

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

**IN THE MATTER OF THE APPLICATION  
OF HUDSON OIL COMPANY OF TEXAS,  
WILLIAM A. HUDSON AND EDWARD R.  
HUDSON FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.**

**CASE NO. 13,598**

**RESPONSE TO MOTION FOR CONTINUANCE**

HUDSON OIL COMPANY OF TEXAS, WILLIAM A. HUDSON, and EDWARD R. HUDSON ("Hudson") respond to the Motion for Continuance filed in this case by Ard Oil, Ltd. and Ard Energy, Ltd. ("Ard") and state that (1) Hudson is prepared to go to hearing, (2) is entitled to a pooling order, and (3) that the motion for a continuance is untimely under Division rules:

1. On November 4, 2005, Hudson filed its application seeking an order pooling a certain spacing and proration units in the N/2 of Section 12, Township 17 South, Range 31 East, NMPM, and naming Hudson Oil Company of Texas as operator of the Francotte Federal Well No. 1 to be drilled at a standard location 660 feet from the North and West lines of said Section 12. The Hudson application is a routine compulsory pooling matter.

2. Ard Oil, Ltd. owns an interest in the N/2 of said Section 12 acreage subject to pooling under the Hudson pooling application.

3. Section 70-2-17 of the Oil and Gas Act provides that "[w]here...such owner or owners have not agreed to pool their interests, and where one such separate owner, or owners, who has the right to drill has drilled or proposes to drill a well on said unit to a common source of supply, the division, to avoid the drilling of unnecessary wells or to protect correlative rights, or to prevent waste, shall pool all or any part of such lands or interests or both in the spacing or proration unit as a unit." Thus the necessary elements which the Division must find in an application for compulsory pooling are: a) that one party has the right to drill; b) that a party is prepared to drill; c) that a party has proposed the well; d) and that the parties have not been able to reach voluntary agreement with other interest owners. Upon finding these elements, and after notice and hearing, the Division, as a matter of law, must issue an appropriate pooling order.

4. Ard has not submitted a competing application for compulsory pooling nor has it contested any of the above-listed elements and there is no dispute over the relevant issues in the compulsory pooling application.

5. Hudson has the right to drill, is prepared and has proposed to drill a well and has not been able to reach voluntary agreement with the Ards.

4. On December 12, 2005, the Ards obtained a subpoena which ordered Randall Hudson, William A. Hudson and Edward R. Hudson to appear and give testimony at the hearing scheduled for January 5, 2005. No reason for the purpose of this testimony was included in the subpoenas.

5. Hudson resisted the subpoena on the grounds that the Subpoena sought the appearance of the each of the Hudsons and that compelling their attendance and testimony is an undue burden, pursuant to NMRA 1-45(C), and is also unnecessary and therefore requested that the subpoenas also be withdrawn or quashed.

6. Because it was the understanding that Ard's objection to the applications was the designation of Hudson Oil Company of Texas as operator of the well, Hudson offered Ard the opportunity to propose a JOA for the well and designate Marbob Energy Company operator of the well. Although Ard expressed interest in proposing a JOA, none was ever provided.

7. The case has been continued numerous times while the parties attempted to resolve the pending issues between them and Assignments of certain property owners in the Subject spacing unit have had to be extended .

8. Hudson is prepared to go to hearing on May 11, 2005 and will have present at the hearing, Randall Hudson, Edward Hudson and William Hudson.

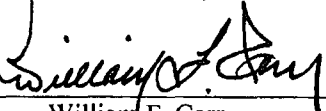
9. Hudson submits that the request for another continuance is only for the purpose of delay.

10. The Division's new procedural rules provide that motions for continuance must be filed at least 48-hours prior to a scheduled hearing. The motion filed by Ard is therefore untimely and the hearing should proceed as scheduled.

WHEREFORE, Hudson Oil Company of Texas, Willaim A. Hudson and Edward R. Hudson request that the Motion for Continuance be denied.

Respectfully submitted,

HOLLAND & HART, LLP

By: 

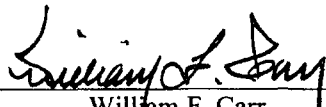
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ATTORNEYS FOR HUDSON OIL  
COMPANY OF TEXAS

**CERTIFICATE OF SERVICE**

I hereby certify that on this 9th day of May 2006, I have caused to be delivered by facsimile a copy of Hudson Oil Company of Texas' Response for Motion for Continuance in the above-captioned case to the following:

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