



**MONTGOMERY
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LAW FIRM

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June 16, 2011

Ms. Florene Davidson
New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Hand Delivered

**Re: NMOCD Case No. 14658: Application of Mewbourne Oil Company for a
Non-Standard Oil Spacing and Proration Unit and Compulsory Pooling,
Eddy County, New Mexico**

Dear Ms. Davidson:

Enclosed for filing in the above case is an original and one copy of SM Energy's
Pre-Hearing Statement.

Thank you.

Very truly yours,

Karen Williams
Assistant to J. Scott Hall

:kw
Enclosures

cc: James Bruce, Esq.

288011

REPLY TO:

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

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APPLICATION OF MEWBOURNE OIL
COMPANY FOR A NON-STANDARD OIL
SPACING AND PRORATION UNIT AND
COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO

Case No. 14658

PRE-HEARING STATEMENT

This Pre-Hearing Statement is submitted by SM Energy Company as required by the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

Mewbourne Oil Company

APPLICANT'S ATTORNEY

James Bruce
P.O. Box 1056
Santa Fe, NM 87504
(505) 982-2043

OPPOSING PARTY

SM Energy Company
1775 Sherman Street, Suite 1200
Denver, CO 80203

OPPOSING PARTY'S ATTORNEY

J. Scott Hall
Montgomery & Andrews
P.O. Box 2307
Santa Fe, NM 87504-2307
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STATEMENT OF THE CASE

APPLICANT

Applicant seeks an order approving a 160-acre non-standard oil spacing and proration unit in the Bone Spring formation comprised of the S/2 N/2 of Section 35, T19S, R29E, NMPM.

Applicant further seeks the pooling of all mineral interests (i) from the surface to the top of the Bone Spring formation underlying the SW/4 NW/4 of Section 35 to form a standard 40 acre oil spacing and proration unit, and (ii) the Bone Spring formation underlying the S/2 N/2 of Section 35 to form a non-standard 160 acre oil spacing and proration unit, for all pools or formations developed on 40 acre spacing within that vertical extent.

OPPOSING PARTY

SM Energy Company owns a substantial portion of the leasehold working interests within the non-standard spacing and proration unit being proposed by Applicant. The parties continue to negotiate voluntary participation in the well.

PROPOSED EVIDENCE

APPLICANT

WITNESSES

EST. TIME

EXHIBITS

OPPONENT

WITNESSES

EST. TIME

EXHIBITS

SM Energy does not anticipate presenting a witness at this time. However, it reserves the right to call the following:

Preston Grambling, Landman

15 minutes

5

PROCEDURAL MATTERS

None.

Respectfully submitted,

MONTGOMERY & ANDREWS, P. A.

By: J. Scott Hall
J. Scott Hall

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(505) 982-4289 Fax

Attorneys for SM Energy Company

Certificate of Service

I hereby certify that on June 15, 2011, a true and correct copy of the foregoing was deposited with the U.S. Postal Service, with proper postage affixed, addressed as follows:

James Bruce
P.O. Box 1056
Santa Fe, NM 87504

J. Scott Hall
J. Scott Hall

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