



**MONTGOMERY
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2012 MAY 30 P 3: 36

May 30, 2012

Ms. Jami Bailey, Director
NM Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87501

Hand-Delivered

**Re: NMOCD Case No. 14856: Application of SM Energy Company for
Designation of a Non-Standard Spacing and Proration Unit and for
Compulsory Pooling, Eddy County, New Mexico**

Dear Ms. Bailey:

On behalf of SM Energy Company, enclosed for filing is an original and one copy
of a Pre-hearing Statement in the above-referenced case.

Thank you.

Very truly yours,

Karen Williams
Assistant to J. Scott Hall

:kw
Enclosures

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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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2012 MAY 30 P 3:36

**IN THE MATTER OF THE APPLICATION
OF SM ENERGY COMPANY FOR DESIGNATION
OF A NON-STANDARD SPACING AND PRORATION
UNIT AND FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

Case No. 14856

PRE-HEARING STATEMENT

SM Energy Company ("SM") provides this Pre-Hearing Statement as required by the rules of the Division.

APPEARANCES

APPLICANT

SM Energy Company

APPLICANT'S ATTORNEY

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

OTHER PARTY

N/A

OTHER PARTY'S ATTORNEY

N/A

STATEMENT OF THE CASE

APPLICANT

Applicant seeks an order consolidating the 40-acre spacing units within the S/2 S/2 of Section 35, Township 19 South Range 29 East, NMPM and designating the consolidated units as a 160-acre± non-standard oil spacing and proration unit for a well location in the Bone Spring formation for Applicant's horizontal drilling project area.

Applicant further seeks the compulsory pooling of all interests in the Bone Spring formation underlying the S/2 S/2 of Section 35 to be dedicated to its Parkway "35" Federal No. 4H Well to be drilled horizontally from a surface location 2080' from the South line and 330' from the West line (Unit L) to a bottom hole location 1980' from the South line and 330' from the East line (Unit I) to a depth sufficient to test the Bone Spring formation, Parkway Bone Spring pool (49622). Also to be considered will be 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 SM Energy Company as operator and a charge for risk involved in drilling the well.

PROPOSED EVIDENCE

APPLICANT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Joseph Davis, Landman	20 minutes	6
Doug Fiske, Geologist	20 minutes	4


OPPONENT

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

Applicant does not presently expect these cases to be opposed. Applicant will request that Case No. 14814, Case No. 14832, and Case No. 14856 be consolidated for hearing, but will ask that separate orders be issued in each case.

Montgomery and Andrews, P. A.


By: 

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Attorneys for SM Energy Company

Certificate of Service

I hereby certify that a true and correct copy of the foregoing was served to counsel of record by electronic mail this 30th day of May, 2012.

N/A


J. Scott Hall

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