

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

**IN THE MATTER OF THE APPLICATION OF
D. J. SIMMONS, INC. FOR COMPULSORY POOLING,
RIO ARriba COUNTY, NEW MEXICO**

CASE NO. 12705

PRE-HEARING STATEMENT

This Prehearing Statement is submitted by Holland & Hart LLP and Campbell & Carr,
attorneys for McElvain Oil & Gas Properties, Inc., as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

D. J. Simmons, Inc.
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(505) 326-3753

ATTORNEY

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OPPONENT

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OPPONENT'S ATTORNEY

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OTHER PARTY

None to Date/ Unknown

OTHER PARTY'S ATTORNEY

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STATEMENT OF CASE

APPLICANT

Applicant seeks an order pooling all mineral interests from the surface to the base of the Mesaverde formation in the E/2 of Section 25, Township 25 North, Range 3 West, NMPM, for all formations and/or pools developed on 320-acre spacing, including, but not necessarily limited to, the Mesaverde formation, Blanco-Mesaverde Gas Pool. Said units are to be dedicated to the Applicant's Bishop Federal 25--1 well to be drilled as a standard location in the NE/4 of said Section 25 to a depth sufficient to test all formations in the pooled intervals, as well as the Chacra formation and the Gallup-Dakota formation, West Lindrith Gallup-Dakota Oil pool. Also to be considered will be the cost of drilling 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 and a charge for the risk involve in drilling said well. The units are located approximately 5 miles southwest of Lindrith, New Mexico.

OPPOSITION OR OTHER PARTY

McElvain Oil and Gas Properties, Inc. ("McElvain") maintains that the portion of applicant's compulsory pooling application that seeks to pool interests from the base of the Pictured Cliffs formation to the base of the Mesaverde formation in the E/2 of Section 25, Township 25 North, Range 3 West should be dismissed. The base of the Pictured Cliffs formation to the base of the Mesaverde formation in the S/2 of Section 25 is already subject to (a) Administrative Order NSL-4538 (entered by the Division on December 29, 2000) approving an unorthodox gas well location for McElvain's "proposed 320-acre standard lay-down gas spacing and proration unit comprising the S/2

of Section 25” and (b) McElvain’s companion pooling application that was heard by the Division Examiner Michael Stogner on May 17, 2001 in Case No. 12635 and which is presently awaiting order. As a result, the SE/4 of Section 25 is not available for pooling within this vertical extent.

PROPOSED EVIDENCE

APPLICANT

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Lisa Gusek, Geologist	25 Minutes	5
Ed Dunn, Landman	25 Minutes	6
Tom Mullins, Reservoir Engineer	25 minutes	5

OPPOSITION

If McElvain’s motion to dismiss is not granted, McElvain may call Mona Binion (Landman) and/or John Steuble (Petroleum Engineer).

PROCEDURAL MATTERS

McElvain intends to file a motion to dismiss this application since the SE/4 of Section 25 is not available for pooling from the base of the Pictured Cliffs formation to the base of the Mesaverde formation.

Applicant has filed a “Motion For Temporary Stay And To Consolidate” seeking to (a) consolidate this matter with McElvain’s pooling application heard by the Division Examiner Michael Stogner on May 17, 2001 in Case No. 12635 and which is presently awaiting order, and (b) stay proceedings in this matter and Case No. 12635 until the October 18, 2001 Examiner hearing docket.

McElvain opposes applicant's motion to consolidate this proceedings with Case No. 12635 and to stay case 12635. McElvain does not oppose D.J. Simmons' request to continue this case until the October 18, 2001 Examiner hearing docket.

A handwritten signature in black ink, appearing to read "Michael H. Feldewert", written over a horizontal line.

Michael H. Feldewert
Attorney for McElvain Oil & Gas Properties, Inc.