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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:

CASE NO. 13909

APPLICATION OF MARBOB ENERGY CORPORATION FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

PRE-HEARING STATEMENT

This Pre-Hearing Statement is submitted by Holland & Hart LLP, as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

ATTORNEY

Mr. Raye Miller Marbob Energy Corporation Post Office Box 227 Artesia, New Mexico 88211-0227 (505) 748-3303

APPLICANT

William F. Carr, Esq. Holland & Hart LLP Post Office Box 2208 Santa Fe, New Mexico 87504 (505) 988-4421

STATEMENT OF CASE

APPLICANT

Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Morrow formation in the following described spacing and proration units located in the W/2 of Section 14, Township 22 South, Range 26 East, N.M.P.M., Eddy County, New Mexico: the W/2 for all formations and/or pools developed on 320-acre spacing which includes but is not limited to the Undesignated South Carlsbad-

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Morrow Gas Pool, Undesignated South Happy Valley-Atoka Gas Pool, Undesignated Happy Valley-Strawn Gas Pool, Undesignated East Hackberry Hills-Canyon Gas Pool, South Carlsbad-Wolfcamp Gas Pool; the SW/4 for all formations and/or pools developed on 160-acre spacing; the SE/4 SW/4 for all formations and/or pools developed on 40-acre spacing which includes but is not limited to the Undesignated East Happy Valley-Bone Spring Pool; Said units are to be dedicated to its Commode Hugger Fee Com Well No. 1 (API No. 30-015-34965) to be drilled as a gas well at a standard location 660 feet from the South line and 1850 feet from the West line (Unit N) of said Section 14, to test any and all formations from the surface to the base of the Morrow formation. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Marbob Energy Corporation as operator of the well and a charge for risk involved in drilling said well.

PROPOSED EVIDENCE

APPLICANT

WITNESSES (Name and Expertise)

ESTIMATED TIME

EXHIBITS

Marbob will present this case by affidavit.

PROCEDURAL MATTERS

Marbob Energy Corporation has none at this time.

William F. Carr

Attorney for Marbob Energy Corporation