

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

**APPLICATION OF GILLESPIE-CROW, INC.
FOR UNIT EXPANSION, STATUTORY UNITIZATION,
AND QUALIFICATION OF THE EXPANDED
UNIT AREA FOR THE RECOVERED OIL
TAX RATE AND CERTIFICATION OF A
POSITIVE PRODUCTION RESPONSE
PURSUANT TO THE "NEW MEXICO
ENHANCED OIL RECOVERY ACT,"
LEA COUNTY, NEW MEXICO.**

OIL CONSERVATION DIV.
59 MAY 25 PM 12:39
CASE 121739

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

Gillespie Crow, Inc. _____

name, address, phone and
contact person

ATTORNEY

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INTERESTED PARTY

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c/o David Boneau
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ATTORNEY

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INTERESTED PARTY

Hanley Petroleum Corporation
c/o Jim Rogers

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INTERESTED PARTY

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ATTORNEY

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INTERESTED PARTY

Snyder Ranches, Inc.

ATTORNEY

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STATEMENT OF CASE

APPLICANT

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

OTHER PARTY

On August 27, 1997, the Oil Conservation Division, entered Order No. R-10864 (Case No. 11724) granting the application of Gillespie-Crow, Inc. to expand the West Lovington Strawn Unit. At the hearing on this application, Yates Petroleum Corporation and Hanley Petroleum, Inc. appeared and presented testimony in support of their proposal to include additional acreage in the expanded unit, including the S/2 SW/4 of Section 28, Township 15 South, Range 35 East, NMPM, Lea County, New Mexico. Yates and Hanley timely sought de novo review of this order to enable them to seek the inclusion of additional acreage in the proposed unit area. This case was voluntarily continued by the applicants while certain issues concerning the production of seismic data were reviewed by the courts and, then, to permit the West Lovington Strawn Unit's Technical Committee to review and make recommendations concerning the appropriate unit boundary.

Although the case was set for hearing before the Oil Conservation Commission, the Director has recently referred the application back to a Division Examiner. The issues raised by this de novo application are related to the issues which will be considered by the Examiner at the May 27, 1999, hearing in this case.

Hanley will request at the May 27, 1999, hearing that it be allowed to do the following:

1. Dismiss all portions of its de novo application except for the portion of that case which relates to the S/2 SW/4 of Section 28. Township 15 South, Range 35 East, NMPM, Lea County, New Mexico (This acreage has now been identified as Tract 15 in the Unit expansion being proposed by the West Lovington Strawn Unit Technical Committee),

2. Present a letter form the Commissioner of Public Lands in which the Commissioner agreed that State of New Mexico Oil and Gas Lease VA-880 which covers this acreage will remain active and will continue as long as there is unit production if the unit is expanded to include the S/2 SW/4 of said Section 28, retroactive to a date prior to the lease's expiration date, and
3. Request that the unit be expanded to include only Tract 15 effective as of November 1, 1997.

Hanley has requested that its de novo application be set for hearing on the June 10, 1999 Examiner hearing docket. At that time, Hanley will present a proposed order, request that the record made on May 27, 1999 in this case be incorporated by reference and that the case be taken under advisement.

Hanley believes that this approach is acceptable to all parties in this case and that, if acceptable to the Examiner, will avoid an additional hearing on the expansion of this unit.

PROPOSED EVIDENCE

APPLICANT

WITNESSES
(Name and expertise)

EST. TIME

EXHIBITS

OTHER PARTY

WITNESSES
(Name and expertise)

EST. TIME

EXHIBITS

David Boneau, Petroleum Engineer

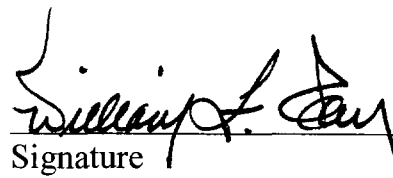
15 Min.

None

PROCEDURAL MATTERS

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

See Statement of Case.


Signature

CERTIFICATE OF SERVICE

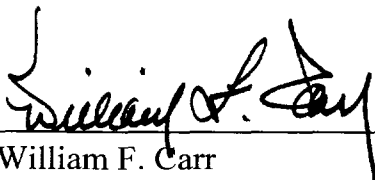
I hereby certify that I have caused a true and correct copy of the foregoing Pre-Hearing Statement to be faxed and mailed on this 25th day of May, 1999 to the following counsel of record:

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