

**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. 13991

**APPLICATION OF CHEVRON USA, INC. SEEKS
APPROVAL OF A PILOT PROJECT TO FOR
THE PURPOSE OF DETERMINING PROPER
WELL DENSITY REQUIREMENTS FOR THE
FRUITLAND COAL FORMATION IN THE
BASIN-FRUITLAND COAL GAS POOL,
SAN JUAN COUNTY, NEW MEXICO.**

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PRE-HEARING STATEMENT

Holland & Hart LLP submits this Pre-Hearing Statement as required by the rules of the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Chevron USA, Inc.
Attention: Paul R. Owen, Esq.
Chevron North America
Post Office Box 36366
Houston, Texas 77236
(281)561-3854

ATTORNEY

William F. Carr, Esq.
Holland & Hart LLP
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421

OPPOSITION

ConocoPhillips Company

ATTORNEY

W. Thomas Kellahin, Esq.
117 North Guadalupe
Post Office Box 2265
Santa Fe, New Mexico 87504
(505) 982-2047

2/5/12 WFM

STATEMENT OF CASE

APPLICANT:

Pursuant to Division Rule 104.D(3) Chevron USA, Inc. seeks approval for a pilot program in the Fruitland Coal formation, Basin-Fruitland Coal Gas Pool, to gather data to determine the appropriate well density in the Fruitland Coal formation for wells in pools governed by the "Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool" which currently limits well density to two wells on each 320-acre standard gas spacing unit. The pilot project area encompasses the following acreage in San Juan County, New Mexico:

Township 31 North, Range 7 West, NMPM
Sections: 2, 3, N/2 10

PROPOSED EVIDENCE

APPLICANT

WITNESSES:	ESTIMATED TIME	EXHIBITS
<u>Marty Babin (Landman)</u>	10 Minutes	Approx. 4

Mr. Babin will provide general background information on the status of the lands in the area of the proposed pilot project and the current regulatory framework governing this area.

<u>Laura M. Murray (Geologist)</u>	20 Minutes	Approx. 5
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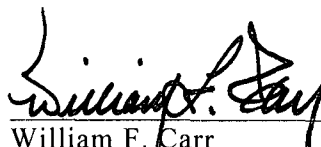
Ms. Murray will review the geological characteristics of the formation which is the subject of this hearing.

<u>Isabu Omozele (Petroleum Engineer)</u>	20 Minutes	Approx. 5
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Ms. Omozele will provide information on reservoir properties, typical reservoir performance, recovery factors and drainage efficiency and discuss the locations of the proposed pilot area and pilot project wells. She will review the data that Chevron hopes to obtain through this pilot effort.

PROCEDURAL MATTERS

Chevron USA, Inc. has none at this time.



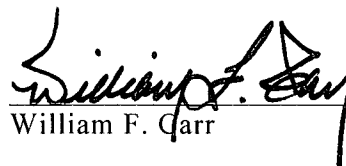
William F. Carr
Attorney for Chevron USA, Inc.

CERTIFICATE OF SERVICE

I certify that on September 13, 2007 I served a copy of the foregoing document to the following by Hand Delivery or by Facsimile:

W. Thomas Kellahin, Esq.
117 North Guadalupe
Post Office Box 2265
Santa Fe, New Mexico 87504
(505) 982-2047 Facsimile
Attorney for ConocoPhillips Company

James Bruce, Esq.
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2151 Facsimile



William F. Carr