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

**APPLICATION OF LLANO ENERGY, LLC
FOR A NON-STANDARD SPACING AND
PRORATION UNIT, COMPULSORY
POOLING, AND AN UNORTHODOX WELL
LOCATION, LEA COUNTY, NEW MEXICO**

Case No. 16079

LLANO ENERGY, LLC'S
PRE-HEARING STATEMENT

Llano Energy, LLC ("Llano") submits its Pre-Hearing Statement pursuant to the rules of

the Oil Conservation Division.

APPEARANCES

Llano is the applicant in this case. Its office address is 4815 South Perkins Road, Stillwater,

Oklahoma 74074 and its mailing address is PO Drawer 369, Stillwater, Oklahoma 74076. Llano

is represented by the undersigned counsel.

STATEMENT OF THE CASE

Llano's application seeks an order (i) approving a 320-acre, non-standard spacing and

proration unit comprised of the E/2 of Section 29, Township 12 South, Range 38 East, NMPM in

Lea County, and (ii) pooling all uncommitted mineral interests in the San Andres formation

underlying this acreage. The proposed non-standard spacing and proration unit will be the project

area for the Sarah #1-H well, which will be horizontally drilled from a surface location in Unit A

in Section 32 to a bottom hole location in Unit A in Section 29, Township 12 South, Range 38

East.

Llano's application also seeks approval of an unorthodox location for the Sarah #1-H well. The first take point for the well will be 100 feet from the South line and the last take point will be 100 feet from the North line of Section 29, Township 12 South, Range 38 East.

PROPOSED EVIDENCE

WITNESS	ESTIMATED TIME	EXHIBITS
Gary Bond (Landman)	10 minutes	Approx. 8
John Maxey (Engineer)	10 minutes	Approx. 3

Llano reserves the right to call a rebuttal witness(es) if appropriate.

PROCEDURAL MATTERS

Llano is not aware of any procedural matters to be resolved prior to the hearing.

HINKLE SHANOR, LLP

Gary W. Larson
P.O. Box 2068
Santa Fe, NM 87504-2068
Phone: (505) 982-4554
Facsimile: (505) 982-8623
glarson@hinklelawfirm.com

Counsel for Llano Energy, LLC