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2011 APR -7 P 3: 58

April 7, 2011

Ms. Florene Davidson
NM Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Hand Delivered

Re: NMOCD Case No. 14623: Application of Nadel and Gussman for Approval of a Non-Standard Oil Spacing and Proration Unit and Compulsory Pooling, Eddy County, New Mexico

NMOCD Case No. 14624: Application of Nadel and Gussman for Approval of a Non-Standard Oil Spacing and Proration Unit and Compulsory Pooling, Eddy County, New Mexico

NMOCD Case No. 14625: Application of Nadel and Gussman for Approval of a Non-Standard Oil Spacing and Proration Unit and Compulsory Pooling, Eddy County, New Mexico

NMOCD Case No. 14626: Application of Nadel and Gussman for Approval of a Non-Standard Oil Spacing and Proration Unit and Compulsory Pooling, Eddy County, New Mexico

Dear Ms. Davidson:

On behalf of Nearburg Producing Company, L.P., enclosed is a combined Pre-Hearing Statement in the above cases.

Thank you.

Very truly yours,

Karen Williams
Assistant to J. Scott Hall

JSH:kw
Enclosures
cc: James Bruce, Esq.
Mr. Russell Wickman
00269449

REPLY TO:

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

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2011 APR -7 P 3:59

IN THE MATTER OF THE APPLICATION OF
NADEL & GUSSMAN PERMIAN, L.L.C. FOR
APPROVAL OF A NON-STANDARD OIL
SPACING AND PRORATION UNIT AND FOR
COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO

CASE NO. 14623, 14624
14625 and 14626

PRE-HEARING STATEMENT

This Pre-Hearing Statement is submitted by Nearburg producing Company as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Nadel and Gussman Permian, LLC
601 N. Marienfeld, Suite 508
Midland, TX 79701

APPLICANT'S ATTORNEY

Jim Bruce
P. O. Box 1056
Santa Fe, NM 87504
(505) 982-2043

OPPOSING PARTY

Nearburg Producing Company
3300 North "A" Street
Building 2, Suite 120
Midland, TX 79705-5421

OPPOSING PARTY'S ATTORNEY

J. Scott Hall
Montgomery & Andrews
P.O. Box 2307
Santa Fe, NM 87504-2307
(505) 982-3873

STATEMENT OF THE CASE

In Case No. 14623, Nadel and Gussman Permian, LLC seeks an order consolidating the 40-acre spacing units within the W/2 W/2 of Section 7, Township 19 South Range 26 East, NMPM and designating the consolidated units as a 160-acre± non-standard oil spacing and proration unit for Applicant's horizontal drilling project area. Applicant further seeks the compulsory pooling of all interests in the Glorieta-Yeso formation underlying the W/2 W/2 equivalent of Section 7 to be dedicated to its Long Branch Well No. 1.

In related Case Nos. 14624, 14625 and 14626, Nadel and Gussman seeks substantially identical non-standard unit approval and compulsory pooling relief for its Long Branch Well No. 2 (E/2 W/2), Long Branch Well No. 3 (W/2 E/2), and the Long Branch Well No. 4 (E/2 E/2), all within Section 7, T-19-S R-26-E. These wells, too, are proposed to be drilled to the Glorieta-Yeso formation and all are "stand up" units.

Nearburg Producing Company owns substantial working interests throughout Section 7, T-19-S R-36-E and has outstanding well proposals for the development of Section 7 Glorieta-Yeso reserves based on 160-acre non-standard "laydown" units. Nearburg believes that the reserves in Section 7 are most efficiently and economically developed with east/west wells, based on regional geology and the ownership equities.

In the event the parties are unable to agree on well orientation and operations in Section 7, then it may be necessary for Nearburg to file its own competing applications for the designation of laydown units and for compulsory pooling. The development proposals are in obvious conflict and the granting of one party's application would necessarily require the denial of the others.

PROPOSED EVIDENCE

APPLICANT

WITNESSES

EST. TIME

EXHIBITS

OPPOSING PARTY

WITNESSES

EST. TIME

EXHIBITS

Russell Wickman, Landman
 Bill Elton, Geologist
 Tim Speer, Petroleum Engineer

30 minutes
 20 minutes
 20 minutes

7
 6
 6

PROCEDURAL MATTERS

In the event the parties are unable to agree on a plan for the development of Section 7, it may become necessary for Nearburg to file its own compulsory pooling applications. In such event, Nearburg will ask that Cases 14623, 14624, 14625 and 14626 be continued and consolidated for hearing with Nearburg's applications.

Respectfully submitted,

MONTGOMERY & ANDREWS, P. A.

By: J. Scott Hall

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 P.O. Box 2307
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Attorneys for Nearburg Producing Company

Certificate of Service

I hereby certify that on April 7, 2011, a true and correct copy of the foregoing was deposited with the U.S. Postal Service, with proper postage affixed, addressed as follows:

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J. Scott Hall

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00269368