

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

**APPLICATION OF STEWARD ENERGY II, LLC
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

Case No. 21455

**STEWARD ENERGY II, LLC'S
PRE-HEARING STATEMENT**

Steward Energy II, LLC ("Steward") submits its Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

Steward Energy II, LLC

APPLICANT'S ATTORNEYS

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STATEMENT OF THE CASE

Steward's application seeks an order pooling all uncommitted mineral interests in the San Andres formation in a 160-acre, more or less, standard horizontal spacing unit comprised of the E/2 E/2 of Section 22, Township 13 South, Range 38 East in Lea County, New Mexico. The horizontal spacing unit will be dedicated to the Combo Fee #1H well, which will be horizontally drilled from a surface location in Unit P in Section 15, Township 13 South, Range 38 East to a bottom hole location in Unit P in Section 22, Township 13 South, Range 38 East. The completed interval of the well will be orthodox. Also to be considered will be the costs of drilling and

completing the well and the allocation of the costs, the designation of Steward as the operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The granting of Steward's application will serve the interests of conservation, the protection of correlative rights, and the prevention of waste.

PROPOSED EVIDENCE

<u>WITNESS</u>	<u>ESTIMATED TIME</u>	<u>EXHIBITS</u>
Taylor Warren (Landman)	20 minutes	Approx. 10
Shane Seals (Geologist)	10 minutes	Approx. 2

Steward reserves the right to call a rebuttal witness(es) if appropriate.

PROCEDURAL MATTERS

Steward is not aware of any procedural matters to be resolved prior to the hearing.

HINKLE SHANOR LLP

/s/ Dana S. Hardy

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