

**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:**

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

**Case No. 13,598**

**PRE-HEARING STATEMENT**

This pre-hearing statement is submitted by Ard Oil, Ltd. and Ard Energy, Ltd. as required by the Oil Conservation Division.

**APPEARANCES**

**APPLICANT**

Hudson Oil Company of Texas  
William A. Hudson  
Edward R. Hudson

**APPLICANT'S ATTORNEY**

William F. Carr  
Holland & Hart LLP

**OPPONENT**

Ard Oil, Ltd.  
Ard Energy, Ltd.  
PH 5  
222 West Fourth Street  
Fort Worth, Texas 76102

**OPPONENT'S ATTORNEY**

James Bruce  
P.O. Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attention: R.E. Grappe

**STATEMENT OF THE CASE**

**APPLICANT**

Applicants seek an order pooling all mineral interests from the base of the San Andres formation to the base of the Morrow formation underlying the N½ of Section 12, Township 17 South, Range 31 East, N.M.P.M., and naming Hudson Oil Company of Texas as operator of the proposed Francotte Federal Well No. 1

**OPPONENT**

Ard Oil, Ltd. and Ard Energy, Ltd. (collectively, "Ard") do not seek to prevent or delay the drilling of the proposed well. However, Ard seeks information so that it may make an informed decision on joining in the well. The information it seeks includes, but is not limited to, (1) the experience of Hudson Oil Company of Texas in drilling and operating Morrow wells, (2) the working interest ownership of applicants in the well, (3) how the well's location was decided, (4) information on prospective zones, (5) the identity of the drilling contractor, and any related contracts, (6) the Hudsons' drilling prognosis, including but not limited to the well's drilling and casing program and the specific zones it plans on testing, and (7) the identity and background of the Hudson Oil Company of Texas employees who will be involved in the drilling of the well. Much of this information was previously requested by Ard from Hudson Oil Company of Texas (see Exhibit A), but no response was received. Ard reserves the right to pursue additional issues raised by the testimony at hearing.

**PROPOSED EVIDENCE****APPLICANT****WITNESSES****EST. TIME****EXHIBITS****OPPONENT****WITNESSES****EST. TIME****EXHIBITS**

R.E. Grappe

30 min.

Approx. 4

William A. Hudson, II

20 min.

Edward R. Hudson, Jr.

20 min.

E. Randall Hudson, III

20 min.

**PROCEDURAL MATTERS**

Ard has subpoenaed applicants to appear and testify at the hearing, and applicants have moved to quash the subpoenas. Ard will be filing a response in opposition to the motion to quash.

Respectfully submitted,




James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Ard Oil, Ltd. and Ard Energy,  
Ltd.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 29th day of December, 2005 by facsimile transmission:

William F. Carr  
Holland & Hart LLP  
P.O. Box 2208  
Santa Fe, New Mexico 87504  
(505) 983-6043

  
James Bruce

ARD ENERGY LLC  
222 WEST 4<sup>TH</sup> STREET, PH-5  
FORT WORTH, TEXAS 76102  
(817) 882-9377  
FAX (817) 882-9460

October 22, 2005

Sent Via US Mail and  
FAX: (817) 334-0442

Mr. F. Randall Hudson III  
Hudson Oil Company of Texas  
616 Texas Street  
Fort Worth, Texas 76102-4696

RE: Proposed Francotte Federal #1 Well  
660' FNL & 660 FWL of Section 12  
Township 17 South, Range 13 East  
Eddy County, New Mexico

Dear Randall:

I am in the process of reviewing the AFE and Joint Operating Agreement furnished with your letter of September 9, 2005 relative to your proposal to drill the subject well. In order for me to properly review your proposal, please furnish me with the following information:

1. In your letter of October 10, 2005 you indicated that you had "contracted with Marbob Energy Corp. to handle the drilling operations" for the proposed well. Please furnish me with a copy of the relevant contact(s) or agreement(s).
2. Hudson Oil Company of Texas' contract with the Drilling Contractor (owner of the drilling rig).
3. Your drilling prognosis for the subject well.
4. Any geological and/or geophysical data pertinent to your decision to propose the well.
5. Specific pipe and casing program and cost per foot.
6. Copies of all information prepared for filing with the State of New Mexico.

As you are probably aware, the interest of the Edward R. Hudson Trust 4 in this area is now owned by Ard Oil LTD, a Texas Limited Partnership and the interest of Mary Hudson Ard in this area is now owned by Ard Energy Group LTD, a Texas Limited Partnership.

Should you want to discuss this request or you feel a meeting would be productive, please give me a call at the telephone number noted above.

Sincerely,

Ronald E. Grappe  
Oil & Gas Consultant

