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8-31-99

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

**APPLICATION OF OXY USA Inc.  
FOR COMPULSORY POOLING AND AN  
UNORTHODOX WELL LOCATION  
EDDY COUNTY, NEW MEXICO**

**CASE 12229**

**APPLICATION OF LOUIS DREYFUS NATURAL GAS  
FOR COMPULSORY POOLING AND AN UNORTHODOX  
WELL LOCATION, EDDY COUNTY, NEW MEXICO**

**CASE 12234**

**PRE-HEARING STATEMENT**

This pre-hearing statement is submitted by OXY USA Inc. as required by the Oil Conservation Division.

**APPEARANCE OF PARTIES**

**APPLICANT IN CASE 12229**

**ATTORNEY**

**OXY USA Inc.  
5 E Greenway Plaza  
Houston, Texas 77046  
attn: Rick Foppiano**

**W. Thomas Kellahin  
KELLAHIN & KELLAHIN  
Santa Fe, NM 87504  
(505) 982-4285**

**APPLICANT IN CASE 12234**

**ATTORNEY**

**Louis Dreyfus Natural Gas**

**William F. Carr, Esq.  
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Santa Fe, New Mexico 87504  
(505) 988-4421**

**Pre-Hearing Statement****NMOCD CASES 12229 and 12234****Page 2****STATEMENT OF THE CASE**

These are two competing compulsory pooling applications in which OXY USA Inc. ("OXY") and Louis Dreyfus Natural Gas ("Dreyfus") each are seeking to be designated the operator for a well OXY has proposed to drill in Unit G of Section 4, T18S, R29E, Eddy County, New Mexico.

Oxy desires to continue the Atoka gas exploration and development it initiated in this area. In order to do so, Oxy has voluntarily consolidated 62.5 % of the working interest owners who desire that OXY drill and operate the proposed Buckskin Federal Well No. 1 to be drilled at a revised location 1670 feet from the North line and 1650 feet from the East line (Unit G) of Section 4, T18S, R29E, Eddy County, New Mexico to test for Atoka-Morrow gas production and to be dedicated to a 320-acre spacing unit consisting of the N/2 of this section. In the event of other production then:

- (a) NE/4 for shallow gas "shallow gas"
- (b) S/2NE/4 for 80-acre oil production from the South Empire-Wolfcamp Oil Pool; and
- (c) SW/4NE/4 for 40-acre oil production.

Dreyfus, with 37.5 % of the working interest, is the only working interest owner who has refused to participate in the well proposed by OXY. Instead, Dreyfus wants to be named operator of this well despite the fact that OXY: (a) first develop this prospect, (b) first proposed this well and (c) OXY has obtained the voluntary agreement of 9 other interest owners who collectively control 62.5 % of the interests in this well.

Dreyfus has not been able to get any other interest owner to agree to allow Dreyfus to operate this well.

The unorthodox location is based upon the fact that the special rules for the South Empire-Wolfcamp Pool require wells to be located within 150 feet of the center of a 40-acre tract. This pool is spaced on 80-acre oil spacing.

Accordingly, OXY requests that the Division enter a compulsory pooling order granting OXY's application and denying Dreyfus' application so that Dreyfus' interest in all applicable spacing units from below the top of the San Andres formation to the total depth drilled is pooled

Pre-Hearing Statement  
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**PROPOSED EVIDENCE**


APPLICANT IN CASE 12229:

WITNESSES	EST. TIME	EXHIBITS
Kent Woolley (landman)	30 min.	@ 8 exhibits
Bob Doty (geology)	30 Min.	@ 3 exhibits

**PROCEDURAL MATTERS**

Correct clerical errors in advertisement of OXY's case so that the location and spacing units are amended as set forth above.

KELLAHIN AND KELLAHIN

By:   
W. Thomas Kellahin