

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

2011 11 - 30 2

**APPLICATION OF STEWARD ENERGY  
II, LLC FOR A NON-STANDARD  
SPACING AND PRORATION UNIT  
AND COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO**

**Case No 15670**

**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**

Steward is the applicant in this case. Its business address is 3211 Internet Blvd, Suite 150, Frisco, Texas 75034. Steward is represented by the undersigned counsel.

**STATEMENT OF THE CASE**

Steward's amended application seeks an order (i) approving a 480-acre, non-standard spacing and proration unit comprised of the SW of Section 3 and the W/2 of Section 10, Township 14 South, Range 38 East, N M P M, in Lea County, (ii) pooling all uncommitted mineral interests in the San Andres formation underlying this acreage, and (iii) approval of an unorthodox location for the Pollo Hermanos State #5H well. At the hearing, Steward will withdraw its request for approval of an unorthodox well location.

The proposed non-standard spacing and proration unit will be the project area for the Pollo Hermanos State #5H well, which will be horizontally drilled from a surface location in Unit N of Section 10 to a bottom hole location in Unit K of Section 3, Township 14 South, Range 38 East. The completed interval for the well will comply with the Division's setback requirements.

**PROPOSED EVIDENCE**

<u>WITNESS</u>	<u>ESTIMATED TIME</u>	<u>EXHIBITS</u>
Taylor Warren (Landman)	15 minutes	Approx 8
Shane Seals (Geologist)	10 minutes	Approx 2
Lance Taylor (Engineer)	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

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