

**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. 11656

APPLICATION OF TEXACO EXPLORATION
AND PRODUCTION INC., FOR COMPULSORY
POOLING, A HIGH ANGLE/HORIZONTAL
DIRECTIONAL DRILLING PILOT PROJECT
AND SPECIAL OPERATING RULES THEREFOR,
LEA COUNTY, NEW MEXICO.

PRE-HEARING STATEMENT

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

APPEARANCES OF PARTIES

APPLICANT

Texaco Exploration and Production Inc.
c/o Ron Lanning
Post Office Box 3109
Midland, TX 79702

(915) 688-4445

name, address, phone and
contact person

ATTORNEY

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

INTERESTED PARTY

Burlington Resources Oil
& Gas Company

ATTORNEY

W. Thomas Kellahin, Esq.
Kellahin & Kellahin
Post Office Box 2265
Santa Fe, New Mexico 87504-2265
(505) 982-4285

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 establish a high angle/horizontal directional drilling pilot project in the Rhodes-Yates Seven Rivers Gas Pool within a standard 160-acre gas spacing and proration unit comprising the SW/4 of Section 23, Township 26 South, Range 37 East, whereby the extent of the wellbore for its proposed Rhodes "23" Federal Com Well No. 1 is to be limited to a target window no closer than 660 feet to any boundary of the project area/proration unit. Further, the applicant seeks an order pooling all mineral interests within the Rhodes-Yates Seven Rivers Gas Pool underlying the aforementioned 160-acre project area/proration unit. Also to be considered will be the cost of drilling and completing the Rhodes "23" Federal Com Well No. 1 and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling and completing said well.

This well is necessary to protect this spacing unit from drainage by wells which offset this acreage to the South and West. It can effectively drain this spacing unit.

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
Ron Lanning, Landman	15 Min.	Approximately 5
Charles Saddler, Petroleum Geologist	15 Min.	Approximately 5
Charles Wolle, Petroleum Engineer	10 Min.	Approximately 3

OTHER PARTY

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
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PROCEDURAL MATTERS

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

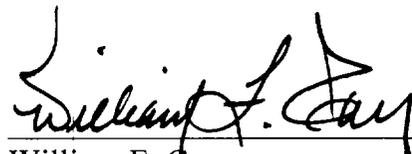

Signature

CERTIFICATE OF SERVICE

I hereby certify that on this 18th day of December, 1996, I have caused to be telecopied and hand-delivered a copy of our Pre-Hearing Statement in the above-captioned case to the following named counsel:

W. Thomas Kellahin, Esq.
Kellahin & Kellahin
117 North Guadalupe Street
Post Office Box 2265
Santa Fe, New Mexico 87501

Attorney for Burlington Resources Oil & Gas Company



William F. Carr

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name, address, phone and
contact person

INTERESTED PARTY

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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

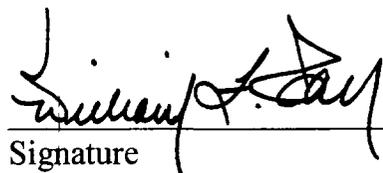
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PROCEDURAL MATTERS

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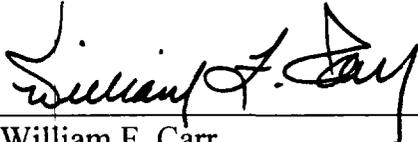

Signature

CERTIFICATE OF SERVICE

I hereby certify that on this 15th day of November, 1996, I have caused to be mailed a copy of our Pre-Hearing Statement in the above-captioned case to the following named counsel:

W. Thomas Kellahin, Esq.
Kellahin & Kellahin
Post Office Box 2265
Santa Fe, New Mexico 87504-2265

Attorney for Burlington Resources Oil & Gas Company



William F. Carr

HINKLE, COX, EATON, COFFIELD & HENSLEY,
L.L.P.

