

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 NEWKUMET EXPLORATION,
INC. FOR A NON-STANDARD OIL SPACING AND
PRORATION UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

Case No. 14,095

PRE-HEARING STATEMENT

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

APPEARANCES

APPLICANT

Newkumet Exploration, Inc.
P.O. Box 11330
Midland, Texas 79702

Attention: Wayne Newkumet

APPLICANT'S ATTORNEY

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

OPPONENT

OPPONENT'S ATTORNEY

STATEMENT OF THE CASE

APPLICANT

Applicant seeks an order approving a non-standard oil spacing and proration unit (project area) comprised of the N $\frac{1}{2}$ N $\frac{1}{2}$ of Section 3, Township 26 South, Range 33 East, NMPM, to form a non-standard 160-acre oil spacing and proration unit (project area) for any and all formations or pools developed on 40-acre spacing within that vertical extent, and pooling all mineral interests in the Bone Spring formation underlying the non-standard unit. The unit is to be dedicated to the Red Bull 3 Fed. Com. Well No. 1H, a horizontal well to be drilled at a surface location 330 feet from the north line and 330 feet from the east line of Section 3, with a terminus 990 feet from the north line and 330 feet from the west line of Section 3. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating

costs and charges for supervision, designation of RSC Resources, L.P. as operator of the well, and a 200% charge for the risk involved in drilling and completing the well.

OPPONENT

PROPOSED EVIDENCE

APPLICANT

WITNESSES

EST. TIME

EXHIBITS

Kirk Smith
(landman)

15 min.

Approx. 4

Randy Cate
(engineer)

15 Min.

Approx. 5

OPPONENT

WITNESSES

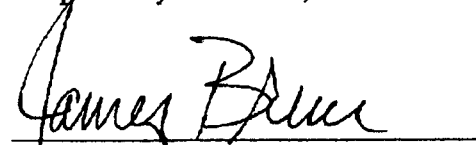
EST. TIME

EXHIBITS

PROCEDURAL MATTERS

-None-

Respectfully submitted,



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

Attorney for Newkumet Exploration, Inc.