

**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:**

**THE APPLICATION OF
THRESHOLD DEVELOPMENT COMPANY
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 12585

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OIL CONSERVATION DIV.

PRE-HEARING STATEMENT

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

APPEARANCES OF PARTIES

APPLICANT

Threshold Development Company
777 Taylor Street, PII-D
Fort Worth, TX 76102
Attn: Gary Tidmore
(817) 870-1483

ATTORNEY

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

OPPOSITION OR OTHER PARTY

Energen Resources Corporation
605 Richard Arrington Jr. Blvd. North
Birmingham, Alabama 35203-2707
(205) 326-8129

ATTORNEY

J. Scott Hall, Esq.
Miller, Stratvert & Torgerson
P.O. box 1986
Santa Fe, NM 87504-1986
(505) 989-9614

STATEMENT OF CASE

APPLICANT

Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing from the surface to the base of the Wolfcamp formation in the N/2 of Section 28, Township 24 South, Range 33 East, in the following manner: the N/2 for all formations/pools developed on 320-acre spacing which includes but is not necessarily limited to the Undesignated Johnson Ranch-Wolfcamp Gas Pool and the Undesignated East Triste Draw-Wolfcamp Pool, the NW/4 for all formations/pools developed on 160-acre spacing, and the NE/4 NW/4 for all formations/pools developed on 40-acre spacing which includes but is not necessarily limited to the Undesignated East Triste Draw-Bone Spring Pool and the Undesignated Triste Draw-Delaware Pool. Said units are to be dedicated to the State Com Well No. 1 to be drilled at a standard location in the NE/4 NW/4 of Section 28. 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 applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 8 miles east-southeast of the intersection of Highway 128 with the Eddy-Lea County line.

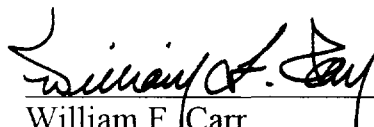
PROPOSED EVIDENCE

APPLICANT

| WITNESSES | EST. TIME | EXHIBITS |
|----------------------------|-----------------|-----------|
| Gary Tidmore (Landman) | Approx. 15 min. | Approx. 6 |
| David White (Geologist) | Approx. 10 min. | Approx. 3 |

PROCEDURAL MATTERS

Threshold Development Company has none at this time.



William F. Carr
ATTORNEY FOR THRESHOLD
DEVELOPMENT COMPANY