

**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 KUKUI OPERATING COMPANY
FOR COMPULSORY POOLING AND A NON-
STANDARD GAS SPACING AND PRORATION
UNIT, LEA COUNTY, NEW MEXICO.**

CASE NO. 12773

OIL CONSERVATION DIV
02 JUL -4 PM 3:07

PRE-HEARING STATEMENT

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

APPEARANCES OF PARTIES

APPLICANT

KUKUI Operating Company
Attention: Steve C. Sandlin
1415 Louisiana, Suite 3650
Houston, Texas 77002
(713) 658-7888

ATTORNEY

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

STATEMENT OF CASE

APPLICANT

Applicant seeks an order pooling all mineral interests in all formations from the surface through the base of the Morrow in the following described non-standard spacing and proration unit located in irregular Section 6, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico comprised of Lots 1, 2, 7, 8, 9, 10, 15 and 16 (E/2 N1/3 and E/2

C1/3) containing 329.83 acres for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Undesignated North Eidson-Morrow Gas Pool. This pooled unit is to be dedicated to KUKUI's DeGas "6" State Com Well No. 1 to be drilled at a standard location 1980 feet from the North line and 1200 feet from the East line of said Section 6 to a depth sufficient to test any and all formations from the surface through the Morrow formation. Also to be considered will be the cost of drilling and completing said well, the allocation of the cost thereof as well as actual operating costs and charges for supervision, provisions governing subsequent operations on the pooled units, designation of applicant as operator of the well, and a charge for risk involved in drilling said well. Said area is located approximately 8 miles West of Lovington, New Mexico.

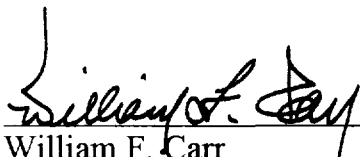
PROPOSED EVIDENCE

APPLICANT

WITNESSES (Name and Expertise)	ESTIMATED TIME	EXHIBITS
Steve C. Sandlin (Land)	Approx. 15 Minutes	6
John Thoma (Petroleum Eng.)	Approx. 15 Minutes	3

PROCEDURAL MATTERS

KUKUI Operating Company has none at this time.



William F. Carr
Attorney for KUKUI Operating Company