

**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. 12015

APPLICATION OF GRUY PETROLEUM
MANAGEMENT FOR AN UNORTHODOX
WELL LOCATION AND
SIMULTANEOUS DEDICATION.
LEA COUNTY, NEW MEXICO.

PRE-HEARING STATEMENT

This Prehearing Statement is submitted by Campbell, Carr & Berge & Sheridan, P.A.,
as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Gruy Petroleum Management
c/o Zeno Farris
600 E. Las Colinas Blvd., Suite 1200
Irving, TX 75039
(972) 443-6489

name, address, phone and
contact person

ATTORNEY

William F. Carr, Esq.
Campbell, Carr, Berge & Sheridan, P.A.
Post Office Box 2208
Santa Fe, New Mexico 87504
(505) 988-4421

INTERESTED PARTY

Doyle Hartman, Oil Operator

ATTORNEY

Michael Condon, Esq.
Gallegos Law Firm
460 St. Michael's Drive, Building 300
Santa Fe, New Mexico 87505

OIL CONSERVATION DIV.
98 AUG 28 PM 4:59

Armstrong Energy Corporation

W. Thomas Kellahin, Esq.
Kellahin & Kellahin
117 North Guadalupe Street
Santa Fe, New Mexico 87501

STATEMENT OF CASE

APPLICANT

(Please make a concise statement of what is being sought with this application and the reasons therefore.)

Gruy Petroleum Management, applicant in the above-styled cause, seeks an exception to Oil Conservation Division Rule 104.C.(2) to authorize an unorthodox gas well location for the Rhodes Federal Unit Well No. 43 at a point 2310 feet from the South line and 990 feet from the West line (Unit L) of Section 4, Township 26 South, Range 37 East, and authorization to simultaneously dedicate this well and its Rhodes Federal Unit Wells 43 and 415 to a standard gas spacing unit comprised of the SW/4 of Section 4 in the Rhodes-Yates-Seven Rivers Gas Pool.

OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

PROPOSED EVIDENCE

APPLICANT

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Greg Jessup, Petroleum Landman	45 Min.	Approximately 4
H.C. Lee, Geologist	1 hr.	Approximately 7
Richard Frazier, Petroleum Engineer	30 Min..	Approximately 2

OTHER PARTY

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
-----------------------------------	-----------	----------

PROCEDURAL MATTERS

(Please identify any procedural matters which need to be resolved prior to hearing)

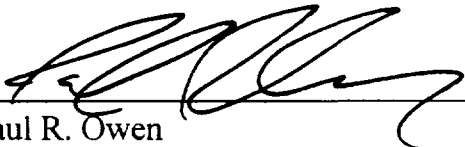

Signature

CERTIFICATE OF SERVICE

I hereby certify that I have caused a true and correct copy of the foregoing Pre-Hearing Statement to be hand-delivered on this 28 day of August, 1998 to the following counsel of record:

Michael Condon, Esq.
Gallegos Law Firm
460 St. Michael's Drive, Building 300
Santa Fe, New Mexico 87505

W. Thomas Kellahin, Esq.
Kellahin & Kellahin
117 North Guadalupe Street
Santa Fe, New Mexico 87501



Paul R. Owen