

Pre-Hearing Statement

Case No. 12122

Page 3

(7) The initial six (6) pilot project wells, four of which are to be located at the following unorthodox gas well locations in an attempt to locate them in undrained portions of the reservoir:

Standard well locations:

- (a) San Juan 28-7 Unit Well No. 234-M
1020 ~~1015~~ feet FSL and 895 feet FEL Section 15, T28N, R7W
- (b) San Juan 28-7 Unit Well No. 135-E
1270 feet FNL and 1850 feet FWL Section 27, T28N, R7W

Unorthodox well locations:

- (c) San Juan 28-7 Unit Well No. 231-M 280
1320 feet FSL and 10 feet FWL Section 16, T28N, R7W
- (d) San Juan 28-7 Unit Well No. 219-M
690 feet FWL and 1365 feet FSL Section 20, T28N, R7W
- (e) San Juan 28-7 Unit Well No. 225-E
1340 feet FSL and 2020 feet FEL Section 34, T28N, R7W
- (f) San Juan 28-7 Unit Well No. 226-E
1500 feet FNL and 2400 feet FWL Section 36, T28N, R7W

(8) On October 6, 1995, the Division entered Order R-10476 in Case 11349 which approved downhole commingling of Blanco-Mesaverde Gas Pool production with Basin-Dakota Gas Pool production in some 17 wells in this unit. (See also Order R-10476-B)

(9) Downhole commingling of this production has resulted in substantial economic savings which prolongs the lives of these wells thus preventing waste.

(10) Conoco Inc. seeks to continue this practice by having the Division authorize downhole commingling in the six (6) pilot project wells described above.

(11) The approval of a pilot program which increases the density of Basin Dakota Gas Pool wells at unorthodox well locations within the San Juan 28-7 Unit will not violate correlative rights because the San Juan 28-7 Unit Agreement has established an equitable method for the allocation of production of Basin-Dakota Gas Pool production to all interest owners within the unit regardless of the number of wells drilled or where those wells are located.