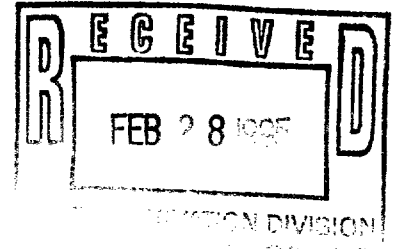


**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:



CASE NO. 11212

THE APPLICATION OF CONOCO INC. FOR DOWNHOLE
COMMINGLING AND FOR AN EXCEPTION TO THE GAS-OIL
RATIO LIMITATION FACTOR ESTABLISHED BY ORDER R-8909,
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 West
Midland, Texas 79705-4500
Attn: Jerry Hoover
(915) 686-6548

ATTORNEY

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

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STATEMENT OF CASE

APPLICANT:

Conoco is the current operator of the Warren Unit and the Warren-Blinebry Tubb Waterflood Project, Lea County, New Mexico.

This project was created for the purpose of conducting secondary recovery waterflood operations within the Blinebry and Tubb formations within a portion of the Warren Unit which was approved by Division Order R-6906-B issued March 15, 1991.

On March 15, 1991, the Division also entered Order R-9467 which created the Warren-Blinebry Tubb Oil and Gas Pool, contracted the Blinebry Oil and Gas Pool and the Warren-Tubb Gas Pool and created the East Warren-Tub Gas Pool so that Conoco could conduct simultaneous waterflood operations within the Blinebry and Tubb formations within its Warren Blinebry-Tubb Waterflood Project.

On January 20, 1994, the Division entered Order R-10068 (Case 10897) which approved the second expansion of this project to include additional areas within the Warren Unit.

In accordance with Order R-10068, Conoco has performed addition work in the second expansion area of the Warren Unit which has resulted in new wells being drilled as "dual completions" in the Warren-Blinebry Tubb Oil and Gas Pool and in the Warren-Drinkard Pool. Those "dual completions" in the central portion of the second expansion area of the project have been successful and it is currently economic to utilize certain "dual completion" wells to produce these two pools.

However, Conoco has determined that those wells towards the outer boundary of second expansion area of the project cannot economically and timely recover the Warren-Drinkard Pool reserves unless those wells are re-completed as "downhole commingled" wells and any new wells in that area are initially drilled as downhole commingled wells.

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Conoco seeks approval to downhole commingle Warren Blinebry-Tubb Oil and Gas Pool and Warren-Drinkard Pool production in the wellbores of ten (10) existing wells and four (4) new wells within Conoco's Warren Unit as follows:

(A) Six (6) wells currently dedicated to Blinebry-Tubb Oil and Gas Pool with the Drinkard production either shut-in or temporary abandoned:

Warren Unit Well No. 9, located 1980 feet FNL & 660 feet FWL (Unit E) Section 27, T20S, R38E;

Warren Unit Well No. 10, located 660 feet FNL & 2130 feet FEL (Unit B) Section 28, T20S, R38E;

Warren Unit Well No. 26, located 660 feet FSL & 660 feet FWL (Unit M) Section 27, T20S, R38E;

Warren Unit Well No. 97, located 660 feet FNL & 660 feet FWL (Unit D) Section 34, T20S, R38E;

Warren Unit Well No. 98, located 660 feet FNL & 660 feet FEL (Unit A) Section 28, T20S, R38E;

Warren Unit Well No. 99, located 710 feet FNL & 660 feet FEL (Unit A) Section 33, T20S, R38E;

(B) Four (4) wells currently dually completed in the Blinebry-Tubb and the Drinkard pools:

Warren Unit Well No. 94, located 1840 feet FNL & 2020 feet FWL (Unit F) Section 28, T20S, R38E;

Warren Unit Well No. 113, located 660 feet FSL & 1980 feet FEL (Unit O) Section 28, T20S, R38E;

Warren Unit Well No. 114, located 660 feet FNL & 1980 feet FWL (Unit C) Section 28, T20S, R38E;

Warren Unit Well No. 115, located 1980 feet FNL & 660 feet FWL (Unit E) Section 28, T20S, R38E;

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(C) Four (4) new wells to be drilled and completed for downhole commingled production from both the Blinebry-Tubb and the Drinkard pools:

Warren Unit Well No. 116, located 660 feet FNL & 660 feet FWL (Unit D) Section 28, T20S, R38E;

Warren Unit Well No. 117, located 1980 feet FSL & 660 feet FWL (Unit L) Section 28, T20S, R38E;

Warren Unit Well No. 118, located 760 feet FSL & 660 feet FWL (Unit M) Section 28, T20S, R38E;

Warren Unit Well No. 119, located 810 feet FSL & 2105 feet FWL (Unit N) Section 28, T20S, R38E;

Therefore, Conoco seeks:

(a) downhole commingling approval for these ten existing wells and for four new wells;

(b) with production from each said well to be dedicated to the 40-acre oil spacing and proration unit in which it is currently located;

(c) for authority to produce said wells in excess of the 8000 to 1 limiting gas-oil ratio currently established for the Warren-Drinkard Pool (Order R-8909); and

(d) for authority to produce said wells in excess of the total combined daily oil production volume set forth in Division Rule 303(C).

In accordance with or as justified exceptions to Division Rule 303-C-1, the Applicant states and will demonstrate at hearing:

(a) because there are different participating areas in this unit, the ownership is not common with respect to the spacing and proration units in both pools;

(b) the downhole commingling in these wellbores is necessary because evidence indicates that the Warren-Drinkard production from these wells is now marginally productive and any remaining Warren-Drinkard production will have to be abandoned unless it is downhole commingled with production from the Warren-Blinbry Tubb Oil and Gas Pool; AND

(c) In addition, it is no longer economic to dually complete those formations in these wells.

PROPOSED EVIDENCE

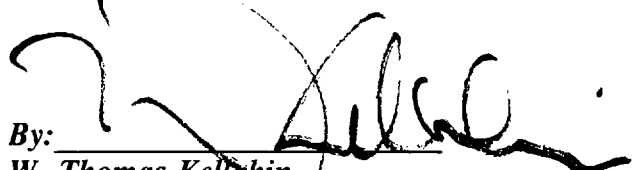
APPLICANT

WITNESSES	EST. TIME	EXHIBITS
<i>David E. Nelson (geologist)</i>	<i>30 Min.</i>	<i>est. 15 exhibits</i>
<i>Damian G. Barrett (P.E.)</i>	<i>30 Min.</i>	<i>est. 4 exhibits</i>

PROCEDURAL MATTERS

None applicable at this time.

KELLAHIN-AND KELLAHIN

By: 
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