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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:

R-9001

APPLICATION OF NADEL AND GUSSMAN PERMIAN,
L.L.C. FOR FOUR NON-STANDARD OIL SPACING AND
PRORATION UNITS AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

Case No. 14,551

102 wells

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by applicant as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Nadel and Gussman Permian, LLC
Suite 508
601 North Marienfeld
Midland, Texas 79701

APPLICANT'S ATTORNEY

James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attention: Emerald Johnson
(432) 682-4429

OPPONENT

OPPONENT'S ATTORNEY

110"

STATEMENT OF THE CASE

APPLICANT

Nadel and Gussman Permian, L.L.C. seeks an order approving four 160-acre non-standard oil spacing and proration units (project areas) in the Bone Spring formation comprised of the following lands in Section 12, Township 26 South, Range 29 East, NMPM:

- (a) The N/2N/2, to be dedicated to the Picou Fed. Well No. 1, a horizontal well with a surface location in the NE/4NE/4, and a terminus in the NW/4NW/4, of Section 12;

(b) The S/2N/2, to be dedicated to the Picou Fed. Well No. 2, a horizontal well with a surface location in the SE/4NE/4, and a terminus in the SW/4NW/4, of Section 12;

(c) The N/2S/2, to be dedicated to the Picou Fed. Well No. 3, a horizontal well with a surface location in the NE/4SE/4, and a terminus in the NW/4SW/4, of Section 12; and

(d) The S/2S/2, to be dedicated to the Picou Fed. Well No. 4, a horizontal well with a surface location in the SE/4SE/4, and a terminus in the SW/4SW/4, of Section 12.

Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the four non-standard spacing and proration units (project areas) for all pools or formations developed on 40 acre spacing within that vertical extent. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells.

OPPONENT

PROPOSED EVIDENCE

APPLICANT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Emerald Johnson (landman)	20 min.	Approx. 4
Scott Germann (geologist)	10 min.	Approx. 4

THIS MATTER MAY BE SUBMITTED BY AFFIDAVIT IF IT IS UNOPPOSED.

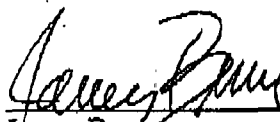
OPPONENT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
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PROCEDURAL MATTERS

-None-

Respectfully submitted,



James Bruce
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(505) 982-2043

Attorney for Nadel and Gussman Perlmán,
LLC