



**MONTGOMERY
& ANDREWS**
LAW FIRM

J. SCOTT HALL

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February 12, 2013

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

Hand-Delivered

2013 FEB 12 P 3:52

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Re: NMOCD Case No. 14956: Application of SM Energy Company for Designation of a Non-Standard Spacing and Proration Unit and for Compulsory Pooling, Eddy County, New Mexico ("36" State No. 3H)

Dear Ms. Bailey:

On behalf of SM Energy Company, enclosed is an original and one copy of the Pre-Hearing Statement of SM Energy Company.

Very truly yours,

Karen Williams
Assistant to J. Scott Hall

JSH:kw
Enclosure

443859

REPLY TO:

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

**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. 14956

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 36, 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.

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Applicant further seeks the compulsory pooling of all interests in the Bone Spring formation underlying the N/2 S/2 of Section 36 to be dedicated to its Parkway "36" State No. 3H Well to be drilled horizontally from a surface location 1750' from the South line and 330' from the West line (Unit L) to a bottom hole location 2150' 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. 14956 and Case No. 14957 be consolidated for hearing, but will ask that separate orders be issued in each case.

Montgomery and Andrews, P. A.

By: J. Scott Hall
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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 February, 2013.

N/A

J. Scott Hall

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