

**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:**

CASE NO. 12886

**APPLICATION OF PETROCAP, INC. FOR
COMPULSORY POOLING, ROOSEVELT COUNTY,
NEW MEXICO.**

PRE-HEARING STATEMENT

Holland & Hart LLP submits this Pre-Hearing Statement as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Petrocap, Inc.
Attention: Ms. Victoria Irwin
2626 Cole Avenue, Suite 501
Dallas, Texas 75204

ATTORNEY

William F. Carr, Esq.
Holland & Hart LLP
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988.4421

STATEMENT OF CASE

APPLICANT

Applicant seeks an order pooling all mineral interests in the following described spacing and proration units in Section 34, Township 4 South, Range 31 East as follows: the N/2 for all formations and/or pools developed on 320-acre spacing; the NW/4 for all formations and/or pools developed on 160-acre spacing; the S/2 NW/4 for all formations and/or pools developed on 80-acre spacing; and the SW/4 NW/4 for all formations and/or

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OIL CONSERVATION DIVISION

pools developed on 40-acre spacing. Said units are to be dedicated to its McCowen Well No. 1 to be drilled at a standard location 1980 feet from the North line and 660 feet from the West line of Section 34 to a depth sufficient to test all formations from the surface to the base of the basal Penn unconformity sand formation. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, provisions governing subsequent operations on the pooled units, designation of Petrocap, Inc. as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 2 miles Southwest of Elida, New Mexico.

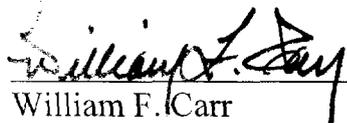
PROPOSED EVIDENCE

APPLICANT

WITNESSES (Name and Expertise)	ESTIMATED TIME	EXHIBITS
Victoria Irwin (Petroleum Landman)	Approx. 15 Minutes	5
John Howard (Petroleum Geologist)	Approx. 15 Minutes	3

PROCEDURAL MATTERS

Petrocap, Inc., has none at this time.



William F. Carr
Attorney for Petrocap, Inc.