

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

**APPLICATION OF STEWARD ENERGY
II, LLC FOR COMPULSORY POOLING AND
APPROVAL OF AN UNORTHODOX WELL
LOCATION, LEA COUNTY, NEW MEXICO**

Case No. 20939

**STEWARD ENERGY II, LLC'S
PRE-HEARING STATEMENT**

Steward Energy II, LLC ("Steward") submits its Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

APPEARANCES

Steward is the applicant in this case. Its business address is 2600 Dallas Parkway, Suite 400, Frisco, Texas 75034. Steward is represented by the undersigned counsel.

STATEMENT OF THE CASE

Steward's application seeks an order (i) pooling all uncommitted mineral interests in the San Andres formation in a 358.05-acre, more or less, horizontal spacing unit comprised of the E/2 of Section 23 and the NE/4 of Section 26, Township 13 South, Range 38 East in Lea County, and (ii) approving an unorthodox well location. The horizontal spacing will be dedicated to the Slippin Jimmy Fee #1H well, which will be horizontally drilled from a surface location in Lot 3 in Section 26 to a bottom hole location in Lot 1 in Section 23, Township 13 South, Range 38 East. The completed interval for the well will be unorthodox in relation to the eastern boundary of the horizontal spacing unit.

PROPOSED EVIDENCE

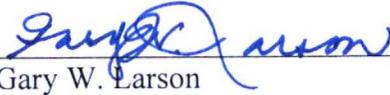
<u>WITNESS</u>	<u>ESTIMATED TIME</u>	<u>EXHIBITS</u>
Taylor Warren (Landman)	10 minutes	Approx. 7
Shane Seals (Geologist)	10 minutes	Approx. 5

Steward reserves the right to call a rebuttal witness(es) if appropriate.

PROCEDURAL MATTERS

Steward is not aware of any procedural matters to be resolved prior to the hearing. If there is no opposition to its application, Steward will present its case by affidavit

HINKLE SHANOR, LLP



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