

# Kemp, Smith, Duncan & Hammond, P.C.

ATTORNEYS AT LAW

500 MARQUETTE N.W., SUITE 1200, ALBUQUERQUE, NEW MEXICO 87102-5311 | P.O. BOX 1276, 87103-1276 | 505 247-2315 | FAX 505 764-5480

## EL PASO\*

DAU R. SMITH  
CHRIS A. PAUL  
JIM CURTIS  
DAN C. GEORGE  
MICHAEL D. McQUEEN  
DAVID R. WINDHAM  
YVONNE K. PUG  
CHARLES A. BECKHAM, JR.  
MARGARET A. CHRISTIAN  
KIMMETH R. CARR

MARK R. FLORA\*\*\*\*  
RICHARD BONNER  
MILTON C. COLIA  
DARCY ALAN FROWNFEITER\*\*  
NANCY G. SANTANA  
MITZI T. SHANNON  
ALLAN GOLDFARB  
JOHN S. HOWELL  
KATHLEEN CAMPBELL WALKER  
CYNTHIA S. ANDERSON\*\*\*

KEVIN E. SHANNON  
KAY C. JENKINS†  
JAMES W. BREWERT  
TERRY G. PASQUALONE  
HENRY L. SMITH, JR.  
THOMAS G. WICKER, JR.  
CLARA B. BURNS†  
MARK N. OSBORN  
MATTHEW R. HENRY  
GENE WOLF

HUNTER W. BUNKHALTER  
R. SHAWN OLLER†  
KENT J. LIENBY  
KATHRINE E. URBANI  
STEVEN J. BLANCO†  
JASON T. CHAPMAN  
TAMMY M. HOLT  
CATHERINE C. CHAVEZ  
ERICH A. MORALES  
MICHAEL C. ZWEBER  
SUSAN ZULKOWSKI

## ALBUQUERQUE†

JOHN P. EASTHAM  
ROBERT A. JOHNSON  
DONALD B. MONNHEIMER  
DENNIS E. JONTZ†††  
O. JAMES SORENSON  
BRUCE E. CASTLE†  
JAMES L. RASMUSSEN  
STEPHEN R. NELSON  
A. DREW HOFFMAN\*  
R. THOMAS DAWE  
KATHLEEN DAVIDSON LEBECK  
MARILYN C. O'LEARY

ROSS L. CROWN  
P. RENES REIMER\*  
CLAYTON W. MARRS  
NICKAY B. MANNING  
CHARLOTTE LAMONT††††  
ALAN HALL  
JAMES T. REIST  
KARLA K. POETT  
DAVID J. ABELL  
JANINE M. FRIEDET†  
HEATHER J. SAFFELL  
JEFFREY H. ALBRIGHT

OF COUNSEL: JOSEPH P. HAMMOND  
RAYMOND H. MARSHALL

OF COUNSEL: PAUL A. COOTER\*

\* MEMBERS TEXAS BAR  
† MEMBERS NEW MEXICO BAR

\*\* MEMBERS IDAHO BAR  
†† MEMBERS COLORADO BAR

\*\*\* MEMBERS NEW MEXICO AND CALIFORNIA BARS  
††† MEMBERS IOWA BAR

\*\*\*\* MEMBERS FLORIDA AND MICHIGAN BARS  
†††† MEMBERS DISTRICT OF COLUMBIA BAR

February 17, 1998

By Fax: 505/827-8177

Mr. Michael Stogner  
New Mexico Oil Conservation Division  
PO Box 6429  
Santa Fe, NM 87505

Re: Case Nos. 11923 and 11924

Dear Mr. Stogner:

Faxed to you with this letter is the Prehearing Statement of Shahara Oil, LLC, the Applicant in the captioned cases.

Your attention is invited to the fact that Applicant will request a joinder of these two cases for hearing purposes.

