

**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 BURNETT OIL CO., INC. AND
HUDSON OIL COMPANY OF TEXAS FOR CONSOLIDATION
AND EXPANSION OF AND ADOPTION OF SPECIAL
POOL RULES FOR CERTAIN YESO POOLS IN
LEA AND EDDY COUNTIES, NEW MEXICO.**

Case No. 14647

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Premiere Oil & Gas, Inc. ("Premiere") as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Burnett Oil Co., Inc. and
Hudson Oil Company of Texas

ATTORNEY

Michael Campbell
Campbell Law Firm
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Santa Fe, NM 87501
(505) 820-9959

Robert Grable
Kelly Hart & Hallman, LLP
201 Main Street Suite 2500
Fort Worth, Texas 76102
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OPPONENT

Premiere Oil & Gas, Inc.
Attn: Ken Jones
901 Waterfall Way Suite 205
Richardson, TX 79701

ATTORNEY

Ocean Munds-Dry, Esq.
Holland & Hart LLP
110 N. Guadalupe Suite 1
Santa Fe, NM 79701
(505) 988-4421

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STATEMENT OF THE CASE

OPPONENT

Premiere objects to Applicant's request for 2 Yeso wells per 40-acre spacing unit because it will cause waste and violate correlative rights.

PROPOSED EVIDENCE

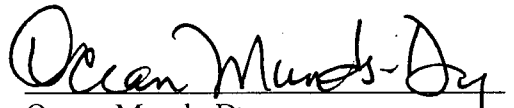
OPPONENT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Ken Jones	1 hour	Approx. 2

PROCEDURAL MATTERS

Premiere Oil & Gas has none at this time.

Sincerely,


Ocean Munds-Dry
Attorney for Premiere Oil & Gas,
Inc.

CERTIFICATE OF SERVICE

I certify that on 5/9/2011 I served a copy of the foregoing document to the following by:

Michael Campbell (Hand Delivery)

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AND HUDSON OIL CO. INC.

Earl DeBrine E. Jr. (U.S. Mail)

