

**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. 11324

APPLICATION OF TEXACO EXPLORATION
AND PRODUCTION INC., FOR A HIGH ANGLE/
HORIZONTAL DIRECTIONAL DRILLING PILOT
PROJECT, SPECIAL OPERATING RULES
THEREFOR, A NON-STANDARD OIL PRORATION
UNIT, AND A SPECIAL PROJECT ALLOWABLE,
RIO ARRIBA COUNTY, NEW MEXICO.

PRE-HEARING STATEMENT

This Prehearing Statement is submitted by Campbell, Carr & Berge, P.A., as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Texaco Exploration and Production Inc.
c/o Chuck Snure
Post Office Box 46513
Denver, CO 80201
(303) 793-4511

name, address, phone and
contact person

ATTORNEY

William F. Carr, Esq.
Campbell, Carr & Berge, P.A.
Post Office Box 2208
Santa Fe, New Mexico 87504
(505) 988-4421

INTERESTED PARTY

STATEMENT OF CASE

APPLICANT

(Please make a concise statement of what is being sought with this application and the reasons therefore.)

Texaco Exploration and Production Inc., applicant in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in the West Lindrith Gallup-Dakota Oil Pool underlying Lots 3 and 4, the E/2 SW/4, and the SE/4 (S/2 equivalent) of irregular Section 31, Township 25 North, Range 3 West, to form a non-standard 335.93-acre oil spacing and proration unit for said pool. The applicant proposes to re-complete the existing L. L. McConnell Well No. 13, located at a standard surface location 970 feet from the South line and 1800 feet from the West line (Unit N) of said Section 31, by kicking off from vertical in an easterly direction commencing to build angle at an appropriate rate to horizontally traverse the proposed producing area. Further, the applicant seeks the promulgation of special operating rules and procedures therefor including the designation of a target window such that the horizontal or producing portion of the wellbore shall be no closer than 790 feet to the outer boundary of the project area, and for a special project allowable.

OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

PROPOSED EVIDENCE

APPLICANT

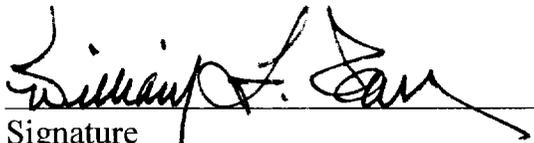
WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Chuck Snure, Landman	10 Min.	Approximately 4
Gary G. Oberhansley, Geologist	10 Min.	Approximately 1
Philip W. Smith, Petroleum Engineer	10 Min.	Approximately 4

OTHER PARTY

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
-----------------------------------	-----------	----------

PROCEDURAL MATTERS

(Please identify any procedural matters which need to be resolved prior to hearing)


Signature