ATTORNEYS AT LAW

218 MONTEZUMA POST OFFICE BOX 2068
SANTA FE, NEW MEXICO 87504-2068
(505) 982-4554 FAX (505) 982-8623

LEWIS C. COX, JR. (1924-1993)
CLARENCE E. HINKLE (1904-1985)

OF COUNSEL
O. M. CALHOUN* JOE W. WOOD
RICHARD L. CAZZELL* RAY W. RICHARDS*

AUSTIN AFFILIATION
HOFFMAN & STEPHENS, P.C.
KENNETH R. HOFFMAN*
TOM D. STEPHENS*
RONALD C. SCHULTZ, JR.*
JOSE CANO*

THOMAS E. HOOD*
REBECCA NICHOLS JOHNSON
STANLEY K. KOTOVSKY, JR.
ELLEN S. CASEY
MARGARET CARTER LUDEWIG
S. BARRY PAISNER
WYATT L. BROOKS*
DAVID M. RUSSELL*
ANDREW J. CLOUTIER
STEPHANIE LANDRY
KIRT E. MOELLING*
DIANE FISHER
JULIE P. NEERKEN
WILLIAM P. SLATTERY
CHRISTOPHER M. MOODY
JOHN D. PHILLIPS
EARL R. NORRIS
JAMES A. GILLESPIE
MARGARET R. MCNETT

GARY W. LARSON
LISA K. SMITH*
NORMAN D. EWART
DARREN T. GROCE*
MOLLY MCINTOSH
MARCIA B. LINCOLN
SCOTT A. SHUART*
PAUL G. NASON
AMY C. WRIGHT*
BRADLEY G. BISHOP*
KAROLYN KING NELSON
ELLEN T. LOUDERBOUGH
JAMES H. WOOD*
NANCY L. STRATTON
TIMOTHY R. BROWN
JAMES C. MARTIN

*NOT LICENSED IN NEW MEXICO

November 15, 1996

Hand Delivered

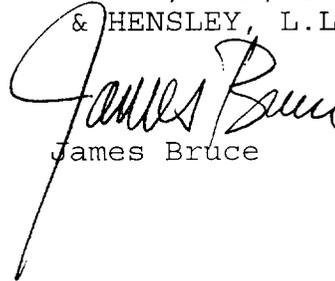
Florene Davidson
New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico

Dear Florene:

Enclosed are an original and two copies of an Entry of Appearance in Case No. 11656, filed on behalf of PermOK Oil, Inc.

Very truly yours,

HINKLE, COX, EATON, COFFIELD
& HENSLEY, L.L.P.


James Bruce

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF TEXACO EXPLORATION
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DIRECTIONAL DRILLING PILOT PROJECT,
AND SPECIAL OPERATING RULES THEREFOR,
LEA COUNTY, NEW MEXICO.

CASE NO. 11656

ENTRY OF APPEARANCE

PermOK Oil, Inc. hereby enters its appearance in the above case.

HINKLE, COX, EATON, COFFIELD
& HENSLEY, L.L.P.



James Bruce
P.O. Box 2068
Santa Fe, New Mexico 87504
(505) 982-4554

Attorneys for PermOK Oil, Inc.

CERTIFICATE OF SERVICE

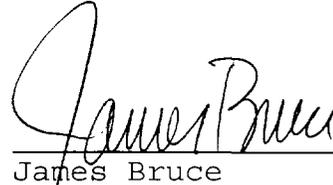
I hereby certify that a copy of the foregoing Entry of Appearance was sent via facsimile transmission this 15th day of November, 1996 to:

William F. Carr
Campbell, Carr, Berge & Sheridan, P.A.
P.O. Box 2208
Santa Fe, New Mexico 87504
(505) 983-6043

Attorney for Applicant

W. Thomas Kellahin
Kellahin & Kellahin
P.O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-2047

Attorney for Burlington Resources
Oil and Gas Company



James Bruce