



**MONTGOMERY  
& ANDREWS**

**J. SCOTT HALL**

Cell: (505) 670-7362

Email: shall@montand.com

Reply To: Santa Fe Office

www.montand.com

RECEIVED OCD

2013 JUL -3 P 2:02

July 3, 2013

Ms. Florene Davidson  
New Mexico Oil Conservation Division  
1220 S. St. Francis Drive  
Santa Fe, NM 87505

**Re: NMOCD Case No. 15018: Application of SM Energy Company for  
Designation of a Non-Standard Spacing and Proration Unit and for Compulsory  
Pooling, Eddy County, New Mexico.**

Dear Ms. Davidson:

On behalf of SM Energy Company enclosed for filing is SM Energy Company's  
original Pre-Hearing Statement in the above-referenced case and two additional copies.

Thank you.

Sincerely,

Donicia Herrera  
Legal Assistant

dh

Enclosures

cc: Ocean Munds-Dry, Esq.

{00482388-  
1}

**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**

RECEIVED OOD

**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 JUL -3 P 2:02  
Case No. 15018

**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 N/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 N/2 of

Section 34 to be dedicated to its Osage "34" Federal No. 1H Well to be drilled horizontally from a surface location NE/4 NE/4 (Unit A) to a bottom hole location in the NW/4 NW/4 (Unit D) 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**

Wilson Cash, Landman  
Doug Fiske, Geologist

##### **EST. TIME**

20 minutes  
20 minutes

##### **EXHIBITS**

6  
4

#### **OPPONENT**

##### **WITNESSES**

N/A

##### **EST. TIME**

##### **EXHIBITS**

### **PROCEDURAL MATTERS**

Applicant does not presently expect this case to be opposed.

Montgomery and Andrews, P. A.

By: 

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 3 day of July, 2013.

N/A

J. Scott Hall  
J. Scott Hall