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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:**

**APPLICATION OF GREAT WESTERN DRILLING LTD. AND DAVOIL, INC. FOR AN  
ORDER RE-OPENING CASE NO. 13897 (APPLICATION OF CIMAREX ENERGY CO. OF  
COLORADO FOR POOL CREATION, A DISCOVERY ALLOWABLE AND SPECIAL POOL  
RULES), CREATING A NEW GAS POOL, RESCINDING ADMINISTRATIVE ORDER NSL-  
5578, AND SHUTTING IN AND IMPROVING A PRODUCTION PENALTY ON THE KEELY 26  
FEDERAL WELL NO. 1, EDDY COUNTY, NEW MEXICO.**

**CASE NO. 13897**

**PRE-HEARING STATEMENT**

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

**APPEARANCES OF PARTIES**

**APPLICANT**

Great Western Drilling Ltd.  
Attention: Carter Muire

**ATTORNEY**

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

**STATEMENT OF CASE**

**APPLICANT**

Applicant in the above-styled cause seeks to re-open Case No. 13897 (Application of Cimarex Energy Co. of Colorado for Pool Creation, A Discovery Allowable, and Special Pool Rules, Eddy County, New Mexico) to allow Great Western Drilling and DAVOIL, Inc. to appear and present testimony in opposition to the application to classify this pool as an oil pool and to adopt special pool rules for this pool. Applicants also seek the rescission of Administrative Order NSL-5578 that approved an unorthodox location for the Keely 26 Fed. Well No. 1, located 1980 feet from the North line and 1550 feet from the East line of Section 26, the imposition of a penalty on production from this well if it is determined to be an oil well, and denial of a discovery allowable. The proposed new pool in the Wolfcamp formation is comprised of the NE/4 of Section 26, Township 17 South, Range 29 East, NMPM.

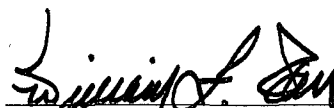
**PROPOSED EVIDENCE**

**APPLICANT:**

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Carter Muire (Petroleum Landman)	Approx. 10 Min.	Approx. 4
David Osterlund or Russell Richards (Petroleum Geologist)	Approx. 15 Min.	Approx. 5
Pat Worrell (Petroleum Engineer)	Approx. 20 Min.	Approx. 6

**PROCEDURAL MATTERS**

Great Western Drilling may seek a continuance of the November 1, 2007 hearing.

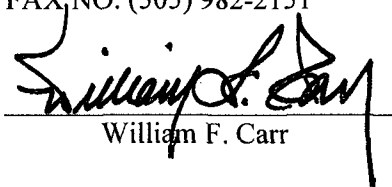


William F. Carr  
ATTORNEY FOR GREAT WESTERN DRILLING,  
LTD.

**CERTIFICATE OF SERVICE**

I certify that on October 25, 2007 I served a copy of the foregoing document to the following by  
Fascimile:

James Bruce, Esq.  
Post office Box 1056  
Santa Fe, New Mexico 87504  
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William F. Carr