

**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. 11241

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 a working interest owner in the N/2 of Section 17, Township 19 South, Range 25 East, Eddy County, New Mexico

Conoco proposes to drill its Julie Com Well No. 3 at an unorthodox gas location 660 feet FNL and 660 feet FEL (Unit A) in Section 35 with dedication of a standard 320-acre spacing and proration unit consisting of the N/2 of said Section 17 for the Boyd-Morrow Gas Pool and being a standard location for production from the Cisco formation of the North Dagger Draw-Upper Pennsylvanian Pool to which a standard 160-acre spacing and proration unit consisting of the NE/4 of said Section 17 will be dedicated.

The Morrow formation at this location is within one mile of the current boundary of the Boyd-Morrow Gas Pool.

The Special Rules and Regulations for the North Dagger Draw-Upper Pennsylvanian Pool provide, among other things, for 160-acre proration and spacing units for either oil or gas production with wells located no closer than 660 feet to the nearest 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 Morrow formation at its most favorable location in this spacing unit while providing the only remaining 40-acre tract within the NE/4 of said Section 17 which is still available for a Cisco well in the North Dagger Draw-Upper Pennsylvanian Pool, 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

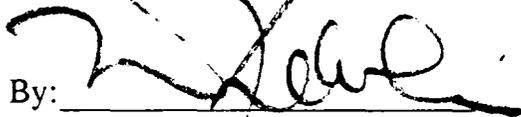
APPLICANT

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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