

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

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**APPLICATION OF MARSHALL & WINSTON, INC.
FOR A NON-STANDARD OIL SPACING AND
PRORATION UNIT, AN UNORTHODOX
OIL WELL LOCATION, AND COMPULSORY
POOLING, IN LEA COUNTY, NEW MEXICO.**

Case No. 14962

PRE-HEARING STATEMENT

This Pre-hearing Statement is submitted by Endurance Resources, LLC, by and through its undersigned counsel, Ernest L. Padilla, PADILLA LAW FIRM, P.A., as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT:

Marshall & Winston
6 Desta Drive
Midland, TX 79705
432-684-6373

ATTORNEY:

James Bruce
PO Box 1056
Santa Fe, New Mexico 87504
505-982-2043

OPPOSITION OR OTHER PARTY:

Endurance Resources, LLC
P.O. Box 1466
Artesia, New Mexico 88211-1466

ATTORNEY:

Ernest L. Padilla
Padilla Law Firm, P.A.
PO Box 2523
Santa Fe, New Mexico 87504
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Yates Petroleum, Corporation
Artesia, New Mexico

Michael H. Felderwert
Holland & Hart, LLP
PO Box 2208
Santa Fe, New Mexico 87504-2208
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STATEMENT OF CASE

APPLICANT: Applicant seeks an order approving a 320-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the S/2 of Section 3, Township 19 south, Range 32 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the S/2 of Section 3 to form a non-standard 320-acre oil spacing and proration unit (project area) for all pools or formations developed on 160 acre spacing within the vertical extent, including the East Lusk-Bone Spring Pool. The unit is to be dedicated to the TJG Fed. Com. 3 Well No. 1H, a horizontal well with a surface location 400 feet from the south line and 330 feet from the east line, and a terminus 400 feet from the south line and 330 feet from the west line, of Section 3. The surface and bottom hole locations are unorthodox under the special pool rules for the East Lusk-Bone Spring Pool. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 12 miles south of Maljamar, New Mexico.

OPPOSITION OR OTHER PARTY:

Endurance Resources opposes the drilling of the proposed well only to the extent that the AFE does not call for better completion applications to make the well economic. Endurance believes that to make the well economic, a larger stimulation package should be applied to the horizontal extent of the well. Additionally, it believes that a submerged pump is necessary to maximize production to the most efficient level achievable without creating waste. Endurance is of the opinion that the Applicant's proposed completion method would create waste by leaving oil and gas in the reservoir that will not be otherwise be produced and by not paying out the investment of drilling the well.

PROPOSED EVIDENCE

APPLICANT

WITNESSES

EST. TIME

EXHIBITS

OPPOSITION

WITNESSES	EST. TIME	EXHIBITS
Don Ritter or Manny Sergo (reservoir engineers)	20 min.	a. Economic calculations b. Stimulation practices in the immediate area
Randall Harris (geologist)	15 min.	Geologic maps
Kale Jackson (completion engineer)	20 min.	Industry practice for ESP v. rod pumps calculations and related exhibits
Yates Petroleum		Unknown

PROCEDURAL MATTERS

None.

PADILLA LAW FIRM, P.A.



ERNEST L. PADILLA

Attorney for Endurance Resources, LLC

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CERTIFICATE OF SERVICE

I hereby certify that the foregoing Pre-Hearing Statement was sent by electronic transmission to James Bruce, jamesbruce@aol.com, and to Michael H. Feldewert, mfeldewert@hollandhart.com on this 14th day of March, 2013.