John R. Cooney

Modrall Sperling Roehl Harris & Sisk PA

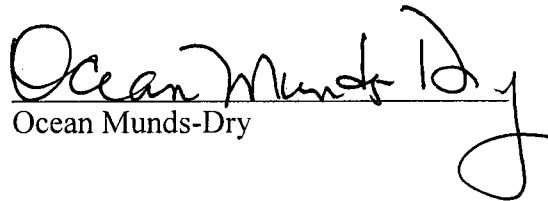
500 4th St NW #1000

Albuquerque, NM 87102-2168

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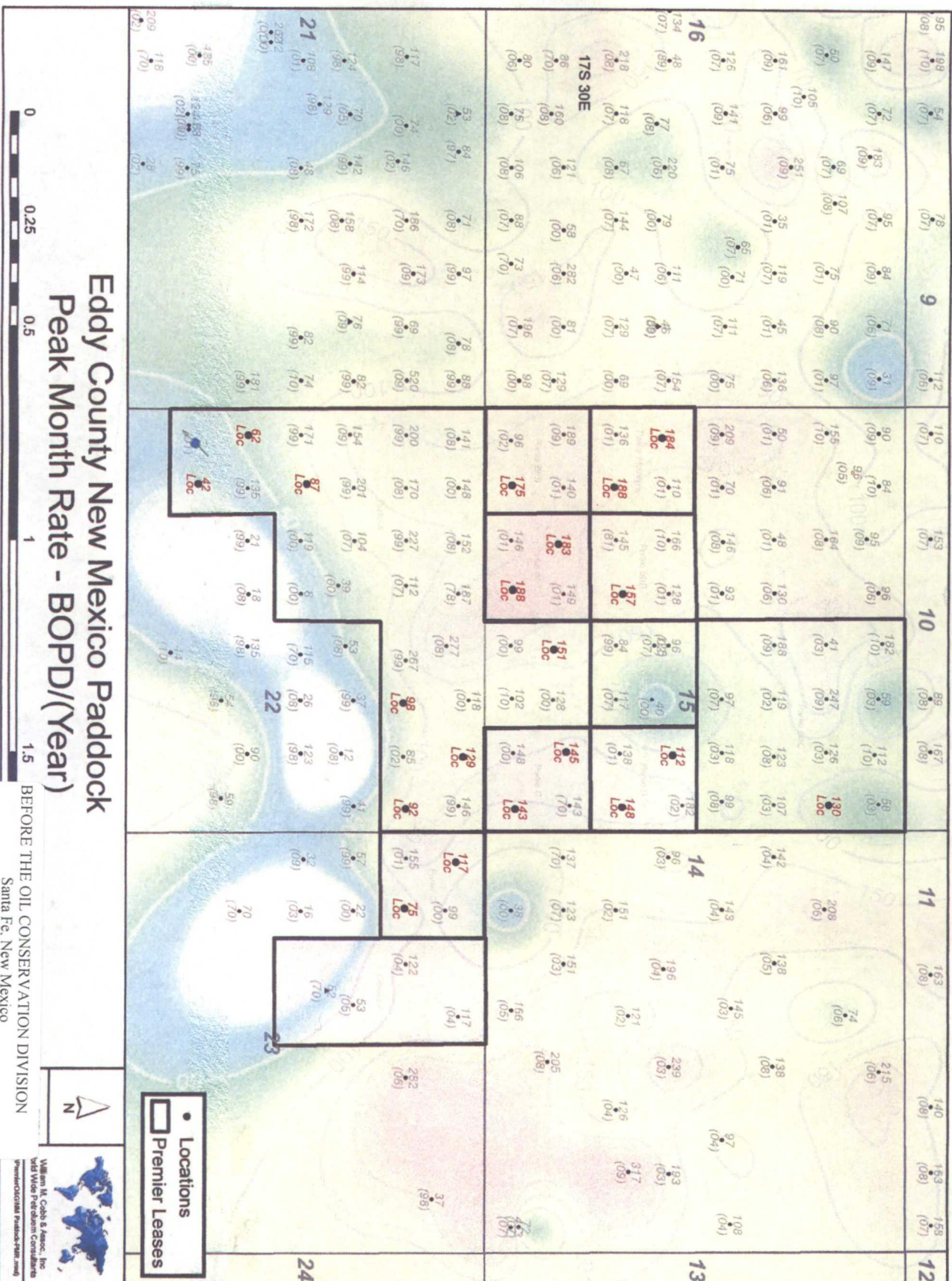
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ATTORNEYS FOR APACHE ENERGY CORPORATION


Ocean Munds-Dry

Appendix B

Figure 6



Premier Oil Gas - Eddy County, New Mexico Paddock Wells
 9/30/2010 Strip Pricing - Paddock Formation Wells