Very truly yours,



Paul A. Cooter

PAC\smb  
cc w/enc.: James Bruce (505/982-2151)

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

IN THE MATTER OF THE APPLICATION OF  
SHAHARA OIL, LLC, FOR (1) APPROVAL OF THE  
PROPOSED SHAHARA STATE UNIT, (2) CREATION  
OF A WATERFLOOD AND TERTIARY RECOVERY PROJECT  
(3) APPROVAL OF TWO UNORTHODOX OIL WELL  
LOCATIONS, AND (4) QUALIFICATION OF THAT  
PROJECT FOR THE RECOVERED OIL TAX RATE,  
LEA COUNTY, NEW MEXICO.

CASE NOS. 11923 and 11924

PREHEARING STATEMENT

This Prehearing Statement is submitted by the Applicant  
Shahara Oil, L.L.C., by and through its attorneys of record.

APPEARANCES OF PARTIES

PARTY

Shahara Oil, L.L.C.  
207 W. McKay  
Carlsbad, NM 88220  
915/686-9927

ATTORNEY

Kemp, Smith, Duncan &  
Hammond, P.C.  
Paul A. Cooter  
PO Box 1276  
Albuquerque, NM 87103-1276  
505/247-2315

OPPOSITION OR OTHER PARTY

None known at this time.

STATEMENT OF CASE

Applicant applies for an Order (1) approving the Shahara State Unit in Lea County, New Mexico, covering the land and formations described in its Application, (2) creating a secondary waterflood and tertiary recovery project using micro-organisms for enhanced recovery of oil from that Unit, (3) approving two new proposed unorthodox oil well locations for producing wells along the west edge of the Unit, and (4) qualifying that project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act."

**PROPOSED WITNESSES****WITNESS****ESTIMATED TIME**

Perry L. Hughes  
H. L. Atnipp

1 hour  
30 min.

A list of Shahara Oil's proposed exhibits in this case (13 in number, including the four attached to its Application) is attached hereto. In addition, Applicant will submit an Affidavit of Mailing of the Application to all interested parties.

**PROCEDURAL MATTERS**

Applicant respectfully requests the joinder of Cases 11923 and 11924 for the purpose of this hearing.

KEMP, SMITH, DUNCAN & HAMMOND, P.C.



---

Paul A. Cooter  
Attorneys for Shahara Oil, LLC  
PO Box 1276  
Albuquerque, NM 87103  
(505) 247-2315

**EXHIBITS FOR SHAHARA OIL'S  
W/2 SECTION 16 UNIT**

**ATTACHED TO THE APPLICATION:**

1. Unit Agreement with Ratifications (15 - all WI and ORRI owners except Dale McCarter and Norwest Bank, Trustee)
2. Form C-108 with following listed attachments  
Statement (2 p)  
A) Map - Area of Review  
A-1) Enlarged Map - Development Plan  
B) Well Data and Schematic Diagrams of Proposed Injection Wells (4 p)  
C) Well Data for Wells within the Area of Review (3 p)  
D) Well Data & Schematic Diagram of Plugged and Abandoned Well Bores within the Area of Review (10 p)
3. Cooperative Unit Line Well and Unit Line Infill Drilling Agreement between The Wiser Oil Company and Shahara Oil, with attached Operating Agreement
4. Unit Operating Agreement with Ratifications (6 - all WI owners except McCarter)

**NEW EXHIBITS:**

5. McCarter's Ratifications (2 - Unit Agreement and Unit Operating Agreement)
6. Structure Map
7. Cross-Section (A-A')
8. Cross-Section (B-B')
9. Area Map with injection pressures of other area wells
10. Applications for Permit to Drill and Well Location and Acreage Dedication Plats for Phillips State Wells Nos. 9, 10, 11, 12, 13, 14, 15, 100, 101
11. Approval by Wiser Oil (12/8/97) of revised locations for Wells Nos. 100 and 101
12. Pressurized Water Sale Agreement between Wiser Oil and Shahara Oil
13. Financial Summary and Summary of Redevelopment Costs