

**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. 21758**

**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

**ATTORNEYS**

Dana S. Hardy  
Michael Rodriguez  
P.O. Box 2068  
Santa Fe, NM 87504-2068  
Phone: (505) 982-4554  
Facsimile: (505) 982-8623  
dhardy@hinklelawfirm.com  
mrodriguez@hinklelawfirm.com

**INTERESTED PARTIES**

None.

**ATTORNEYS**

**STATEMENT OF THE CASE**

In this case, Steward seeks an order pooling all uncommitted mineral interests in the San Andres formation in a 320-acre, more or less, standard (proximity tract) horizontal spacing unit comprised of the E/2 of Section 15, Township 13 South, Range 38 East in Lea County, New Mexico. Steward proposes to dedicate the horizontal spacing unit to the Babineaux Fee #2H well,

which will be horizontally drilled from a surface location in Unit A of Section 22 to a bottom hole location in Unit A of Section 15, Township 13 South, Range 38 East.

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 proposed well is located approximately 14 miles east of McDonald, New Mexico.

**PROPOSED EVIDENCE**

<b>Witness</b>	<b>Occupation</b>	<b>Estimated Time</b>	<b>Exhibits</b>
Taylor Warren	Landman	Affidavit	Approx. 9
Shane Seals	Geologist	Affidavit	Approx. 2

**PROCEDURAL MATTERS**

Steward will present its case by affidavit if there is no opposition to its application.

Respectfully submitted,

HINKLE SHANOR, LLP

*/s/ Dana S. Hardy* \_\_\_\_\_

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*Counsel for Steward Energy II, LLC*