Ales PROPNUM	Well Name	#	Field	Reservoir	ST	Reserve Category	EUR - MBO	EUR - MMcf	gross oil - MBO	gross gas - MMcf	net oil - MBO	net gas - MMcf	Net Revenue M\$	Oper. Exp. M\$	Capital Exp. M\$	Before Tax Net Revenue M\$	10% Disc. value - M\$	Working Interest	Revenue Interest
L9LFFH3C9	DALE H PARKE B TRACT B	020	LOCO HILLS	PADDOCK	NM	PDP	162	459	122	372	107	326	10,448	936	-	9,305	5,589	100.00%	87.50%
L9LFFH3F9	DALE H PARKE A TRACT 1	039	LOCO HILLS	PADDOCK	NM	PDP	161	210	136	157	109	125	9,448	982	-	8,279	4,944	100.00%	80.00%
L9LFFH3F8	DALE H PARKE B TRACT B	021	LOCO HILLS	PADDOCK	NM	PDP	103	134	97	123	85	107	7,330	786	-	6,387	4,339	100.00%	87.50%
L9LFFH3F8	DALE H PARKE B TRACT C	025	LOCO HILLS	PADDOCK	NM	PDP	107	153	94	136	82	119	7,176	786	-	6,247	4,252	100.00%	87.50%
L9LFFH3F8	DALE H PARKE B TRACT C	024	LOCO HILLS	PADDOCK	NM	PDP	80	126	76	103	67	80	5,773	720	-	4,936	3,403	100.00%	87.50%
L9LFFH3F8	DALE H PARKE B TRACT C	020	LOCO HILLS	PADDOCK	NM	PDP	126	268	76	159	66	139	6,067	762	-	5,184	3,385	100.00%	87.50%
L9LFFH3F8	DALE H PARKE A TRACT 1	030	LOCO HILLS	PADDOCK	NM	PDP	120	367	68	250	55	200	5,565	658	-	4,795	2,934	100.00%	80.00%
L9LFFH3E9	DALE H PARKE B-C	023	LOCO HILLS	PADDOCK	NM	PDP	127	268	79	150	69	131	6,345	940	-	5,278	2,891	100.00%	87.50%
L9LFFH3E9	DALE H PARKE B TRACT C	013	LOCO HILLS	PADDOCK	NM	PDP	166	488	74	302	64	264	6,905	778	-	5,988	2,824	100.00%	87.50%
L9LFFH3E9	DALE H PARKE C	011	LOCO HILLS	PADDOCK	NM	PDP	209	1,152	55	757	43	596	7,217	888	-	6,185	2,755	100.00%	78.75%
L9LFFH3E9	DALE H PARKE A TRACT 1	033	LOCO HILLS	PADDOCK	NM	PDP	120	341	70	230	56	184	5,611	808	-	4,691	2,706	100.00%	80.00%
L9LFFH3E9	DALE H PARKE B TRACT C	032	LOCO HILLS	PADDOCK	NM	PDP	125	424	63	300	50	240	5,474	780	-	4,585	2,615	100.00%	80.00%
L9LFFH3E9	DALE H PARKE B TRACT C	014	LOCO HILLS	PADDOCK	NM	PDP	143	458	70	307	61	268	6,676	896	-	5,647	2,810	100.00%	87.50%
L9LFFH3E9	DALE H PARKE B TRACT B	010	LOCO HILLS	PADDOCK	NM	PDP	141	660	65	454	57	397	7,113	1,245	-	5,725	2,367	100.00%	87.50%
