

October 13, 2011

HAND DELIVERY

Ms. Florene Davidson
Commission Clerk
Oil Conservation Commission
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

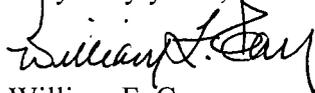
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Re: **PRE-HEARING STATEMENT AND EXHIBITS**
Case 14744: Application of the New Mexico Oil Conservation Division for amendment
of 19.15.14.8 NMAC and 19.15.16 NMAC.

Dear Ms. Davidson:

Pursuant to Oil Conservation Division Rule 19.15.14.1211 NMAC, the New Mexico Oil and Gas Association files herewith its pre-hearing statement and six copies of the exhibits it will present at the October 20, 2011 Oil Conservation Commission hearing on the above-referenced application. By copy of this letter, I am providing this pre-hearing statement and exhibits to all parties of record in this case.

Very truly yours,



William F. Carr
Attorney for the New Mexico Oil and Gas Association

Enclosures

cc: Mr. Steve Henke
Parties of Record

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

IN THE MATTER OF THE APPLICATION OF THE NEW MEXICO OIL CONSERVATION
DIVISION FOR THE AMENDMENT OF 19.15.14.8 AND 19.15.16 NMAC.

CASE NO. 14744

PRE-HEARING STATEMENT

This Pre-Hearing Statement is submitted on behalf of the New Mexico Oil and Gas Association by Holland & Hart LLP as required by Oil Conservation Division Rule 19.15.3.11.B NMAC.

APPEARANCES OF PARTIES

APPLICANT

New Mexico Oil Conservation Division

ATTORNEY

Gabrielle A. Gerholt, Esq.
Assistant General Counsel
Energy, Minerals and Natural
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1220 South St. Francis Drive
Santa Fe, NM 87505

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OTHER PARTIES

The New Mexico Oil and Gas Association

ATTORNEY

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STATEMENT OF CASE

APPLICANT OIL CONSERVATION DIVISION:

The Oil Conservation Division is proposing the adoption of revised rules for horizontal drilling. The proposed amendments address (1) the filing of Applications for Permits to Drill horizontal wellbores, (2) the consolidation of the ownership of production for a horizontal well project area by voluntary agreement or compulsory pooling, (3) setback requirements for horizontal wellbores, (4) drilling outside the producing area for a well to maximize the portion of the completed well within the project area, (5) assignment of allowables to horizontal wells, (6) exempting horizontal wells from existing rules that govern the number of wells that may be simultaneously produce from a pool within a given spacing unit or portion of a spacing unit, and (7) other related matters.

NEW MEXICO OIL AND GAS ASSOCIATION:

The New Mexico oil and Gas Association will present testimony and call expert witnesses to review the proposed rules and to present testimony in support thereof.

PROPOSED EVIDENCE

The New Mexico Oil and Gas Association will present the following witnesses and evidence:

| <u>WITNESSES:</u> | <u>ESTIMATED TIME</u> | <u>NUMBER OF EXHIBITS</u> |
|--|------------------------------|----------------------------------|
| <u>Jan Preston Spradlin</u> Senior Landman Concho Resources, Inc. | 20 minutes | No exhibits on direct |

Exhibit 1: A description of Ms. Spradlin's education and experience.

Ms. Spradlin's testimony may include a review the proposed rule, the history of the development of this rule and the provisions in the proposed amendments concerning Applications for Permits to Drill and the consolidation of interests in project areas prior to producing a horizontal well.

| | | |
|--|------------|--|
| <u>Charles E. Creekmore, RPL</u> Staff Landman ConocoPhillips Company | 30 Minutes | 1 Exhibit which consists of approximately 8 slides. |
|--|------------|--|

Exhibit 2: A description of Mr. Creekmore's education and experience.

Mr. Creekmore may review the provisions in the rule that govern the creation of Project Areas for horizontal well bores and the issue of potentially stranded tracts.

Exhibit 3 contains copies of each exhibit Mr. Creekmore plans to offer as evidence in this hearing.

| | | |
|--|------------|------------|
| <u>Ken McQueen</u> Petroleum Engineer Williams Exploration and Production | 30 Minutes | 4 Exhibits |
|--|------------|------------|

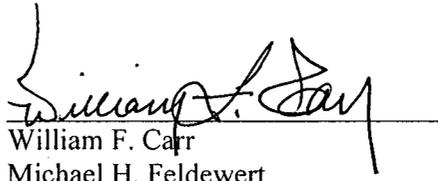
Exhibit 4: A description of Mr. McQueen's education and experience.

Mr. McQueen's testimony will address the drilling issues related to horizontal wells focusing on the provisions that permit drilling outside a well's producing area provided the Completed portion of the well is within the well's prescribed set backs.

Exhibit 5 contains copies of each exhibit Mr. McQueen plans to offer as evidence in this hearing.

PROCEDURAL MATTERS

None at this time.

A handwritten signature in black ink, appearing to read "William F. Carr", is written over a horizontal line.

William F. Carr
Michael H. Feldewert
Adam G. Rankin
Attorneys for the New Mexico Oil and Gas Association

CERTIFICATE OF SERVICE

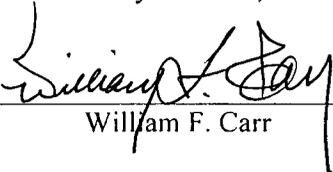
I certify that on October 13, 2011 I served a copy of the foregoing document to the following by U.S. Mail, postage prepaid, Hand Delivery or by Facsimile:

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William F. Carr