

**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. 13357

**APPLICATION OF MATRIX NEW MEXICO  
HOLDINGS, LLC, FOR COMPULSORY POOLING  
LEA COUNTY, NEW MEXICO.**

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10/29/04

**PRE-HEARING STATEMENT**

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

**APPEARANCES OF PARTIES**

**APPLICANT**

Matrix New Mexico Holdings, LLC  
Attn: Fred C. Bryla, Vice-President  
5725 Commonwealth Boulevard  
Sugarland, Texas 77479  
(281) 265-1212

**ATTORNEY**

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

**OPPONENTS**

Land Services, Inc.  
Suite E  
2310 S. W. 89th  
Oklahoma City, Oklahoma 73159  
Attention: Terry Brooks

**ATTORNEY**

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

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Cognet Exploration, Ltd.  
804 Park Harvey Center  
200 North Harvey  
Oklahoma City, Oklahoma 73102  
Attention: Greg Wilson

James Bruce, Esq.

Chesapeake Operating, Inc.  
Chesapeake Permian, L.P.  
Concho Resources, Inc.  
Steve W. Horn  
6100 N. Western Ave  
Oklahoma City, Oklahoma 73118  
Attention: Lynda Townsend

W. Thomas Kellahin, Esq.  
Post Office Box 2265  
Santa Fe, New Mexico 87501  
(505) 982-4285

**STATEMENT OF CASE**

**APPLICANT**

Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the bottom of the Wolfcamp formation under the NE/4 NE/4 of Section 10, Township 13 South, Range 38 East, NMPM, Lea County, New Mexico to form a standard 40-acre spacing and proration unit for all pools and formations spaced on 40-acre spacing within that vertical extent, including, but not necessarily limited to, the Bronco-Wolfcamp Oil Pool. Applicant proposes to dedicate this pooled unit to its proposed Townsend #1-A Well, to be drilled at a standard oil well location 530 feet from the North line and 330 feet from the East line in the NE/4 NE/4 of said Section 10. Also to be considered is 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 Matrix New Mexico Operating Company, LLC as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 3 miles Southwest of Bronco, Texas.

**PROPOSED EVIDENCE**

**APPLICANT**

WITNESSES  
Fred C. Bryla (Landman)

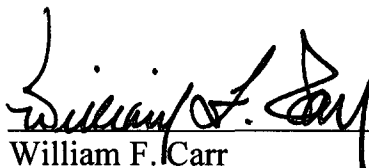
ESTIMATED TIME  
Approx. 25

EXHIBITS  
Approx. 6

**PROCEDURAL MATTERS**

Matrix New Mexico Holdings, LLC, has reached a voluntary agreement for the drilling of this well with Chesapeake Permian, L.P., Concho Resources, Inc. and Steve Horn. and they are therefore not subject to pooling and will be dismissed from this application.

The original application included formations and pooling units that Matrix does not seek to pool. Matrix only seeks an order pooling the 40-acre units comprised of the NE/4 NE/4 of Section 10. Matrix will request that the portions of the application that seek an order pooling other spacing units be dismissed.

A handwritten signature in black ink, appearing to read "William F. Carr", is written over a horizontal line.

William F. Carr

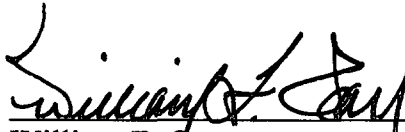
Attorney for Matrix New Mexico Holdings, LLC

**CERTIFICATE OF SERVICE**

I hereby certify that on this 29th day of October 2004, I have caused to be fax-delivered a copy of our Pre-Hearing Statement in the above-captioned case to the following named parties:

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William F. Carr  
Attorney for Matrix New Mexico  
Holdings, LLC