooling all mineral interests in the East Custer-Devonian Gas Pool underlying the W/2 equivalent of Section 6, T25S, R37E, NMPM, Lea County, New Mexico;

(2) including provisions for recovering from any non-consenting working interest owner their share of cost of re-entering, deepening and the recompletion of the existing wellbore including a risk factor penalty of 200%;

(3) an unorthodox gas well location; and

(4) a 312.95 acre non-standard gas proration and spacing unit.

The Custer Wells Well No. 1 was originally drilled by ARCO OIL & GAS COMPANY in accordance with a Joint Operating Agreement which expired on or about October 31, 1991.

Naumann has acquired ownership of the wellbore which is a temporarily abandoned well formerly drilled as an Ellenburger formation test. Naumann has a working interest ownership in the oil and gas minerals underlying the W/2 of Section 6.

Pre-Hearing Statement
Case No. 11165
Page 3

On October 24, 1994, Naumann proposed the re-entry of this well to all interest owners in the proposed spacing unit and invited each interest owner to participate on a voluntary basis by each paying his/her proportionate share of the costs of to re-enter, deepen and complete of said well as a Devonian gas well.

All of the working interest ownership of the oil & gas minerals Devonian formation underlying W/2 of said Section 6 have voluntarily agreed to the formation of this spacing unit and to participation in this re-entry except for those parties identified and described in the application.

PROPOSED EVIDENCE

APPLICANT:

WITNESSES		EST. TIME	EXHIBITS
David N. Frye	(landman)	30 min.	10 exhibits
Jack Naumann	(geologist)	30 Min.	4 exhibits

PROCEDURAL MATTERS

None applicable at this time.

KELLAHIN AND KELLAHIN

By: 

W. Thomas Kellahin

P.O. Box 2265

Santa Fe, New Mexico 87501