

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

CASE NO. 12004

**APPLICATION OF STEVENS & TULL, INC.
FOR A NON-STANDARD SUBSURFACE GAS WELL
LOCATION/PRODUCING AREA AND A NON-STANDARD
GAS PRORATION UNIT,
EDDY COUNTY, NEW MEXICO.**

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Stevens & Tull, Inc., as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

Stevens & Tull, Inc.
P. O. Box 11005
Midland, Texas 79702
(915) 699-1410
attn: Jerry Weant

ATTORNEY

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

OTHER

Wilson & Barr

ATTORNEY

William F. Carr, Esq.
110 North Guadalupe
Santa Fe, New Mexico

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STATEMENT OF CASE

(1) Stevens & Tull, Inc. is the proposed operator of the subject well to be located in Section 31.

(2) Stevens & Tull, Inc. proposes to drill its Sweet Thing Federal Unit Well No. 2 at an unorthodox surface location 435 feet FWL and 660 feet FNL to an unorthodox bottom hole location within a drilling window at the top of the Morrow formation the boundaries of which are 600 feet to 800 feet FNL and 435 feet to 485 feet FWL of Irregular Section 31, T20-1/2S, R22E, Eddy County, New Mexico, to be dedicated to a non-standard 233.79-acre gas proration and spacing unit consisting of all of said Irregular Section 31 for gas production from all 320-acre gas pools including but not limited to the Little Box Canyon-Morrow Gas Pool.

(3) The subject well is to be drilled to test, among other things, the Morrow formation in the Little Box Canyon-Morrow Gas Pool which is subject to the statewide Rule 104 providing for standard well locations not closer than 1650 feet to the end nor closer than 660 feet to the side boundary of the spacing unit.

(4) The subject well is offset by spacing units operated by Stevens & Tull.

(5) This well is intended to be at an unorthodox bottom hole location in the Morrow formation at a point which is an approximately equivalent distance from the common boundary as the bottom hole location of the offsetting Sweet Thing "36" State Well No. 1 which was drilled at an unorthodox gas well location in adjoining Section 36, T20-1/2S, R21E, NMPM.

(6) As a result of governmental survey this Irregular Section contains only 233.79 acres and there is no standard location in the section which is available to the applicant.

(7) This application involves federal surface and an APD has been filed with the BLM. The proposed surface location has been inspected by the BLM and Stevens & Tull believes its location will be approved by the BLM.

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PROPOSED EVIDENCE

APPLICANT:

WITNESSES

EST. TIME EXHIBITS

Jerry Weant (landman)

15 Min. @ 3 exhibits

George Ulmo (geologist)

30 Min. @ 10 exhibits

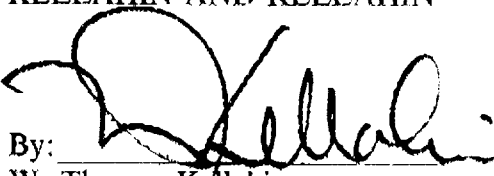
(petroleum engineer)

15 Min. @ 5 exhibits

PROCEDURAL MATTERS

None anticipated at this time

KELLAHIN AND KELLAHIN



By: _____
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