



**MONTGOMERY  
& ANDREWS**  
LAW FIRM

**J. SCOTT HALL**

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RECEIVED OCD

2012 MAY 30 P 3: 36

May 30, 2012

Ms. Jami Bailey, Director  
NM Oil Conservation Division  
1220 S. St. Francis Drive  
Santa Fe, NM 87501

**Hand-Delivered**

**Re: NM OCD Case No. 14856: Application of SM Energy Company for Designation of a Non-Standard Spacing and Proration Unit and for Compulsory Pooling, Eddy County, New Mexico**

Dear Ms. Bailey:

On behalf of SM Energy Company, enclosed for filing is an original and one copy of a Pre-hearing Statement in the above-referenced case.

Thank you.

Very truly yours,

Karen Williams  
Assistant to J. Scott Hall

:kw  
Enclosures

377810

**REPLY TO:**

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

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2012 MAY 30 P 3:36

IN THE MATTER OF THE APPLICATION  
OF SM ENERGY COMPANY FOR DESIGNATION  
OF A NON-STANDARD SPACING AND PRORATION  
UNIT AND FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO

Case No. 14856

PRE-HEARING STATEMENT

SM Energy Company ("SM") provides this Pre-Hearing Statement as required by the rules of the Division.

**APPEARANCES**

APPLICANT

SM Energy Company

APPLICANT'S ATTORNEY

J. Scott Hall  
Montgomery & Andrews  
P.O. Box 2307  
Santa Fe, NM 87504-2307  
(505) 982-3873

OTHER PARTY

N/A

OTHER PARTY'S ATTORNEY

N/A

**STATEMENT OF THE CASE**

APPLICANT

Applicant seeks an order consolidating the 40-acre spacing units within the S/2 S/2 of Section 35, Township 19 South Range 29 East, NMPM and designating the consolidated units as a 160-acre± non-standard oil spacing and proration unit for a well location in the Bone Spring formation for Applicant's horizontal drilling project area.

Applicant further seeks the compulsory pooling of all interests in the Bone Spring formation underlying the S/2 S/2 of Section 35 to be dedicated to its Parkway "35" Federal No. 4H Well to be drilled horizontally from a surface location 2080' from the South line and 330' from the West line (Unit L) to a bottom hole location 1980' from the South line and 330' from the East line (Unit I) to a depth sufficient to test the Bone Spring formation, Parkway Bone Spring pool (49622). Also to be considered will be 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 SM Energy Company as operator and a charge for risk involved in drilling the well.

**PROPOSED EVIDENCE**

APPLICANT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Joseph Davis, Landman	20 minutes	6
Doug Fiske, Geologist	20 minutes	4

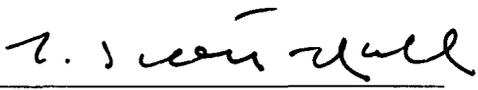
OPPONENT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
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**PROCEDURAL MATTERS**

Applicant does not presently expect these cases to be opposed. Applicant will request that Case No. 14814, Case No. 14832, and Case No. 14856 be consolidated for hearing, but will ask that separate orders be issued in each case.

Montgomery and Andrews, P. A.

By: 

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shall@montand.com  
Attorneys for SM Energy Company

**Certificate of Service**

I hereby certify that a true and correct copy of the foregoing was served to counsel of record by electronic mail this 30<sup>th</sup> day of May, 2012.

N/A

  
J. Scott Hall

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