

**TATE 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. 21841

**STEWARD ENERGY II, LLC'S
PRE-HEARING STATEMENT**

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

APPEARANCES

APPLICANT

Steward Energy II, LLC

ATTORNEYS

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INTERESTED PARTIES

None.

ATTORNEYS

STATEMENT OF THE CASE

Steward seeks an order pooling all uncommitted mineral interests in the San Andres formation in a 480-acre, more or less, standard horizontal spacing unit comprised of the SW/4 of Section 11 and the W/2 of Section 14, Township 13 South, Range 38 East in Lea County, New Mexico. Steward proposes to dedicate the horizontal spacing unit to the Gustavo Fee #5H well, which will be horizontally drilled from a surface location in the NW/4NW/4 (Unit F) of Section

23 to a bottom hole location in NW/4SW/4 (Unit J) of Section 11, Township 13 South, Range 38 East. The completed interval of the proposed well will be within 330' of the line separating the W/2W/2 from the E/2W/2 of Section 14 and the W/2SW/4 from the E/2SW/4 of Section 11 to allow inclusion of this acreage into a 480-acre horizontal spacing unit.

Also to be considered will be the costs of drilling and completing the wells and the allocation of the costs, the designation of Steward as the operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The proposed wells are located approximately 14 miles east of McDonald, New Mexico.

PROPOSED EVIDENCE

Witness	Occupation	Estimated Time	Exhibits
Taylor Warren	Landman	Affidavit	Approx. 8
Shane Seals	Geologist	Affidavit	Approx. 2

PROCEDURAL MATTERS

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

Respectfully submitted,

HINKLE SHANOR, LLP

/s/ Dana S. Hardy

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