L9LFFH3E9	DALE H PARKE A TRACT 1	037	LOCO HILLS	PADDOCK	NM	PDP	71	147	57	111	45	88	4,106	689	-	3,358	2,295	100.00%	80.00%
L9LFFH3E9	DALE H PARKE A TRACT 2	027	LOCO HILLS	PADDOCK	NM	PDP	157	622	74	433	60	347	7,052	1,484	-	5,417	2,281	100.00%	80.00%
L9LFFH3E9	DALE H PARKE B-C	019	LOCO HILLS	PADDOCK	NM	PDP	83	288	50	165	44	145	4,388	704	-	3,586	2,179	100.00%	87.50%
L9LFFH3E9	DALE H PARKE A TRACT 1	024	LOCO HILLS	PADDOCK	NM	PDP	150	603	55	318	44	254	5,155	820	-	4,232	2,121	100.00%	80.00%
L9LFFH3E9	DALE H PARKE A TRACT 1	031	LOCO HILLS	PADDOCK	NM	PDP	87	306	48	207	38	166	4,079	658	-	3,339	2,078	100.00%	80.00%
L9LFFH3E9	DALE H PARKE B TRACT B	012	LOCO HILLS	PADDOCK	NM	PDP	146	541	49	328	43	287	5,259	934	-	4,220	2,065	100.00%	87.50%
L9LFFH3E9	DALE H PARKE C	015	LOCO HILLS	PADDOCK	NM	PDP	166	669	53	375	42	295	5,258	888	-	4,284	1,982	100.00%	78.75%
L9LFFH3E9	DALE H PARKE A TRACT 1	013	LOCO HILLS	PADDOCK	NM	PDP	218	1,006	29	561	23	449	4,618	650	-	3,875	1,974	100.00%	80.00%
L9LFFH3E9	DALE H PARKE A TRACT 1	029	LOCO HILLS	PADDOCK	NM	PDP	91	462	41	307	33	246	4,130	716	-	3,332	1,921	100.00%	80.00%
L9LFFH3E9	DALE H PARKE C	012	LOCO HILLS	PADDOCK	NM	PDP	126	471	55	281	43	222	4,909	824	-	3,987	1,985	100.00%	78.75%
L9LFFH3E9	DALE H PARKE A TRACT 1	020	LOCO HILLS	PADDOCK	NM	PDP	145	694	39	384	31	307	4,381	597	-	3,706	1,771	100.00%	80.00%
L9LFFH3E9	DALE H PARKE B TRACT C	016	LOCO HILLS	PADDOCK	NM	PDP	98	364	40	229	35	200	4,089	569	-	3,448	1,751	100.00%	87.50%
L9LFFH3E9	DALE H PARKE B TRACT C	011	LOCO HILLS	PADDOCK	NM	PDP	137	486	51	287	44	252	5,166	1,223	-	3,869	1,715	100.00%	87.50%
L9LFFH3E9	DALE H PARKE B TRACT C	011	LOCO HILLS	PADDOCK	NM	PDP	89	229	42	127	37	111	3,700	559	-	3,067	1,586	100.00%	87.50%
L9LFFH3E9	DALE H PARKE A TRACT 2	028	LOCO HILLS	PADDOCK	NM	PDP	152	370	53	168	43	135	4,326	1,135	-	3,104	1,463	100.00%	80.00%
L9LFFH3E9	DALE H PARKE B TRACT B	025	LOCO HILLS	PADDOCK	NM	PDP	103	337	37	180	32	158	3,597	654	-	2,871	1,430	100.00%	87.50%
