

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

IN THE MATTER OF THE APPLICATION OF PRESTON
EXPLORATION, L.L.C. FOR COMPULSORY POOLING
EDDY COUNTY, NEW MEXICO

CASE NO. 13238

13236
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MAY 21 2004

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505
MS

1ST AMENDED PRE-HEARING STATEMENT

This 1st Amended Pre-Hearing Statement is submitted by Miller Stratvert P.A. (J. Scott Hall) on behalf of Preston Exploration, L.L.C. as required by the Oil Conservation Division.

APPEARANCES

APPLICANT'S ATTORNEY

J. Scott Hall, Esq.
Miller Stratvert P.A.
Post Office Box 1986
Santa Fe, New Mexico 87504
(505) 989-9614

APPLICANT

Preston Exploration, L.L.C.

RESPONDENTS' ATTORNEY

William F. Carr, Esq.
Post Office Box 2208
Santa Fe, New Mexico 87504
(505) 9884421

RESPONDENTS

Chase Oil Corporation
and Chase Farms

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

Murchison Oil Company

STATEMENT OF CASE

Applicant seeks an order pooling all mineral interests in the Strawn formation, (Eagle Creek Strawn Gas Pool), Atoka and Morrow formations, (Eagle Creek East Atoka-Morrow Gas Pool) and the Pennsylvanian formation (Eagle Creek Permo-

Pennsylvanian Gas Pool) underlying the N/2 of Section 29, Township 17 South, Range 26 East, NMPM, Eddy County, New Mexico, to form standard 320-acre spacing and proration units for each of the referenced formations and pools.

Applicant has been unable to obtain the voluntary joinder of Chase Farms and Chase Oil Corporation due to their insistence on onerous participation terms and their opposition to the surface location for the proposed well. As a consequence, these matters may be at issue in the hearing on the Application.

PROPOSED EVIDENCE

APPLICANT

Witnesses:	Expertise	Est. Time	No. of Exhibits
Jessie Blue	Land	10 Minutes	2
Mark Wheeler	Land	20 Minutes	6
Randy Ford	Petroleum Engineering	20 Minutes	4
Jerry Elder	Geology	20 Minutes	3

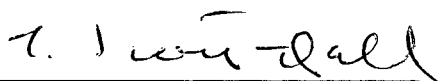
Opposition or Other Parties:

PROCEDURAL MATTERS

None.

Respectfully submitted,

MILLER STRATVERT P.A.

By: 
J. Scott Hall
Post Office Box 1986
Santa Fe, New Mexico 87504
(505) 989-9614
Attorneys for Preston Exploration, L.L.C.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following by facsimile on this 21st day of May, 2004:

William F. Carr, Esq.
Post Office Box 2208
Santa Fe, New Mexico 87504

James Bruce, Esq.
Post Office Box 1056
Santa Fe, New Mexico 87504

A handwritten signature in cursive script, appearing to read "J. Scott Hall", written in black ink.

J. Scott Hall

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

RECEIVED

MAY 24 2004

**IN THE MATTER OF THE HEARING CALLED BY
THE OIL CONSERVATION DIVISION FOR THE
PURPOSE OF CONSIDERING:**

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

CASE NO. 13236

**APPLICATION OF PRESTON EXPLORATION, L.L.C.
FOR COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO.**

MF

PRE-HEARING STATEMENT

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

APPEARANCES OF PARTIES

APPLICANT

Preston Exploration, L.L.C.

ATTORNEY

J. Scott Hall, Esq.
Miller Stratvert & Torgerson, P.A.
150 Washington Avenue, Suite 300
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Santa Fe, NM 87504-1986

OPPOSITION

Chase Oil Corporation and Chase Farms
Attn: Ron Lanning
Post Office Box 960
Artesia, NM 88211
(505) 748-1288

OPPOSING ATTORNEY

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

STATEMENT OF CASE

Opposing Party

Preston Exploration, L.L.C. seeks an order pooling all mineral interests in the Strawn formation (Eagle Creek Strawn Gas Pool), Atoka and Morrow formations (Eagle Creek East Atoka-Morrow Gas Pool, and the Pennsylvanian formation (Eagle Creek Permo-Pennsylvanian Gas Pool) underlying the N/2 of Section 29, Township 17 South, Range 26 East to form standard 320-acre gas spacing and proration units for any and all formations and/or pools developed on 320-acre spacing within that vertical extent. The units are to be dedicated to applicant's Roughneck Red 29 Com Well No. 1 to be located at a standard gas well location 1480 feet from the North line and 1980 feet from the West line of said Section 29. The proposed surface location for the well is on a tract covered by a lease from Chase Farms to Chase Oil Corporation that contains a no surface occupancy provision. This provision was included in the lease because Chase Farms plans to plant a pecan orchard on this acreage. Chase Oil Corporation does not oppose the pooling of this acreage. Chase is Farms is only interested in having the surface location for the well on portions of the spacing unit other than surface location proposed by Preston.

PROPOSED EVIDENCE

APPLICANT

WITNESSES

EST. TIME

EXHIBITS

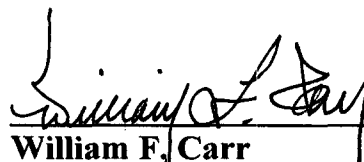
Ronald Lanning (Land)

Approx. 10 min.

Approx. 1

PROCEDURAL MATTERS

Chase Oil Corporation and Chase Farms has none at this time.

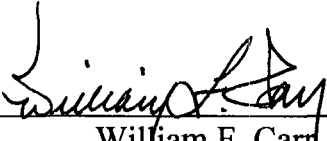


William F. Carr

Attorney for Chase Oil Corporation and
Chase Farms

CERTIFICATE OF SERVICE

I hereby certify that a copy of this Pre-hearing Statement has been served by facsimile on J. Scott Hall, Esq., attorney for Preston Exploration, L.L.C. on this 24th day of May, 2004.



William F. Carr