

**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. 11219

THE APPLICATION OF CONOCO INC. FOR
AN UNORTHODOX GAS WELL LOCATION,
EDDY COUNTY, NEW MEXICO.

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by CONOCO INC. as required
by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

Conoco Inc.
10 Desta Drive West
Midland, Texas 79705-4500
Attn: Jerry Hoover
(915) 686-6548

ATTORNEY

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

STATEMENT OF CASE

APPLICANT:

Conoco Inc. is the operator for and a working interest owner in the Preston Federal Well No. 6 which was drilled at an unorthodox gas well location 460 feet FEL and 990 feet FNL in the N/2 of Section 35, T20S, R24E, NMPM, Eddy County, New Mexico in accordance with Division Order R-9770 issued November 19, 1992.

The Preston Federal Well No. 6 is now nearing depletion and Conoco proposes to replace it with the Preston 35N Federal Com Well No. 15 to be drilled at unorthodox gas location 860 feet FNL and 710 feet FWL (Unit D) in Section 35 with dedication of a standard 320-acre spacing and proration unit consisting of the N/2 of said Section 35 for the Cemetery-Morrow Gas Pool and being a standard location for production from the Cisco formation of the South Dagger Draw-Upper Pennsylvanian Associated Pool.

The Morrow formation at this location is within the Cemetery-Morrow Gas Pool.

The Special Rules and Regulations for the South Dagger Draw-Upper Pennsylvanian Associated Pool provide, among other things, for 320-acre proration and spacing units for either oil or gas production with wells located no closer than 660 feet to the nearest side boundary of the tract, nor nearer than 660 feet to the nearest end boundary of the tract, nor closer than 330 feet to any quarter-quarter section of subdivision inner boundary.

Based upon geological considerations and in order to maximize the opportunity to encounter the Cisco formation at its most favorable location in this spacing unit while providing an opportunity to also test the Morrow formation which cannot be tested at a standard location without compromising the Cisco location, Conoco Inc. proposes to locate the well in the Morrow formation at an unorthodox gas well location.

The proposed location will afford to Conoco Inc. and the interest owners in the proposed well the optimum location at which to test for both Morrow or Cisco production.

PROPOSED EVIDENCE

APPLICANT

WITNESSES	EST. TIME	EXHIBITS
Bill Hardy (geologist)	30 Min.	est. 4 exhibits

PROCEDURAL MATTERS

None applicable at this time.

~~KELLAHIN AND KELLAHIN~~

By: 

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