

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

**APPLICATION OF STEWARD ENERGY II, LLC  
FOR COMPULSORY POOLING AND  
APPROVAL OF OVERLAPPING SPACING UNIT,  
LEA COUNTY, NEW MEXICO**

**CASE NO. 24170**

**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  
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**INTERESTED PARTIES**

None at this time.

**ATTORNEYS**

**STATEMENT OF THE CASE**

Steward seeks an order pooling all uncommitted interests within the San Andres formation underlying a 402-acre, more or less, standard, overlapping horizontal spacing unit comprised of the W/2 W/2 of Sections 2 and 11, Township 14 South, Range 38 East, and the W/2 SW/4 of Section 35, Township 13 South, Range 38 East, Lea County, New Mexico (“Unit”). The Unit will be dedicated to the **Broken Bar State 6H** well (“Well”), which will be drilled from a surface hole

location in the NW/4 NW/4 (Unit D) of Section 14, Township 14 South, Range 38 East, to a bottom hole location in the NW/4 SW/4 (Unit L) of Section 35, Township 13 South, Range 38 East.

The Unit will partially overlap with the spacing unit for the Broken Spoke State Com 5H well (API #30-025-45530), which is located in the W/2 of Section 2, Township 14 South, Range 38 East and the SW/4 of Section 35, Township 13 South, Range 38 East, Lea County, and produce from the Bronco; San Andres, South Pool (Code 7500). The Unit will also partially overlap with the spacing unit for the Dog Bar 11 Fee 3H well (API #30-025-42622), which is located in the W/2 of Section 11, Township 14 South, Range 38 East, Lea County and produces from the Bronco; San Andres, South Pool (Code 7500).

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 17.1 miles southeast of Tatum, New Mexico.

**PROPOSED EVIDENCE**

| <b>Witness</b> | <b>Occupation</b> | <b>Estimated Time</b> | <b>Exhibits</b> |
|----------------|-------------------|-----------------------|-----------------|
| 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 319158

**QUESTIONS**

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|---|--|
| Operator:<br>STEWARD ENERGY II, LLC<br>420 Throckmorton<br>Fort Worth, TX 76102 | OGRID:<br>371682   |
|   | Action Number:<br>319158                                 |
|   | Action Type:<br>[HEAR] Prehearing Statement (PREHEARING) |

**QUESTIONS**

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| <b>Testimony</b>   |                      |
| <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> |