

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

**APPLICATION OF STEWARD ENERGY II,
LLC FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 23097

PRE-HEARING STATEMENT

Steward Energy II, LLC (“Steward” or “Applicant”) submits its Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division (“Division”).

APPEARANCES

APPLICANT

Steward Energy II, LLC

ATTORNEYS

Dana S. Hardy
Jaclyn M. McLean
Yarithza Peña
P.O. Box 2068
Santa Fe, NM 87504-2068
Phone: (505) 982-4554
Facsimile: (505) 982-8623
dhardy@hinklelawfirm.com
jmclean@hinklelawfirm.com
ypena@hinklelawfirm.com

INTERESTED PARTIES

None.

ATTORNEYS

STATEMENT OF THE CASE

Applicant applies for an order pooling all uncommitted interests in the San Andres formation underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the W/2 of Section 10, Township 13 South, Range 38 East, Lea County, New Mexico (“Unit”). The Unit will be dedicated to the **Lawyer Up Fee 5H** well (“Well”), which will be horizontally drilled from a surface hole location in the SW/4 SW/4 (Unit M) of Section 10, Township 13 South, Range

38 East, to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 10, Township 13 South, Range 38 East.

The completed interval of the Well will be orthodox, and will be located within 330' of the quarter-quarter section line separating the W/2 W/2 and E/2 W/2 of Section 10 to allow for the creation of a 320-acre standard horizontal spacing unit.

Also to be considered will be the cost of drilling and completing the Well and the allocation of the costs, the designation of Applicant as the operator of the Well, and a 200% charge for the risk involved in drilling and completing the Well.

The Well is located approximately 13.6 miles southeast of Tatum, New Mexico.

PROPOSED EVIDENCE

| Witness | Occupation | Estimated Time | Exhibits |
|----------------|-------------------|-----------------------|-----------------|
| Taylor Warren | Landman | Affidavit | Approx. 5 |
| Shane Seals | Geologist | Affidavit | Approx. 3 |

PROCEDURAL MATTERS

Applicant will present this matter 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
Yarithza Peña
P.O. Box 2068
Santa Fe, NM 87504-2068
Phone: (505) 982-4554
Facsimile: (505) 982-8623
dhardy@hinklelawfirm.com
jmclean@hinklelawfirm.com
ypena@hinklelawfirm.com
Counsel for Steward Energy II, 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

District IV
 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 152995

QUESTIONS

| | |
|--|--|
| Operator: STEWARD ENERGY II, LLC 2600 Dallas Parkway Frisco, TX 75034 | OGRID: 371682 |
| | Action Number: 152995 |
| | Action Type: [HEAR] Prehearing Statement (PREHEARING) |

QUESTIONS

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