

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

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**IN THE MATTER OF THE APPLICATION OF  
NADEL & GUSSMAN PERMIAN, L.L.C. FOR  
APPROVAL OF A NON-STANDARD OIL  
SPACING AND PRORATION UNIT AND FOR  
COMPULSORY POOLING, EDDY COUNTY,  
NEW MEXICO**

**CASE NO. 14623, 14624  
14625 and 14626**

**PRE-HEARING STATEMENT**

This Pre-Hearing Statement is submitted by Nearburg producing Company as required by the Oil Conservation Division.

**APPEARANCES**

**APPLICANT**

Nadel and Gussman Permian, LLC  
601 N. Marienfeld, Suite 508  
Midland, TX 79701

**APPLICANT'S ATTORNEY**

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

**OPPOSING PARTY**

Nearburg Producing Company  
3300 North "A" Street  
Building 2, Suite 120  
Midland, TX 79705-5421

**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**

In Case No. 14623, Nadel and Gussman Permian, LLC seeks an order consolidating the 40-acre spacing units within the W/2 W/2 of Section 7, Township 19 South Range 26 East, NMPM and designating the consolidated units as a 160-acre± non-standard oil spacing and proration unit for Applicant's horizontal drilling project area. Applicant further seeks the compulsory pooling of all interests in the Glorieta-Yeso formation underlying the W/2 W/2 equivalent of Section 7 to be dedicated to its Long Branch Well No. 1.

In related Case Nos. 14624, 14625 and 14626, Nadel and Gussman seeks substantially identical non-standard unit approval and compulsory pooling relief for its Long Branch Well No. 2 (E/2 W/2), Long Branch Well No. 3 (W/2 E/2), and the Long Branch Well No. 4 (E/2 E/2), all within Section 7, T-19-S R-26-E. These wells, too, are proposed to be drilled to the Glorieta-Yeso formation and all are "stand up" units.

Nearburg Producing Company owns substantial working interests throughout Section 7, T-19-S R-36-E and has outstanding well proposals for the development of Section 7 Glorieta-Yeso reserves based on 160-acre non-standard "laydown" units. Nearburg believes that the reserves in Section 7 are most efficiently and economically developed with east/west wells, based on regional geology and the ownership equities.

In the event the parties are unable to agree on well orientation and operations in Section 7, then it may be necessary for Nearburg to file its own competing applications for the designation of laydown units and for compulsory pooling. The development proposals are in obvious conflict and the granting of one party's application would necessarily require the denial of the others.

### PROPOSED EVIDENCE

#### APPLICANT

##### WITNESSES

##### EST. TIME

##### EXHIBITS

#### OPPOSING PARTY

##### WITNESSES

##### EST. TIME

##### EXHIBITS

Russell Wickman, Landman  
Bill Elton, Geologist  
Tim Speer, Petroleum Engineer

30 minutes  
20 minutes  
20 minutes

7  
6  
6

### PROCEDURAL MATTERS

In the event the parties are unable to agree on a plan for the development of Section 7, it may become necessary for Nearburg to file its own compulsory pooling applications. In such event, Nearburg will ask that Cases 14623, 14624, 14625 and 14626 be continued and consolidated for hearing with Nearburg's applications.

Respectfully submitted,

MONTGOMERY & ANDREWS, P. A.

By: \_\_\_\_\_

*J. Scott Hall*

J. Scott Hall

P.O. Box 2307

Santa Fe, NM 87504-2307

(505) 982-3873 - Telephone

(505) 982-4289 - Fax

Attorneys for Nearburg Producing Company

**Certificate of Service**

I hereby certify that on April 7, 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, Esq.  
P. O. Box 1056  
Santa Fe, NM 87504  
(505) 982-2043

*J. Scott Hall*

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J. Scott Hall

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