

**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. 13598**

**APPLICATION OF HUDSON OIL COMPANY OF TEXAS,  
WILLIAM A. HUDSON, AND EDWARD R. HUDSON FOR  
COMPULSORY POOLING, EDDY COUNTY, NEW  
MEXICO.**

**PRE-HEARING STATEMENT**

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

**APPEARANCES OF PARTIES**

**APPLICANT**

Hudson Oil Company of Texas, William A.  
Hudson, and Edward R. Hudson  
Attn: E. Randall Hudson  
616 Texas Street  
Ft. Worth, Texas 76102  
(817) 336-7109

**ATTORNEY**

William F. Carr, Esq.  
Ocean Munds-Dry  
Holland & Hart LLP  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
(505) 988-4421

**OPPOSITION**

Ard Oil, Ltd.  
Ard Energy Group, Ltd.

**ATTORNEY**

James Bruce, Esq.  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2151 (Facsimile)

**STATEMENT OF CASE**

Applicant in the above-styled cause seeks an order pooling all mineral interests from the base of the San Andres formation through the base of the Morrow formation in the following described acreage in Section 12, Township 17 South, Range 31 East, NMPM: the N/2 to form a standard 320-acre spacing and proration unit for all formations developed on a 320-acre spacing within that vertical extent which includes but is not necessarily limited to the Undesignated Fren-Morrow Gas Pool; the NW/4 to form a standard spacing and proration unit for all formations developed on 160-

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acre spacing within that vertical extent and the NW/4 NW/4 to form a standard spacing and proration unit for all formations developed on 40-acre spacing within that vertical extent which includes but is not necessarily limited to the Undesignated East Fren-Paddock Pool. Said units are to be dedicated to its Francotte Federal Well No. 1 to be drilled 660 feet from the North and West lines of said Section 12 to an approximate depth of 12,500 feet. 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 Hudson Oil Company of Texas as operator of the well and a 200% charge for risk involved in drilling said well.

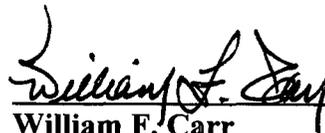
**PROPOSED EVIDENCE**

**APPLICANT**

<b>WITNESS (TITLE)</b>	<b>EST TIME</b>	<b>EXHIBITS</b>
E. Randall Hudson (Geologist)	Approximately 20 minutes	Approximately 8
Raye Miller (Practical Oil Man) MAY CALL	Approximately 20 Minutes	Approximately 8

**PROCEDURAL MATTERS**

Applicant has filed a Motion to Quash Subpoena directed at William A. Hudson, Edward R. Hudson and E. Randall Hudson. There has been no ruling on the Motion and Hudson Oil Company has advised counsel for Ard Oil, Ltd. and the Ard Energy Group, Ltd. ('Ard') that there are no documents responsive to the Ard subpoena other than documents previously provided to them and that Hudson will have present at the time of the hearing E. Randall Hudson and Edward R. Hudson to respond to questions from the Ard.



William F. Carr

Ocean Munds-Dry

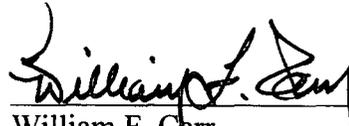
Attorneys for Hudson Oil Company of  
Texas, William A. Hudson and Edward R.  
Hudson

**CERTIFICATE OF SERVICE**

I certify that on June 1, 2006 I served a copy of the foregoing document to the following by

- U.S. Mail, postage prepaid
- Hand Delivery
- Fax
- Electronic Service by LexisNexis File & Serve

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William F. Carr