

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

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

APPLICATION OF MATRIX NEW MEXICO
HOLDINGS, LLC, FOR COMPULSORY POOLING
LEA COUNTY, NEW MEXICO.

CASE NO. 13357

2004 OCT 29 P.M. 3 37

WVSJ
10/29/04

PRE-HEARING STATEMENT

This Pre-Hearing Statement is submitted by Holland & Hart LLP as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Matrix New Mexico Holdings, LLC
Attn: Fred C. Bryla, Vice-President
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ATTORNEY

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OPPONENTS

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Attention: Terry Brooks

ATTORNEY

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Cognet Exploration, Ltd.
804 Park Harvey Center
200 North Harvey
Oklahoma City, Oklahoma 73102
Attention: Greg Wilson

James Bruce, Esq.

Chesapeake Operating, Inc.
Chesapeake Permian, L.P.
Concho Resources, Inc.
Steve W. Horn
6100 N. Western Ave
Oklahoma City, Oklahoma 73118
Attention: Lynda Townsend

W. Thomas Kellahin, Esq.
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STATEMENT OF CASE

APPLICANT

Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the bottom of the Wolfcamp formation under the NE/4 NE/4 of Section 10, Township 13 South, Range 38 East, NMPM, Lea County, New Mexico to form a standard 40-acre spacing and proration unit for all pools and formations spaced on 40-acre spacing within that vertical extent, including, but not necessarily limited to, the Bronco-Wolfcamp Oil Pool. Applicant proposes to dedicate this pooled unit to its proposed Townsend #1-A Well, to be drilled at a standard oil well location 530 feet from the North line and 330 feet from the East line in the NE/4 NE/4 of said Section 10. Also to be considered is the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Matrix New Mexico Operating Company, LLC as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 3 miles Southwest of Bronco, Texas.

PROPOSED EVIDENCE

APPLICANT

WITNESSES
Fred C. Bryla (Landman)

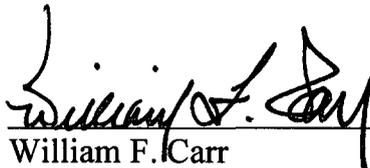
ESTIMATED TIME
Approx. 25

EXHIBITS
Approx. 6

PROCEDURAL MATTERS

Matrix New Mexico Holdings, LLC, has reached a voluntary agreement for the drilling of this well with Chesapeake Permian, L.P., Concho Resources, Inc. and Steve Horn. and they are therefore not subject to pooling and will be dismissed from this application.

The original application included formations and pooling units that Matrix does not seek to pool. Matrix only seeks an order pooling the 40-acre units comprised of the NE/4 NE/4 of Section 10. Matrix will request that the portions of the application that seek an order pooling other spacing units be dismissed.



William F. Carr

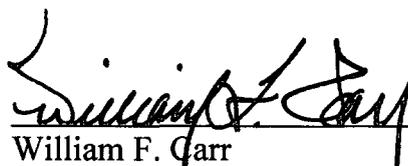
Attorney for Matrix New Mexico Holdings, LLC

CERTIFICATE OF SERVICE

I hereby certify that on this 29th day of October 2004, I have caused to be fax-delivered a copy of our Pre-Hearing Statement in the above-captioned case to the following named parties:

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