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June 16, 2011

Ms. Florene Davidson  
New Mexico Oil Conservation Division  
1220 S. St. Francis Drive  
Santa Fe, NM 87505

**Hand Delivered**

**Re: NMOCD Case No. 14658: Application of Mewbourne Oil Company for a  
Non-Standard Oil Spacing and Proration Unit and Compulsory Pooling,  
Eddy County, New Mexico**

Dear Ms. Davidson:

Enclosed for filing in the above case is an original and one copy of SM Energy's  
Pre-Hearing Statement.

Thank you.

Very truly yours,

Karen Williams  
Assistant to J. Scott Hall

:kw  
Enclosures

cc: James Bruce, Esq.

288011

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**REPLY TO:**

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

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**APPLICATION OF MEWBOURNE OIL  
COMPANY FOR A NON-STANDARD OIL  
SPACING AND PRORATION UNIT AND  
COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO**

**Case No. 14658**

**PRE-HEARING STATEMENT**

This Pre-Hearing Statement is submitted by SM Energy Company as required by the rules of the Oil Conservation Division.

**APPEARANCES**

**APPLICANT**

Mewbourne Oil Company

**APPLICANT'S ATTORNEY**

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

**OPPOSING PARTY**

SM Energy Company  
1775 Sherman Street, Suite 1200  
Denver, CO 80203

**OPPOSING PARTY'S ATTORNEY**

J. Scott Hall  
Montgomery & Andrews  
P.O. Box 2307  
Santa Fe, NM 87504-2307  
(505) 982-3873

**STATEMENT OF THE CASE**

**APPLICANT**

Applicant seeks an order approving a 160-acre non-standard oil spacing and proration unit in the Bone Spring formation comprised of the S/2 N/2 of Section 35, T19S, R29E, NMPM.

Applicant further seeks the pooling of all mineral interests (i) from the surface to the top of the Bone Spring formation underlying the SW/4 NW/4 of Section 35 to form a standard 40 acre oil spacing and proration unit, and (ii) the Bone Spring formation underlying the S/2 N/2 of Section 35 to form a non-standard 160 acre oil spacing and proration unit, for all pools or formations developed on 40 acre spacing within that vertical extent.

#### OPPOSING PARTY

SM Energy Company owns a substantial portion of the leasehold working interests within the non-standard spacing and proration unit being proposed by Applicant. The parties continue to negotiate voluntary participation in the well.

#### **PROPOSED EVIDENCE**

##### APPLICANT

###### WITNESSES

###### EST. TIME

###### EXHIBITS

##### OPPONENT

###### WITNESSES

###### EST. TIME

###### EXHIBITS

SM Energy does not anticipate presenting a witness at this time. However, it reserves the right to call the following:

Preston Grambling, Landman

15 minutes

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**PROCEDURAL MATTERS**

None.

Respectfully submitted,

MONTGOMERY & ANDREWS, P. A.

By: J. Scott Hall  
J. Scott Hall

P.O. Box 2307  
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Attorneys for SM Energy Company

**Certificate of Service**

I hereby certify that on June 15, 2011, a true and correct copy of the foregoing was deposited with the U.S. Postal Service, with proper postage affixed, addressed as follows:

James Bruce  
P.O. Box 1056  
Santa Fe, NM 87504

J. Scott Hall  
J. Scott Hall

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