L9LFFH3E9	DALE H PARKE A TRACT 1	021	LOCO HILLS	PADDOCK	NM	PDP	145	717	25	365	20	282	3,408	662	-	2,679	1,393	100.00%	80.00%
L9LFFH3E9	DALE H PARKE B TRACT C	017	LOCO HILLS	PADDOCK	NM	PDP	185	569	29	136	26	119	2,733	549	-	2,129	1,375	100.00%	87.50%
L9LFFH3E9	DALE H PARKE A TRACT 1	018	LOCO HILLS	PADDOCK	NM	PDP	173	688	26	343	21	274	3,353	756	-	2,530	1,348	100.00%	80.00%
L9LFFH3E9	DALE H PARKE A TRACT 1	017	LOCO HILLS	PADDOCK	NM	PDP	135	557	21	307	18	259	3,026	646	-	2,329	1,284	100.00%	84.38%
L9LFFH3E9	DALE H PARKE D	011	LOCO HILLS	PADDOCK	NM	PDP	70	210	33	136	29	119	3,091	581	-	2,449	1,262	100.00%	87.50%
L9LFFH3E9	DALE H PARKE B TRACT C	015	LOCO HILLS	PADDOCK	NM	PDP	116	503	19	261	16	220	2,612	485	-	2,075	1,234	100.00%	84.38%
L9LFFH3E9	DALE H PARKE D	010	LOCO HILLS	PADDOCK	NM	PDP	120	662	20	416	17	338	3,425	978	-	2,379	1,185	100.00%	81.25%
L9LFFH3E9	DALE H PARKE B TRACT C	012	LOCO HILLS	PADDOCK	NM	PDP	83	242	34	140	29	122	3,154	764	-	2,327	1,170	100.00%	87.50%
L9LFFH3E9	DALE H PARKE A TRACT 1	021	LOCO HILLS	PADDOCK	NM	PDP	151	499	26	204	21	163	2,888	692	-	1,962	1,121	100.00%	80.00%
L9LFFH3E9	DALE H PARKE A TRACT 1	026	LOCO HILLS	PADDOCK	NM	PDP	98	450	22	193	18	155	2,388	614	-	1,726	1,000	100.00%	80.00%
L9LFFH3E9	DALE H PARKE A TRACT 1	013	LOCO HILLS	PADDOCK	NM	PDP	155	582	14	257	12	206	2,169	517	-	1,609	934	100.00%	80.00%
L9LFFH3E9	DALE H PARKE A TRACT 1	022	LOCO HILLS	PADDOCK	NM	PDP	104	544	15	253	12	203	2,178	487	-	1,648	927	100.00%	80.00%
L9LFFH3E9	DALE H PARKE A TRACT 1	010	LOCO HILLS	PADDOCK	NM	PDP	108	432	14	185	11	158	1,843	433	-	1,373	882	100.00%	81.25%
L9LFFH3E9	DALE H PARKE A TRACT C	022	LOCO HILLS	PADDOCK	NM	PDP	44	255	19	170	16	149	2,205	704	-	1,456	868	100.00%	87.50%
L9LFFH3E9	DALE H PARKE B TRACT C	013	LOCO HILLS	PADDOCK	NM	PDP	126	424	19	134	15	108	1,830	503	-	1,291	834	100.00%	80.00%
L9LFFH3E9	DALE H PARKE B TRACT C	028	LOCO HILLS	PADDOCK	NM	PDP	53	132	23	80	20	70	2,080	573	-	1,466	787	100.00%	87.50%
L9LFFH3E9	DALE H PARKE C	014	LOCO HILLS	PADDOCK	NM	PDP	104	391	20	151	16	119	2,024	533	-	1,451	784	100.00%	78.75%

