

**Santa Fe Snyder Corporation****550 West Texas Avenue, Suite 1330, Midland, TX 79701****From: Steve Smith 915/686-6712****FAX 915/686-6714****Fax Cover Sheet****Date:** June 4, 1999**To:** Ms. Florence Davidson**Fax:** (505) 827-8177**RE:** Application of OXY USA Inc. for an unorthodox
Well location and simultaneous dedication
Examiners Hearing – Thursday – June 10, 1999
Case 12191

Please find attached Santa Fe Snyder Corporation's Pre-Hearing Statement concerning the referenced case.

Call me if there are any questions.


Steve Smith

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**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:**

**APPLICATION OF OXY USA INC. FOR AN
UNORTHODOX GAS WELL LOCATION AND AN
EXCEPTION TO DIVISION RULE 104.D(3)
FOR SIMULTANEOUS DEDICATION, EDDY
COUNTY, NEW MEXICO**

Case No. 12,191

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Santa Fe Snyder Corporation as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

OXY USA Inc.

OPPONENT

Santa Fe Snyder Corporation
Suite 1330
550 West Texas
Midland, Texas 79701
Attention: Steven J. Smith
Phone: (915) 86-6712

APPLICANT'S ATTORNEY

W. Thomas Kellahin

OPPONENT'S ATTORNEY

Undetermined

STATEMENT OF THE CASE

APPLICANT

OPPONENT

Applicant seeks an unorthodox gas well location for a well 1980 feet FNL and 660 feet FWL of Section 4, Township 17 South, Range 27 East, NMPM, to test the Morrow Formation. The N½ of Section 4 will be dedicated to the proposed well along with an existing well in the NE¼ of Section 4.

Santa Fe Snyder Corporation ("Santa Fe") owns an overriding royalty in the S½ of Section 4 (operated by OXY USA Inc.), and also owns a working interest in the NE¼SE¼ of offsetting Section 5.

Simultaneous dedication adversely affects Santa Fe because there will be only one well in the S½ of Section 4 competing for reserves with two wells in the N½ of Section 4. In addition, the unorthodox location encroaches upon Santa Fe's acreage in the S½ of Section 5.

PROPOSED EVIDENCE

APPLICANT

WITNESSES

EST. TIME

EXHIBITS

OPPONENT

WITNESSES

EST. TIME

EXHIBITS

Steven J. Smith
(Landman)

15 Min.

Approx. 2

Michael Hayes
(Geologist)

20 Min.

Approx. 5

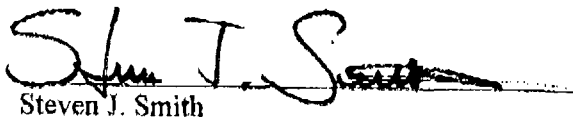
Brad Cross
(Engineer)

20 Min.

Approx. 5

PROCEDURAL MATTERS

Santa Fe Snyder Corporation


Steven J. Smith

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Pre-Hearing Statement was served upon the following counsel of record via facsimile transmission this 4th day of June, 1999.

W. Thomas Kellahin
Kellahin & Kellahin
P.O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-2047


Steven J. Smith