

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:

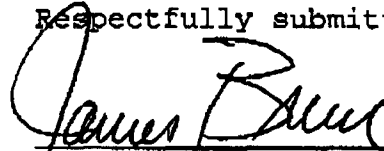
APPLICATION OF E.G.L. RESOURCES, INC.  
AND ROBERT LANDRETH FOR POOL EXTENSION,  
ETC., LEA COUNTY, NEW MEXICO.

Case No. 13085

ENTRY OF APPEARANCE

James Bruce enters his appearance in the above case on behalf  
of Southwestern Energy Production Company.

Respectfully submitted,

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


Attorney for Southwestern Energy  
Production Company

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing pleading was served  
upon the following counsel of record via facsimile transmission  
this 28th day of September, 2003:

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James Bruce

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

IN THE MATTER OF THE APPLICATION OF  
EGL RESOURCES, INC. AND ROBERT LANDRETH  
FOR POOL EXTENSION FOR THE NORTH BELL  
LAKE-DEVONIAN GAS POOL, OR ALTERNATIVELY,  
FOR POOL CREATION AND SPECIAL POOL RULES, AND  
EXPANSION OF GAS SPACING AND PRORATION UNIT,  
LEA COUNTY, NEW MEXICO

CASE NO. 13085

**PRE-HEARING STATEMENT**

This Pre-Hearing Statement is submitted by Miller Stratvert P.A. (J. Scott Hall) on behalf  
of EGL Resources, Inc. and Robert Landreth, as required by the Oil Conservation Division.

**APPEARANCES**

**APPLICANT'S ATTORNEY**

J. Scott Hall, Esq.  
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**APPLICANT**

EGL Resources, Inc. and  
Robert Landreth

**OPPONENT'S ATTORNEY**

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Santa Fe, New Mexico 87501

**OPPONENT**

Devon Energy Production Company

James Bruce, Esq.  
Post Office Box 1056  
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Southwestern Energy Production Company

**Pre-Hearing Statement  
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**STATEMENT OF THE CASE**

**APPLICANT**

EGL Resources, Inc., ("EGL"), and Robert Landreth, ("Landreth"), seek an order extending the pool boundaries of the North Bell Lake-Devonian Gas Pool (71840) to include Sections 4 and 5, Township 23 South, Range 34 East, NMPM in Lea County. Alternatively, Applicants seek the creation of a new pool consisting of said Section 4 with the promulgation of special pool rules for the production of gas from the Devonian formation including provisions for 640-acre gas spacing and proration units and designated well location requirements. Applicants also seek the concurrent expansion of the 320-acre gas spacing and proration unit created by Order No. R-11962 presently consisting of the N/2 of said Section 4 to include the entirety of Section 4 to form a 640-acre gas spacing and proration unit from the base of the Morrow formation to the base of the Devonian formation.

EGL is the operator of the Rio Blanco "4" Federal Well No. 1 well located at a standard location (Unit F) 1980 feet from the north and west lines of Section 4, T-23-S, R-34-E in Lea County. EGL has recently deepened the Rio Blanco well from the Morrow formation to the Devonian formation.

The Section 4 lands dedicated to the Rio Blanco "4" well were the subject of competing compulsory pooling applications brought by EGL and Devon. Devon's Application in Case No. 13048 sought the creation of a 320-acre N/2 unit. EGL's Application in Case No. 13049 sought the creation of a 640-acre unit. The Division consolidated the two applications for hearing on April 10, 2003 and subsequently issued Order No. R-11962 on May 13, 2003.

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In Order No. R-11962, the Division interpreted its well spacing and acreage dedication requirements under Rule 104 and determined that 320-acre "wildcat" well spacing applied. Accordingly, the Order pooled the Devonian formation mineral interests underlying the N/2 of Section 4 to form a 320-acre unit.

On May 15, 2003, following the issuance of Order No. R-11962, EGL and Landreth filed an Application for Hearing De Novo in order to have the Commission further consider the Division's interpretation of its acreage dedication rules consistent with established agency precedent. Devon filed its own Application for Hearing De Novo on May 27<sup>th</sup>. The Commission hearing on the EGL and Devon de novo applications has not yet been set.

Under Order No. R-11962, the Division invited EGL and Landreth to file a separate application to expand the 320-acre unit in the context of an application to extend the limits of the North Bell Lake Devonian Gas Pool, the pool rules for which provide for 640-acre spacing units. (Order No. R-11962, finding 17). EGL and Landreth accordingly filed their Application in this matter with the Division on May 23, 2003. Subsequently, on June 25, 2003, EGL and Landreth filed an Amended Application seeking the additional, alternative relief of the creation of a new pool consisting of the entirety of Section 4, along with special pool rules providing for 640 acre spacing and commensurate well location requirements.

**OPPOSITION OR OTHER PARTY**

**PROPOSED EVIDENCE**

**Pre-Hearing Statement**  
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**APPLICANT**

**WITNESSES:**

	<b>Est. Time</b>	<b>No. of Exhibits</b>
Robert Landreth/Petroleum Engineering	1 hour 30 minutes	11
James Stanton/Geophysicist	45 minutes	7

**PROCEDURAL MATTERS**

Devon Energy Production Company filed its Motion to Dismiss on August 18, 2003.

MILLER STRATVERT P.A.

By:

7. 1. Hall

J. Scott Hall

Attorneys for David H. Arrington Oil &  
Gas, Inc.

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**Pre-Hearing Statement  
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**Certificate of Mailing**

I hereby certify that a true and correct copy of the foregoing was faxed to counsel of record on the 29th day of September, 2003 as follows:

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*7.1.03 JSH*

J. Scott Hall