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Case No. 14647 Exhibit No. 2

Submitted by:

PREMIERE OIL & GAS INC.

Hearing Date: May 16-17, 2011

Premier Oil Gas - Eddy County, New Mexico Paddock Wells
9/30/2010 Strip Pricing - Paddock Formation Wells

Alres PROPNUM	Well Name	#	Field	Reservoir	ST	Reserve Category	EUR - MBO	EUR - MMcf	gross oil - MBO	gross gas - MMCF	net oil - MBO	net gas - MMCF	Net Revenue - M\$	Oper. Exp. M\$	Capital Exp. M\$	Before Tax Net Revenue - M\$	10% Disc. Present value - M\$	Working Interest	Revenue Interest
L9LHTEV9	DALE H PARKE B TRACT C	017	LOCO HILLS	PADDOCK	NM	PDP	37	62	16	28	14	25	1,303	476	-	796	465	100.00%	87.50%
L9LFGJDB8	DALE H PARKE A TRACT 1	018	LOCO HILLS	PADDOCK	NM	PDP	166	494	9	104	7	83	1,056	407	-	628	424	100.00%	80.00%
L9LFGXD28	DALE H PARKE A TRACT 1	012	LOCO HILLS	PADDOCK	NM	PDP	102	261	6	60	5	51	674	321	-	340	243	100.00%	85.00%
						PDP	6,274	22,033	2,353	12,481	1,871	10,306	221,702	37,271	-	176,987	98,960		
L9TG1210N1	PARKE MCINTYRE FEDERAL	2	LOCO HILLS	PADDOCK	NM	PUD	160	555	160	555	130	451	13,251	1,197	1,400	10,389	4,657	100.00%	81.25%
L9TG125P51	DALE H PARKE B TRACT B	1	LOCO HILLS	PADDOCK	NM	PUD	141	461	141	461	123	404	12,472	1,241	1,400	9,582	4,368	100.00%	87.50%
L9UMH0EE28	DALE H PARKE A TRACT 2	1	LOCO HILLS	PADDOCK	NM	PUD	156	557	156	557	137	487	14,322	1,197	1,400	11,438	4,294	100.00%	87.50%
L9UMH61B46	DALE H PARKE A TRACT 2	2	LOCO HILLS	PADDOCK	NM	PUD	149	535	149	535	130	469	13,652	1,197	1,400	10,782	4,175	100.00%	87.50%
L9TGPMUJ15	PARKE MCINTYRE FEDERAL	1	LOCO HILLS	PADDOCK	NM	PUD	155	550	155	550	126	447	13,002	1,197	1,400	10,145	4,171	100.00%	81.25%
L9TG123PU1	DALE H PARKE B TRACT B	2	LOCO HILLS	PADDOCK	NM	PUD	135	472	135	472	118	413	12,227	1,197	1,400	9,386	3,910	100.00%	87.50%
L9TG144G1	Parke A	7	LOCO HILLS	PADDOCK	NM	PUD	130	446	130	446	104	357	10,737	1,197	1,400	7,925	3,175	100.00%	80.00%
L9TGTCX81	DALE H PARKE C	23	LOCO HILLS	PADDOCK	NM	PUD	119	411	119	411	100	347	10,484	1,197	1,400	6,891	3,009	100.00%	84.38%
L9TG1G6MA1	DALE H PARKE C	1	LOCO HILLS	PADDOCK	NM	PUD	110	382	110	382	96	334	10,028	1,197	1,400	7,230	2,765	100.00%	84.38%
L9TG1W7M1	DALE H PARKE B TRACT C	1	LOCO HILLS	PADDOCK	NM	PUD	111	397	111	397	94	335	9,887	1,197	1,400	7,092	2,510	100.00%	84.38%
L9TG1H7G81	DALE H PARKE D	2	LOCO HILLS	PADDOCK	NM	PUD	97	338	97	338	81	285	8,485	1,197	1,400	5,719	2,087	100.00%	84.38%
L9TG1HK6D1	DALE H PARKE D	1	LOCO HILLS	PADDOCK	NM	PUD	106	344	106	344	85	275	8,666	1,197	1,400	6,091	1,868	100.00%	80.00%
L9TG1MFM1	Parke A	1	LOCO HILLS	PADDOCK	NM	PUD	97	332	97	332	85	280	8,937	1,197	1,400	6,161	1,826	100.00%	87.50%
L9TG1210Q1	Parke A	34	LOCO HILLS	PADDOCK	NM	PUD	82	282	82	282	66	226	6,923	1,197	1,400	4,187	1,207	100.00%	80.00%
L9TGTCF91	Parke A	36	LOCO HILLS	PADDOCK	NM	PUD	77	266	77	266	61	212	6,434	1,163	1,400	3,742	1,139	100.00%	80.00%
L9TG128PR1	Parke A	4	LOCO HILLS	PADDOCK	NM	PUD	74	258	74	258	59	205	6,225	1,135	1,400	3,565	1,047	100.00%	80.00%
L9TG1MMUJ1	DALE H PARKE C	2 (S)	LOCO HILLS	PADDOCK	NM	PUD	63	223	63	223	55	195	5,809	1,197	1,400	3,096	846	100.00%	87.50%
L9TG12EOP1	Parke A	2	LOCO HILLS	PADDOCK	NM	PUD	55	191	55	191	44	152	4,665	1,045	1,400	2,126	483	100.00%	80.00%
L9TG12G001	Parke A	3	LOCO HILLS	PADDOCK	NM	PUD	35	120	35	120	28	96	2,946	772	1,400	715	(33)	100.00%	80.00%
						PUD	2,162	7,526	2,162	7,526	1,817	6,325	189,014	23,312	28,000	133,922	50,211		
Total							8,437	28,558	4,516	20,007	3,788	16,634	410,716	60,582	28,000	313,919	148,171		