

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

2006 SEP 7 PM 2 40

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 APPROVAL
OF A NON-STANDARD GAS SPACING AND PRORATION
UNIT, LEA COUNTY, NEW MEXICO.

Case No. 13,780

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

HOG Partnership, L.P.

OPPONENT'S ATTORNEY

Ocean Munds-Dry

2006-9/11/06
JMB

STATEMENT OF THE CASE

APPLICANT

Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the N/2 of Section 17, Township 20 South, Range 36 East, NMPM, and in the following manner: The N/2 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; the N/2 to form a non-standard 320-acre gas spacing and proration unit in the North Osudo-Morrow Gas Pool; the NE/4 to form a standard 160-acre gas spacing and proration unit for all formations

and/or pools developed on 160 acre spacing within that vertical extent; and the NE/4NE/4 to form a standard 40-acre oil spacing and proration unit for all formations and/or pools developed on 40 acre spacing within that vertical extent. The units are to be dedicated to the Monument 17 Well No. 1, to be drilled in the NE/4NE/4 of Section 17. 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, as well as approval of the non-standard gas well unit.

OPPONENT

PROPOSED EVIDENCE

APPLICANT

| <u>WITNESSES</u> | <u>EST. TIME</u> | <u>EXHIBITS</u> |
|---------------------------|------------------|-----------------|
| Fred Schantz (landman) | 15 min. | Approx. 5 |
| _____ (geologist) | 20 min. | Approx. 4 |

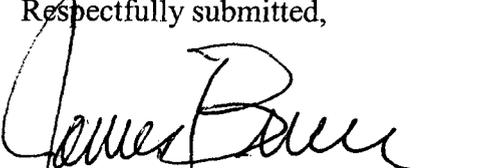
OPPONENT

| <u>WITNESSES</u> | <u>EST. TIME</u> | <u>EXHIBITS</u> |
|------------------|------------------|-----------------|
|------------------|------------------|-----------------|

PROCEDURAL MATTERS

-None-

Respectfully submitted,



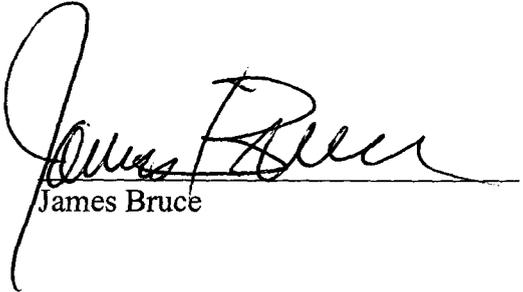
James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Unit Petroleum Company

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 7th day of September, 2006 by hand delivery:

Ocean Munds-Dry
Holland & Hart LLP
P.O. Box 2208
Santa Fe, New Mexico 87504


James Bruce