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

APPLICATION OF NADEL AND GUSSMAN PERMAIN, L.L.C.
FOR DESIGNATION OF A NON-STANDARD
SPACING UNIT AND FOR COMPULSORY POOLING
EDDY COUNTY, NEW MEXICO
[Long Branch No. 2-H Well-E/2W/2 Sec 7]

CASE 14624

NADEL AND GUSSMAN PERMAIN'S PRE-HEARING STATEMENT

Nadel and Gussman Permian, L.L.C. ("NGP") submits their pre-hearing statement as required by the New Mexico Oil Conservation Commission.

APPEARANCES OF THE PARTIES

APPLICANT

Nadel and Gussman Permian, L.L.C.
601 N. Marienfeld St., Suite 508
Midland, TX 79701
Attn: Emerald Johnson
432-682-4429

ATTORNEY

Thomas Kellahin, Esq.
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OPPONENT

Nearburg Producing Company

ATTORNEY

J. Scott Hall, Esq.
Montgomery & Andrews
325 Paseo de Peralta
Santa Fe, NM 87501
Phone 505-982-3873

Yates Petroleum Corporation

Gary Larson, Esq.
Hinkle Law Firm
Santa Fe, NM

NGP STATEMENT OF THE CASE

NGP proposes to drill and operate the Long Branch Well No. 2-H (API # 30-015-38519) as a horizontal wellbore to be dedicated to a 160-acre project area consisting of the E/2W/2 of Section 7, T19S, R26E, Eddy County, NM for production from the Glorieta Yeso formation.

NGP controls a working interest ownership within the proposed 160-acre spacing unit and has an interest in each of the four 40-acre tracts.

NGP has consolidated some of the working interest owners on a voluntary basis for this well and its spacing unit.

Prior to filing this application, NGP sent a well proposal letter, including an AFE and Joint Operating Agreement, to the remaining uncommitted working interest owners within the project area.

NGP, Nearburg and Yates have reached a voluntary agreement and NGP will withdraw its request to pool the Yates and Nearburg's interests.

Despite reasonable efforts, NGP was unable to conclude a voluntary agreement with certain other parties.

Pursuant to Commission Order R-11992, effective August 15, 2003, NGP requests that the 200% risk charge be applied.

NGP also seeks the approval of a 160-acre non-standard spacing and proration unit consisting of four 40-acre tracts that will be pooled and for which a straight acreage allocation method will be applied.

As currently required by the Division, NGP has identified the offsetting operators and/or working interest to this project area and will provide notification.

Pursuant to Section 70-2-17.C NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, NGP needs an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.

PROPOSED EVIDENCE

APPLICANT

WITNESSES	EST. TIME	EST. EXHIBIT
Emerald Johnson (Landman)	20-min	8-10
Michael Matteucci (Geologist)	15- min	1-2

PROCEDURAL MATTERS

- (1) NGP will dismiss Nearburg Producing Company from this case.
- (2) NGP, upon receipt of the signed voluntary agreement from Yates Petroleum Corporation, will dismiss Yates from this case.

KELLAHIN & KELLAHIN

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CERTIFICATE OF SERVICE

I certify that on November 3, 2011, I served a copy of the foregoing documents by Email to the following:

David K. Brooks, Esq.
OCD Examiner
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