

**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:**

**APPLICATIONS OF KAISER-FRANCIS OIL
COMPANY FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

Case Nos. 21134 and 21135

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Kaiser-Francis Oil Company as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Kaiser-Francis Oil Company
P.O. Box 21468
Tulsa, Oklahoma 74121

Attention: David Hamilton

APPLICANT'S ATTORNEY

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

OTHER PARTIES

OTHER PARTIES' ATTORNEYS

STATEMENT OF THE CASE

APPLICANT

Case No. 21134: Kaiser-Francis Oil Company seeks an order pooling all mineral interests in the Bone Spring formation underlying a horizontal spacing unit comprised of the E/2 of Section 32, Township 23 South, Range 34 East, N.M.P.M. and Lots 1, 2, and the S/2NE/4 (the NE/4) of Section 5, Township 24 South, Range 34 East, N.M.P.M. The unit will be dedicated to (i) the Bell Lake Unit South Well No. 234H, with a first take point in the SW/4NE/4 of Section 5 and a last take point in the NW/NE/4 of Section 32, and (ii) the Bell Lake Unit South Well No. 236H, with a first take point in the SE/4NE/4 of Section 5 and a last take point in the NE/NE/4 of Section 32.

Case No. 21134: Kaiser-Francis Oil Company seeks an order pooling all mineral interests in the Wolfcamp formation underlying a horizontal spacing unit comprised of the E/2 of Section 32, Township 23 South, Range 34 East, N.M.P.M. and Lots 1, 2, and the S/2NE/4 (the NE/4) of Section 5, Township 24 South, Range 34 East, N.M.P.M. The unit will be dedicated to (i) the Bell Lake Unit South Well No. 434H, with a first take point in the SW/4NE/4 of Section 5 and a last take point in the NW/NE/4 of Section 32, and (ii) the Bell Lake Unit South Well No.436H, with a first take point in the SE/4NE/4 of Section 5 and a last take point in the NE/NE/4 of Section 32.

Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells.

OTHER PARTIES

PROPOSED EVIDENCE

APPLICANT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
David Hamilton (landman)	15 min.	Approx. 8
Chris Miller (geologist)	10 min.	Approx. 4

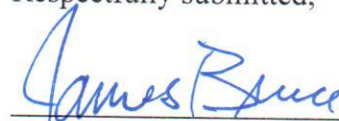
OTHER PARTIES

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
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PROCEDURAL MATTERS

If the cases are unopposed they will be presented by affidavit.

Respectfully submitted,



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

Attorney for Kaiser-Francis Oil Company