

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

**IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:**

**APPLICATION OF UNIT PETROLEUM
COMPANY FOR COMPULSORY POOLING
AND TO ADDRESS THE APPROPRIATE
OVERRIDING ROYALTY BURDENS FOR
THE PURPOSES OF THE CHARGE FOR RISK
INVOLVED IN DRILLING WELLS ON THE
WELL UNIT, LEA COUNTY, NEW MEXICO.**

Case No. 13755

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by applicant as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Unit Petroleum Company
Suite 101
407 North Big Spring
Midland, Texas 79701

Attention: Fred Schantz
(432) 685-9020

APPLICANT'S ATTORNEY

James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

OPPONENT

OPPONENT'S ATTORNEY

STATEMENT OF THE CASE

APPLICANT

Applicant seeks an order pooling all mineral interests from approximately 11,920 feet subsurface to the base of the Morrow formation underlying the E/2 of Section 23, Township 20 South, Range 35 East, NMPM, to form a standard 320-acre gas spacing and proration unit for all formations and/or pools developed on 320 acre spacing within that vertical extent, including the West Osudo-Morrow Gas Pool. The unit is to be dedicated to the Byers Well No. 2, to be drilled

at an orthodox gas well location in the SE/4NE/4 of Section 23. 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. Applicant also request that an overriding royalty owned by Magnolia, L.L.C. be disallowed for purposes of recovering the risk charge under the pooling orders for the existing Byers Well No. 1 (Order No. R-12050) and for the proposed Byers Well No. 2.

OPPONENT

PROPOSED EVIDENCE

APPLICANT

WITNESSES

Fred Schantz
(landman)

EST. TIME

20 min.

EXHIBITS

Approx. 6

OPPONENT

WITNESSES

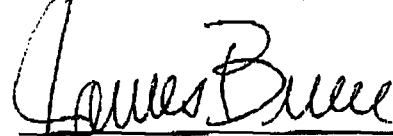
EST. TIME

EXHIBITS

PROCEDURAL MATTERS

-None-

Respectfully submitted,



James Bruce
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Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Unit Petroleum Company