

**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 NON-STANDARD,  
OVERLAPPING SPACING UNIT,  
LEA COUNTY, NEW MEXICO**

**CASE NO. 24501**

**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 at this time.

**ATTORNEYS**

**STATEMENT OF THE CASE**

Steward seeks an order pooling all uncommitted interests in the San Andres formation underlying a 478.52-acre, more or less, non-standard, overlapping horizontal spacing unit comprised of the E/2 SW/4 equivalent of irregular Section 35, Township 13 South, Range 38 East, the E/2 W/2 equivalent of irregular Section 2, Township 14 South, Range 38 East, and the NE/4

NW/4 and Lots 1-4 of irregular Section 11, Township 14 South, Range 38 East, Lea County, New Mexico (“Unit”).

The Unit will be dedicated to the **Broken Bar State 4H** well (“Well”), which will be drilled from a surface hole location in Lot 1 of Section 14, Township 14 South, Range 38 East, to a bottom hole location in the NE/4 SW/4 (Unit K) of Section 35, Township 13 South, Range 38 East.

The Unit will partially overlap with the spacing unit for the Broken Spoke 2 State Com #005H well (API #30-025-45530), which is located in the SW/4 of Section 35, Township 13 South, Range 38 East, and the W/2 of Section 2, Township 14 South, Range 38 East, Lea County and produces 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 #001H well (API #30-025-42873), which is located in the E/2 of Section 11, Township 14 South, Range 38 East, Lea County and produces 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 #002H well (API #30-025-42121), which is located in the W/2 E/2 of Section 11, Township 14 South, Range 38 East, Lea County and produces from the Bronco; San Andres, South Pool (Code 7500).

Steward also requests approval of a non-standard spacing unit, which will allow it to best produce the underlying reserves due to the irregular section and the locations of other wells. As a result, approval of a non-standard spacing unit is necessary to prevent waste and protect correlative rights.

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 15.1 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. 6
James Vess	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

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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 351658

**QUESTIONS**

Operator: STEWARD ENERGY II, LLC 420 Throckmorton Fort Worth, TX 76102	OGRID: 371682
	Action Number: 351658
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

**QUESTIONS**

<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>