

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

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

**APPLICATION OF HUDSON OIL COMPANY OF
TEXAS, WILLIAM A. HUDSON, AND EDWARD
R. HUDSON FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

Case No. 13,598

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Ard Oil, Ltd. and Ard Energy, Ltd. as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Hudson Oil Company of Texas
William A. Hudson
Edward R. Hudson

APPLICANT'S ATTORNEY

William F. Carr
Holland & Hart LLP

OPPONENT

Ard Oil, Ltd.
Ard Energy, Ltd.
PH 5
222 West Fourth Street
Fort Worth, Texas 76102

OPPONENT'S ATTORNEY

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

Attention: R.E. Grappe

STATEMENT OF THE CASE

APPLICANT

Applicants seek an order pooling all mineral interests from the base of the San Andres formation to the base of the Morrow formation underlying the N½ of Section 12, Township 17 South, Range 31 East, N.M.P.M., and naming Hudson Oil Company of Texas as operator of the proposed Francotte Federal Well No. 1

OPPONENT

Ard Oil, Ltd. and Ard Energy, Ltd. (collectively, "Ard") do not seek to prevent or delay the drilling of the proposed well. However, Ard seeks information so that it may make an informed decision on joining in the well. The information it seeks includes, but is not limited to, (1) the experience of Hudson Oil Company of Texas in drilling and operating Morrow wells, (2) the working interest ownership of applicants in the well, (3) how the well's location was decided, (4) information on prospective zones, (5) the identity of the drilling contractor, and any related contracts, (6) the Hudsons' drilling prognosis, including but not limited to the well's drilling and casing program and the specific zones it plans on testing, and (7) the identity and background of the Hudson Oil Company of Texas employees who will be involved in the drilling of the well. Much of this information was previously requested by Ard from Hudson Oil Company of Texas (see Exhibit A), but no response was received. Ard reserves the right to pursue additional issues raised by the testimony at hearing.

PROPOSED EVIDENCE**APPLICANT****WITNESSES****EST. TIME****EXHIBITS****OPPONENT****WITNESSES****EST. TIME****EXHIBITS**

R.E. Grappe

30 min.

Approx. 4

William A. Hudson, II

20 min.

Edward R. Hudson, Jr.

20 min.

E. Randall Hudson, III

20 min.

PROCEDURAL MATTERS

Ard has subpoenaed applicants to appear and testify at the hearing, and applicants have moved to quash the subpoenas. Ard will be filing a response in opposition to the motion to quash.

Respectfully submitted,



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

Attorney for Ard Oil, Ltd. and Ard Energy,
Ltd.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 29th day of December, 2005 by facsimile transmission:

William F. Carr
Holland & Hart LLP
P.O. Box 2208
Santa Fe, New Mexico 87504
(505) 983-6043


James Bruce

ARD ENERGY LLC
222 WEST 4TH STREET, PH-5
FORT WORTH, TEXAS 76102
(817) 882-9377
FAX (817) 882-9460

October 22, 2005

Sent Via US Mail and
FAX: (817) 334-0442

Mr. F. Randall Hudson III
Hudson Oil Company of Texas
616 Texas Street
Fort Worth, Texas 76102-4696

RE: Proposed Francotte Federal #1 Well
660' FNL & 660 FWL of Section 12
Township 17 South, Range 13 East
Eddy County, New Mexico

Dear Randall:

I am in the process of reviewing the AFE and Joint Operating Agreement furnished with your letter of September 9, 2005 relative to your proposal to drill the subject well. In order for me to properly review your proposal, please furnish me with the following information:

1. In your letter of October 10, 2005 you indicated that you had "contracted with Marbot Energy Corp. to handle the drilling operations" for the proposed well. Please furnish me with a copy of the relevant contact(s) or agreement(s).
2. Hudson Oil Company of Texas' contract with the Drilling Contractor (owner of the drilling rig).
3. Your drilling prognosis for the subject well.
4. Any geological and/or geophysical data pertinent to your decision to propose the well.
5. Specific pipe and casing program and cost per foot.
6. Copies of all information prepared for filing with the State of New Mexico.

As you are probably aware, the interest of the Edward R. Hudson Trust 4 in this area is now owned by Ard Oil LTD, a Texas Limited Partnership and the interest of Mary Hudson Ard in this area is now owned by Ard Energy Group LTD, a Texas Limited Partnership.

Should you want to discuss this request or you feel a meeting would be productive, please give me a call at the telephone number noted above.

Sincerely,

Ronald E. Grappe
Oil & Gas Consultant

