

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

Case No. 14832

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 N/2  
S/2 of Section 34, 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 N/2 S/2 of Section 34 to be dedicated to its Osage "34" Federal No. 3H Well to be drilled horizontally from a surface location 1880' 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

##### WITNESSES

Joseph Davis, Landman  
Doug Fiske, Geologist

##### EST. TIME

20 minutes  
20 minutes

##### EXHIBITS

6  
4

#### OPPONENT

##### WITNESSES


##### EST. TIME

##### EXHIBITS

### **PROCEDURAL MATTERS**

Applicant does not presently expect these cases to be opposed. Applicant will request the Case No. 14814 and Case No. 14832 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 \_\_\_\_\_ day of May, 2012.

N/A

\_\_\_\_\_  
J. Scott Hall

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