

**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:**

CASE NO. 13489

**APPLICATION OF MCQUADRANGLE, LC, FOR
STATUTORY UNITIZATION OF THE SOUTH
REDLAKE II UNIT AREA, EDDY COUNTY, NEW
MEXICO.**

PRE-HEARING STATEMENT

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

APPEARANCES OF PARTIES

APPLICANT

McQuadrangle, LC
Attn: Delbert McDougal
7008 Salem Avenue
Lubbock, Texas 79424
(806) 797-3162

ATTORNEY

William F. Carr, Esq.
Holland & Hart LLP
Post Office Box 2208
Santa Fe, New Mexico 87504
(505) 988.4421

2005 MAY 13 PM 3 09

WHD 5/13/05

STATEMENT OF CASE

APPLICANT

Applicant in the above-styled cause, seeks an order unitizing, for the purpose of establishing an enhanced recovery project, all mineral interest in the Grayburg and San Andres formations, Red Lake Queen-Grayburg-San Andres Pool, underlying 961.61 acres, more or less, of Federal and State lands in the following acreage:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM

Section 35: E/2, E/2 SW/4, SE/4 NW/4,
Section 36: W/2, SW/4 NE/4

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM

Section 1: Lot 4
Section 2: Lots 1, 2, 3

Said unit to be designated the South RedLake II Unit.

Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the designation of horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment and such other matters as may be necessary and appropriate for carrying on efficient unit operations; including but not limited to, unit voting procedures, selection, removal or substitution of unit operator, and time of commencement and termination of unit operations. Applicant also requests that any such order issued in this case include a non-consent penalty for risk to be charged against carried working interests within the unit area upon such terms and conditions to be determined by the Division as just and reasonable. Said unit area is located approximately 16 miles southeast of Artesia, New Mexico.

PROPOSED EVIDENCE

APPLICANT

WITNESSES (Name and Expertise)	ESTIMATED TIME	EXHIBITS
Delbert McDougal (May Call)	Approx. 10 Minutes	Approx. 2
Jim Pierce (Landman)	Approx. 20 Minutes	Approx. 10
Chuck Joy (Petroleum Engineer)	Approx. 20 Minutes	Approx. 6