

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:

CASE NO. 12234

OIL CONSERVATION DIV.
59/AUG 31 PM 12:44

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

PRE-HEARING STATEMENT

This Prehearing Statement is submitted by Campbell, Carr, Berge & Sheridan, P.A.,
as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Louis Dreyfus Natural Gas Corp.
Attn: Joe Hammond
14000 Quail Springs Parkway, Suite 600
Oklahoma City, OK 73134-2600
(405) 749-1300
name, address, phone and
contact person

ATTORNEY

William F. Carr, Esq.
Campbell, Carr, Berge & Sheridan, P.A.
Post Office Box 2208
Santa Fe, New Mexico 87504
(505) 988-4421

OPPOSITION OR OTHER PARTY

OXY USA, Inc.

name, address, phone and
contact person

ATTORNEY

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

STATEMENT OF CASE

APPLICANT

(Please make a concise statement of what is being sought with this application and the reasons therefore.)

Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 4, Township 18 South, Range 29 East, in the following manner: (a) the N/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within this vertical extent which presently includes the Undesignated Grayburg-Strawn Gas Pool, Undesignated Grayburg-Atoka Gas Pool, Undesignated Grayburg-Morrow Gas Pool, and Undesignated South Empire-Morrow Gas Pool; (b) the NE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within that vertical extent; (c) the S/2 NE/4 to form a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing which presently includes the Undesignated South Empire-Wolfcamp Pool; and (d) the SW/4 NE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within this vertical extent which presently includes the Loco Hills- Queen-Grayburg-San Andres Pool, Undesignated Loco Hills-Bone Spring Pool, and Undesignated Loco Hills-Cisco Pool. These four units are to be dedicated to a single well, the proposed Loco Hills 4 Federal Com Well No. 1, to be drilled 1980 feet from the North line and 1650 feet from the East line (Unit G) of Section 4, being a standard well location for the 40, 160, and 320-acre spacing and proration units but an unorthodox oil well location in the Undesignated South Empire-Wolfcamp Pool for the 80-acre unit. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well, and a charge for risk involved in drilling the well. The proposed well location is approximately 6.5 miles west-southwest of Loco Hills, New Mexico.

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OPPOSITION OR OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

PROPOSED EVIDENCE

APPLICANT

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Joe Hammond (Landman)	15 minutes	approximately 5
Dave Shipley (Geologist)	10 minutes	approximately 3

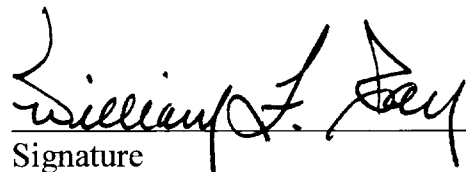
OPPOSITION

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
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PROCEDURAL MATTERS

(Please identify any procedural matters which need to be resolved prior to hearing)

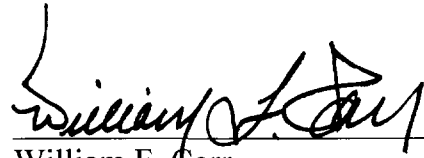
This case is a companion case to Case 12229, Application of OXY USA, Inc. for Compulsory Pooling and an Unorthodox Well Location. The cases should be consolidated for purposes of hearing.


Signature

CERTIFICATE OF MAILING

I hereby certify that on this 24th day of August, 1999, I have caused to be hand-delivered a copy of our Pre-Hearing Statement in the above-captioned cases to the following counsel of record:

W. Thomas Kellahin, Esq.
P.O. Box 2265
Santa Fe, New Mexico 87504-2265



William F. Carr