

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:

RECEIVED

1997

Oil Conservation Division

APPLICATION OF CONOCO INC. FOR
COMPULSORY POOLING, AND A
NON-STANDARD GAS PRORATION
AND SPACING UNIT,
SAN JUAN COUNTY, NEW MEXICO.

CASE NO. 11843

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, Suite 100W
Midland, Texas 79705
(915) 686-5405
attn: Bill Franklin

ATTORNEY

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

STATEMENT OF CASE

Pursuant to Section 70-2-17(c) NMSA (1978) and in order to obtain its just and equitable share of potential production underlying Irregular Section 1, T27N, R8W, Conoco Inc. requests an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.

Conoco requests an order pooling the mineral interest of described in this 641.12 acre gas spacing unit for the drilling of its Stove Canyon Well No. 1 at a standard well location (Unit K) for potential production from the below the base of the Dakota formation upon terms and conditions which include:

- (1) Conoco be named operator;
- (2) The order make provisions for all uncommitted interest owners to participate in the costs of drilling, completing, equipping and operating the well;
- (3) In the event an uncommitted working interest owner fails to elect to participate he becomes a "compulsory pooled party" and then provisions should be made to recover out of production, the costs of the drilling, completing, equipping and operating the well, including a risk factor penalty of 200 %;
- (4) A provision for overhead rates and a method for adjusting those rates in accordance with COPAS accounting procedures;
- (5) For such other and further relief as may be proper.

PROPOSED EVIDENCE

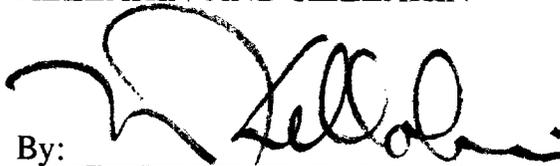
APPLICANT:

WITNESSES	EST. TIME	EXHIBITS
William W. Franklin (landman)	15 min.	@ 6 exhibits
William O. Bolla (geophysicist)	15 Min.	@ 3 exhibits
James R. Joyce (engineer)	15 Min.	@ 2 exhibits

PROCEDURAL MATTERS

None anticipated at this time.

KELLAHIN AND KELLAHIN



By: _____
W. Thomas Kellahin
P.O. Box 2265
Santa Fe, New Mexico 87504
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