

**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 READ & STEVENS, INC.
FOR COMPULSORY POOLING, CHAVES
COUNTY, NEW MEXICO.**

Case No. 13,797

PRE-HEARING STATEMENT

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

APPEARANCES

APPLICANT

Read & Stevens, Inc.
Suite 1000
400 North Pennsylvania
Roswell, New Mexico 88201

Attention: Robert Watson
(505) 622-3770

APPLICANT'S ATTORNEY

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

OPPONENT

Pure Energy Group, Inc.

OPPONENT'S ATTORNEY

Ocean Munds-Dry

STATEMENT OF THE CASE

APPLICANT

Applicant seeks an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying the following described acreage in Section 22, Township 11 South, Range 31 East, NMPM, and in the following manner: The E/2 to form a standard 320 acre gas spacing and proration unit for any and all formations or pools developed on 320-acre spacing within that vertical extent; the NE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations or pools developed on 160-acre spacing within that vertical extent; and the SE/4NE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent. The

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units are to be dedicated to the Manry-Elliott Well No. 2, to be drilled at an orthodox location in the SE/4NE/4 Section 22. 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.

OPPONENT

PROPOSED EVIDENCE

APPLICANT

WITNESSES

EST. TIME

EXHIBITS

THIS CASE WILL BE SUBMITTED BY AFFIDAVIT.

OPPONENT

WITNESSES

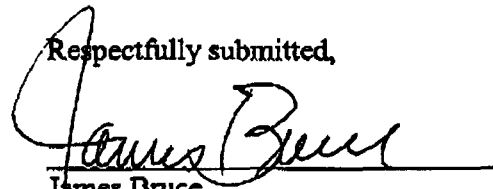
EST. TIME

EXHIBITS

PROCEDURAL MATTERS

-None-

Respectfully submitted,



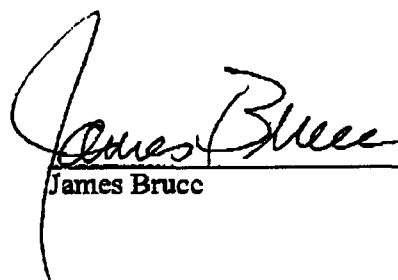
James Bruce
Post Office Box 1056
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Attorney for Read & Stevens, Inc.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 18th day of October, 2006 by facsimile transmission:

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