

RECEIVED OGD
OCT 10 12:39

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

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

**APPLICATION OF CELERO ENERGY II, LP
FOR STATUTORY UNITIZATION, CHAVES
AND LEA COUNTIES, NEW MEXICO.**

Case No. 14,914

**APPLICATION OF CELERO ENERGY II, LP TO
INSTITUTE A WATERLOOD PROJECT AND
TERTIARY RECOVERY PROJECT FOR THE
NORTH CAPROCK CELERO QUEEN UNIT AREA,
CHAVES AND LEA COUNTIES, NEW MEXICO.**

Case No. 14,915

PRE-HEARING STATEMENT

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

APPEARANCES

APPLICANT

Celero Energy II, L.P.
Suite 1601
400 West Illinois
Midland, Texas 79701

APPLICANT'S ATTORNEY

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

Attention: John E. Lodge
(432) 686-1883

OPPONENT

OPPONENT'S ATTORNEY

STATEMENT OF THE CASE

APPLICANT

Case 14,914: Applicant seeks an order statutorily unitizing all mineral interests in the Queen formation in the proposed North Caprock Celero Queen Unit underlying 2846.66 acres of state

and fee lands covering all or parts of Section 36 of Township 12 South, Range 31 East, N.M.P.M., Sections 30-32 of Township 12 South, Range 32 East, N.M.P.M., and Sections 5-8, 13 South, Range 32 East, N.M.P.M. Among the matters to be considered at hearing, pursuant to the New Mexico Statutory Unitization Act, NMSA 1978 §§70-7-1 *et seq.*, will be: The necessity of unit operations; the determination of horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investments, to each of the tracts in the unit area; the determination of credits and charges to be made among the working interest owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate.

Case 14,915: Applicant seeks approval to institute a waterflood project and a tertiary recovery project in the North Caprock Celero Queen Unit Area by the injection of water and carbon dioxide into the Queen formation in wells located on 2846.66 acres of state and fee lands covering all or parts of Section 36 of Township 12 South, Range 31 East, N.M.P.M., Sections 30-32 of Township 12 South, Range 32 East, N.M.P.M., and Sections 5-8, 13 South, Range 32 East, N.M.P.M.

OPPONENT

PROPOSED EVIDENCE

APPLICANT

| <u>WITNESSES</u> | <u>EST. TIME</u> | <u>EXHIBITS</u> |
|-------------------------------|------------------|-----------------|
| John Lodge (landman) | 20 min. | Approx. 8 |
| David Parkhurst (engineer) | 30 min. | Approx. 6 |

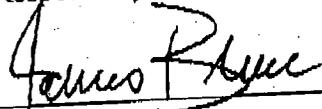
OPPONENT

| <u>WITNESSES</u> | <u>EST. TIME</u> | <u>EXHIBITS</u> |
|------------------|------------------|-----------------|
|------------------|------------------|-----------------|

PROCEDURAL MATTERS

Applicant requests that these matters be consolidated for hearing.

Respectfully submitted,



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

Attorney for Celero Energy II, L.P.