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

2012 SEP 11 P # 02

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:

APPLICATION OF CELERO ENERGY II, LP FOR APPROVAL OF A UNIT AGREEMENT, CHAVES AND LEA COUNTIES, NEW MEXICO.

No. 14,898

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by applicant as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Celero Energy II, LP

Suite 1601

400 West Illinois

Midland, Texas 79701

APPLICANT'S ATTORNEY

James Bruce

P.O. Box 1056

Santa Fe, New Mexico 87504

(505) 982-2043

Attention:

John E. Lodge

(432) 686-1883

OPPONENT

OPPONENT'S ATTORNEY

STATEMENT OF THE CASE

APPLICANT

Applicant seeks approval of the Unit Agreement for the North Caprock Celero Queen Unit Area, comprising 2886.66 acres of the state and fee lands described below:

Township 12 South, Range 31 East, N.M.P.M., Chaves County

Section 36: S/2 NE/4, SE/4SW/4, and SE/4

Township 12 South, Range 32 East, N.M.P.M., Lea County

Section 29: S'

SW/4SW/4

Section 30:

S/2SE/4

Section 31: Lots 3, 4, E/2, NE/4NW/4, and E/2SW/4

Section 32: SW/4NE/4, W/2, and NW/4SE/4

Township 13 South, Range 32 East, N.M.P.M., Lea County

Section 5: Lots 3, 4, SW/4NW/4, and NW/4SW/4

Section 6: Lots 1-7, S/2NE/4, SE/4NW/4, E/2SW/4, and SE/4 (All)

Section 7: E/2 and E/2W/2

Section 8: NW/4NW/4, S/2NW/4, and SW/4

OPPONENT

PROPOSED EVIDENCE

APPLICANT

WITNESSES EST. TIME EXHIBITS

John Lodge 20 min. Approx. 4

(landman)

15 min.

Approx. 4

(geologist)

OPPONENT

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

PROCEDURAL MATTERS

-None-

10/11/10/10/10/10

James Bruce

Post Office Box 1056

Respectfully submitted,

Santa Fe, New Mexico 87504

(505) 982-2043

Attorney for Celero Energy II, LP