



**MONTGOMERY  
& ANDREWS**  
LAW FIRM

**J. SCOTT HALL**

Office: (505) 986-2646

Email: shall@montand.com

Reply To: Santa Fe Office

www.montand.com

RECEIVED OCD

2013 FEB 12 P 3:53

February 12, 2013

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

**Hand-Delivered**

**Re: NMOCD Case No. 14957: 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. 4H)**

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

443866

---

**REPLY TO:**

325 Paseo de Peralta  
Santa Fe, New Mexico 87501  
Telephone (505) 982-3873 • Fax (505) 982-4289

Post Office Box 2307  
Santa Fe, New Mexico 87504-2307

---

6301 Indian School Road NE, Suite 400  
Albuquerque, New Mexico 87110  
Telephone (505) 884-4200 • Fax (505) 888-8929

Post Office Box 36210  
Albuquerque, New Mexico 87176-6210

**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**

2013 FEB 12 P 3: 53

Case No. 14957

**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 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.

Applicant further seeks the compulsory pooling of all interests in the Bone Spring formation underlying the S/2 S/2 of Section 36 to be dedicated to its Parkway "36" State No. 4H Well to be drilled horizontally from a surface location 660' from the South line and 440' from the West line (Unit M) to a bottom hole location 330' from the South line and 330' from the East line (Unit P) 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  
J. Scott Hall  
Post Office Box 2307  
Santa Fe, New Mexico 87504-2307  
(505) 982-3873  
(505) 982-4289 fax  
shall@montand.com  
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

443820