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

APPLICATION OF SPUR ENERGY PARTNERS FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO

CASE NOS. 24817

PRE-HEARING STATEMENT

Spur Energy Partners LLC ("Spur" or "Applicant") submits its Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

APPLICANT ATTORNEYS

Spur Energy Partners LLC Dana S. Hardy

Jaclyn M. McLean Dylan M. Villescas Hinkle Shanor LLP P.O. Box 2068

Santa Fe, NM 87504-2068 Phone: (505) 982-4554 dhardy@hinklelawfirm.com jmclean@hinklelawfirm.com dvillescas@hinklelawfirm.com

INTERESTED PARTY

ATTORNEY

None

STATEMENT OF THE CASE

In Case No. 24817, Spur applies for an order pooling all uncommitted interests in the Yeso formation underlying a 163.14-acre, more or less, standard horizontal spacing unit comprised of the N/2 N/2 of irregular Section 30, Township 17 South, Range 28 East, Eddy County, New Mexico ("Unit"). Spur seeks to dedicate the Unit to the Staley 30 State Com 10H, Staley 30 State Com 20H, and Staley 30 State Com 70H wells ("Wells"), which will be drilled from surface hole

locations in the NW/4 NW/4 (Unit D) of Section 29 to bottom hole locations in the NW/4 NW/4 (Unit D) of Section 30.

Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs, the designation of Applicant as operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The Wells are located approximately 11.11 miles East and 2.22 miles South of Artesia, New Mexico.

PROPOSED EVIDENCE

| Witness | Occupation | Estimated Time | Exhibits |
|--------------------|------------|-----------------------|-----------------|
| Drew Oldis | Landman | Affidavit | Approx. 4 |
| Matthew Van Wie | Geologist | Affidavit | Approx. 5 |

PROCEDURAL MATTERS

Applicant will present this case by affidavit if there is no opposition to its application.

Respectfully submitted,

HINKLE SHANOR, LLP

/s/ Dana S. Hardy

Dana S. Hardy

Jaclyn M. McLean

Dylan M. Villescas

P.O. Box 2068

Santa Fe, NM 87504-2068

Phone: (505) 982-4554

Facsimile: (505) 982-8623

dhardy@hinklelawfirm.com

jmclean@hinklelawfirm.com

dvillescas@hinklelawfirm.com

Counsel for Spur Energy Partners, LLC

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

District II 811 S. First St., Artesia, NM 88210 Phone:(575) 748-1283 Fax:(575) 748-9720

District III 1000 Rio Brazos Rd., Aztec, NM 87410 Phone:(505) 334-6178 Fax:(505) 334-6170

1220 S. St Francis Dr., Santa Fe, NM 87505 Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico Energy, Minerals and Natural Resources Oil Conservation Division 1220 S. St Francis Dr. **Santa Fe, NM 87505**

QUESTIONS

Action 387207

QUESTIONS

| Operator: | OGRID: |
|--------------------------|--|
| Spur Energy Partners LLC | 328947 |
| 9655 Katy Freeway | Action Number: |
| Houston, TX 77024 | 387207 |
| | Action Type: |
| | [HEAR] Prehearing Statement (PREHEARING) |

QUESTIONS

| Testimony | | |
|---|---------------|--|
| Please assist us by provide the following information about your testimony. | | |
| Number of witnesses | Not answered. | |
| Testimony time (in minutes) | Not answered. | |