

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

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APPLICATION OF STEWARD ENERGY
II, LLC FOR A NON-STANDARD
SPACING AND PRORATION UNIT
AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO

Case No. 15670
(Re-Opened)

**STEWARD ENERGY II, LLC'S
PRE-HEARING STATEMENT**

Steward Energy II, LLC ("Steward") submits its Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

APPEARANCES

Steward is the applicant in this case. Its business address is 2600 Dallas Parkway, Suite 400, Frisco, Texas 75034. Steward is represented by the undersigned counsel.

STATEMENT OF THE CASE

Steward's Second Amended Application seeks an order (i) approving a 480-acre, non-standard spacing and proration unit comprised of the SW/4 of Section 3 and the W/2 of Section 10, Township 14 South, Range 38 East, N.M.P.M., in Lea County, and (ii) pooling all uncommitted mineral interests in the San Andres formation underlying this acreage.

The proposed non-standard spacing and proration unit will be the project area for the Pollo Hermanos State #5H well, which will be horizontally drilled from a surface location in Unit N of Section 10 to a bottom hole location in Unit K of Section 3, Township 14 South, Range 38 East. The completed interval for the well will comply with the Division's setback requirements.

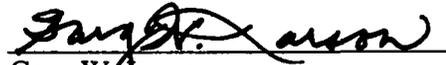
PROPOSED EVIDENCE

Steward will present its case by affidavit.

PROCEDURAL MATTERS

Steward is not aware of any procedural matters to be resolved prior to the hearing.

HINKLE SHANOR, LLP



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