

**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. 23207

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

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INTERESTED PARTIES

None.

ATTORNEYS

STATEMENT OF THE CASE

Applicant applies for an order pooling all uncommitted interests within the San Andres formation underlying a 276.17-acre, more or less, standard horizontal spacing unit comprised of the W/2 SE/4, SW/4 NE/4, and Lots 1, 2, 5, 6, and 7 (E/2 equivalent) of irregular Section 2, Township 13 South, Range 38 East, Lea County, New Mexico. The spacing unit will be dedicated to the **Gilligan Fee 2H** well (“Well”), which will be horizontally drilled from a surface hole location in surface hole location in Lot 4 (SE/4 SE/4 equivalent) of irregular Section 35, Township

12 South, Range 38 East, to a bottom hole location in in Lot 7 (SE/4 SE/4 equivalent) of irregular Section 2, Township 13 South, Range 38 East.

The completed interval of the Well will be orthodox and will be located within 330' of the Unit's internal quarter-quarter section line to allow for the creation of a 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 14.6 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
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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

QUESTIONS

Action 160752

QUESTIONS

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|--------------------------------------------------------------------------------|----------------------------------------------------------|
| Operator: STEWARD ENERGY II, LLC 2600 Dallas Parkway Frisco, TX 75034 | OGRID: 371682 |
| | Action Number: 160752 |
| | Action Type: [HEAR] Prehearing Statement (PREHEARING) |

QUESTIONS

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|------------------------------------------------------------------------------------|----------------------|
| 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> |