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

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**IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:**

**APPLICATION OF OGX RESOURCES LLC FOR
APPROVAL OF A NON-STANDARD OIL SPACING
AND PRORATION UNIT AND COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.**

Case No. 14,661 (reopened)

PRE-HEARING STATEMENT

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

APPEARANCES

APPLICANT

OGX Resources LLC
P.O. Box 2064
Midland, Texas 79702

Attention: Garland H. Lang III

APPLICANT'S ATTORNEY

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

OPPONENT

OPPONENT'S ATTORNEY

STATEMENT OF THE CASE

APPLICANT

OGX Resources LLC seeks an order approving a 183.57-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of Lots 1 and 2 of Section 31 and Lots 2-4 of Section 30, Township 26 South, Range 29 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard spacing and proration unit (project area) for all pools or formations developed on 40 acre spacing within that vertical extent. The unit is to be dedicated to the Copperhead 31 Fee A Com. Well No. 1, a horizontal well with a surface location in Lot 2 of Section 31, and a terminus in Lot 2 of Section 30. 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 operator of the well, and a 200% charge for the risk involved in drilling and completing the well.

This matter was re-opened to allow applicant to present evidence regarding (i) its development plans in these two sections, (ii) why the proposed non-standard unit will not adversely affect any person excluded from the well unit, and (iii) why applicant's drilling program will be more economic than drilling well units comprised of four quarter-quarter sections.

OPPONENT

PROPOSED EVIDENCE

APPLICANT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Garland H. Lang III (landman)	15 min.	Approx. 4
William Hardie (geologist)	15 min.	Approx. 5

OPPONENT

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

-None-

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for OGX Resources LLC