

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

CASE NO. 11773

**APPLICATION OF CONOCO INC.
FOR ADOPTION OF SPECIAL POOL RULES
FOR WEST MALJAMAR-DEVONIAN POOL
LEA 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 Ste100W
Midland, Texas 79705
(915) 686-6548
attn: Jerry Hoover

ATTORNEY

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

STATEMENT OF CASE

Conoco has drilled, completed and now operates its Elvis Well No. 1, located 1780 feet from the North line and 1980 feet from the West line (Unit F) of Section 20, Township 17 South, Range 32 East, NMPM, Lea County, New Mexico.

This well constitutes a "new oil discovery" for the production of oil from the Devonian formation.

On January 1, 1997, Conoco filed a request with the Division's Hobbs office for the creation of a new Devonian oil pool ("West Maljamar Devonian Pool") comprising the NW/4 of Section 20, Township 17 South Range 32 East.

On February 25, 1997, Conoco filed an application with the Division's Hobbs office requesting the assignment of a "discovery oil allowable" to the Elvis Well No. 1.

The nearest historical Devonian oil production was located within one mile to the north in the now abandoned Maljamar-Devonian Pool.

The creation of a new pool and approval of a discovery allowable have been docketed for hearing by the Division on its April 17, 1997 Examiner's nomenclature docket.

Conoco now requests the adoption of the following Special Rules and Regulations for the West Maljamar-Devonian Pool:

- (a) 160-acre oil spacing and proration units;
- (b) with no more than one producing well for each 160-acre spacing or proration unit;
- (c) well locations within 330 feet of the side boundary of a governmental quarter-quarter section;
- (d) a special limiting gas oil ratio of 2,000 cubic feet of gas per barrel of oil;
- (e) a special depth bracket maximum oil allowable of 900 barrels of oil per day per oil spacing unit; and
- (f) that each well completed or recompleted in this pool or the Devonian formation within one mile thereof, shall be spaced, drilled operated and produced in accordance with these special rules.

Based upon data from the discovery well, the initial rules for the pool should provide for 160-acre oil proration and spacing units combined with the limit of no more than one well per unit to prevent the drilling of unnecessary wells and to protect correlative rights and provide for the orderly development of the reservoir.

PROPOSED EVIDENCE

APPLICANT:

WITNESSES

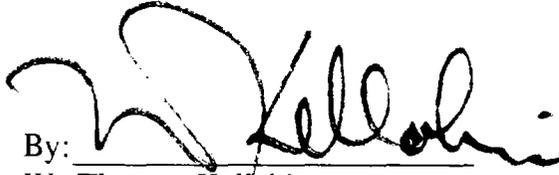
EST. TIME EXHIBITS

Andy (geologist)	15 Min.	3 exhibits
Paul Schultz (petroleum engineer)	25 Min.	6 exhibits

PROCEDURAL MATTERS

None anticipated at this time

KELLAHIN AND KELLAHIN

By: 

W. Thomas Kellahin
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JASON KELLAHIN (RETIRED 1991)

March 31, 1997

HAND DELIVERED

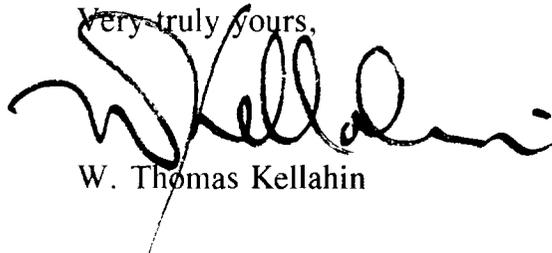
Mr. William J. LeMay, Director
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Re: **AMENDED NOTICE FOR PUBLICATION**
Application of Conoco Inc.
for the adoption of special pool rules
for the West Maljamar-Devonian Pool,
Lea County, New Mexico.

Dear Mr. LeMay:

On behalf of Conoco Inc., please find enclosed a **corrected** notice for publication which replaces the notice we filed on March 26, 1997. The correct notice is for 160-acre spacing and not 80-acre spacing.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over the typed name below.

W. Thomas Kellahin

PROPOSED ADVERTISEMENT

CASE 11773 Application of Conoco Inc. for the adoption of special pool rules for the West Maljamar-Devonian Pool, Lea County, New Mexico. Applicant seeks the promulgation of special pool rules for the West Maljamar-Devonian Pool including provisions for 160-acre oil spacing units, designation of well location requirements and a special 900 barrels of oil per day depth bracket oil allowable. Said pool is located in the approximately 3 miles southwest of Maljamar, New Mexico.