

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

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IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION
FOR THE PURPOSE OF CONSIDERING:

APPLICATION OF PRESTON EXPLORATION
COMPANY, L.P. FOR COMPULSORY POOLING
AND APPROVAL OF A NON-STANDARD OIL
SPACING AND PRORATION UNIT, LEA
COUNTY, NEW MEXICO.

No. 12780

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Preston Exploration Company, L.P. as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Preston Exploration Company, L.P.
Post Office Box 7520
The Woodlands, Texas 77387
Attention: Bo Blue
(281) 367-8697

APPLICANT'S ATTORNEY

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

OPPONENT

OPPONENT'S ATTORNEY

STATEMENT OF THE CASE

APPLICANT

Applicant seeks an order pooling all mineral interests from the surface to the base of the Strawn formation underlying Lot 3 of Section 4, Township 17 South, Range 38 East, NMPM to form a non-standard 38.08-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within that vertical extent. The unit is to be dedicated to applicant's E.S. Schapp Well No. 1, to be drilled at an orthodox bottomhole location in Lot 3 of Section 4. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Preston Exploration, L.L.C. as operator of the well, and a charge for the risk involved in drilling and completing the well.

The parties being pooled are all unleased mineral interest owners with whom applicant has been unable to reach terms.

OPPONENT

PROPOSED EVIDENCE

APPLICANT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Steve Horn (landman)	15 min.	Approx. 4
Bo Blue (landman)	Possible witness	None
Wayne Cruethis (geologist)	15 min.	Approx. 3


OPPONENT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
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PROCEDURAL MATTERS

-None-

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Preston Exploration
Company, L.P.