

**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. 11453

APPLICATION OF OXY USA INC. FOR
AN UNORTHODOX GAS WELL LOCATION,
EDDY COUNTY, NEW MEXICO.

PRE-HEARING STATEMENT

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

APPEARANCE OF PARTIES

APPLICANT

Oxy USA Inc.
P. O. Box 50250
Midland, Texas 79710
Attn: Richard E. Foppiano
(915) 685-5913

ATTORNEY

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

STATEMENT OF CASE

APPLICANT

Oxy proposes to drill its Government S Well No. 9 at an unorthodox gas well location 660 feet FNL and FEL of Section 3, T20S, R28E to test for production from the surface to the base of the Morrow formation including but not limited to the Old Millman Ranch-Bone Springs Associated Pool which provides for 40-acre oil and 80-acre gas spacing and proration units and the North Burton Flat-Wolfcamp Gas Pool, the Winchester-Morrow Gas Pool, the Winchester-Strawn Gas Pool, the Winchester-Atoka Gas Pool and the Burton Flat-Morrow Gas Pool which provide for 320 acre gas spacing and proration units.

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Pre-Hearing Statement

Case No. 11453

Page 2

All of the potential gas productive formations below the top of the Wolfcamp are very risky and cannot be justified by drilling a separate well at a standard "deep gas" well location. However, that risk can be justified if this proposed Bone Springs well is drilled to those deeper formations.

The well will be located at a standard well location for any oil production and for gas production from the Bone Springs formation but will be at an unorthodox gas well location for any production below the top of the Wolfcamp formation.

PROPOSED EVIDENCE

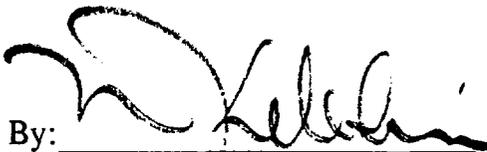
APPLICANT

WITNESSES	EST. TIME	EXHIBITS
Bob Doty (geologist)	30 Min	est. 5
Mike Kovarik (PE)	15 Min	est. 4

PROCEDURAL MATTERS

None at this time.

KELLAHIN AND KELLAHIN

By: 

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