

**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 MURCHISON OIL & GAS,
INC. FOR COMPULSORY POOLING, EDDY
COUNTY, NEW MEXICO.**

Case No. 13,959

PRE-HEARING STATEMENT

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

APPEARANCES

APPLICANT

Murchison Oil & Gas, Inc.
1100 Mira Vista Boulevard
Plano, Texas 75093

Attention: Michael S. Daugherty
(972) 931-0700

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 the surface to the base of the Morrow formation underlying Lots 1-4 and the S/2N/2 (the N/2) of Section 3, Township 17 South, Range 29 East, NMPM, to form a standard 319.44-acre gas spacing and proration unit for any and all formations or pools developed on 320-acre spacing within that vertical extent, including the Undesignated North Grayburg-Atoka Gas Pool and Undesignated Grayburg-Morrow Gas Pool. The unit is to be dedicated to the Bear Draw State Com. Well No. 1, to be drilled at an orthodox location in Lot 2 of Section 3. 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.

WJD 7/13/07

OPPONENT**PROPOSED EVIDENCE**APPLICANTWITNESSESEST. TIMEEXHIBITS

15 min.

Approx. 5

OPPONENTWITNESSESEST. TIMEEXHIBITS**PROCEDURAL MATTERS**

-None-

Respectfully submitted,



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Attorney for Murchison Oil & Gas, Inc.