

**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. 12804

**APPLICATION OF SUNVALLEY ENERGY
CORPORATION FOR COMPULSORY POOLING, LEA
COUNTY, NEW MEXICO.**

PRE-HEARING STATEMENT

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

APPEARANCES OF PARTIES

APPLICANT

SunValley Energy Corporation
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ATTORNEY

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STATEMENT OF CASE

APPLICANT

Applicant in accordance with Division Rules 1207.A(1)(b), seeks an order pooling all mineral interests in all formations developed on 40-acre spacing in the SW/4 NW/4 of Section 12 Township 18 South, Range 38 East, NMPM, which includes but is not necessarily limited to the Undesignated East Bishop Canyon-San Andres Pool and the Undesignated

Pre-Hearing Statement
NMOCD Case No. 12804
Page 2

Bishop Canyon-Queen Pool. Said unit is to be dedicated to its Monk Well No. 1 to be drilled at a standard location 1980 feet from the North line and 660 feet from the West line of said Section 12 to a depth sufficient to test all formations from the surface to the base of the San Andres formation. 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 Avra Oil Company as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 2 miles northeast of Hobbs, New Mexico.

PROPOSED EVIDENCE

APPLICANT

WITNESSES
(Name and expertise)

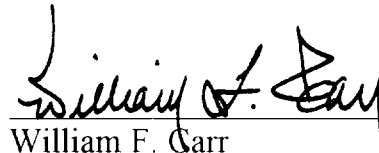
EST. TIME

EXHIBITS

None: This case will be presented pursuant to the alternative procedure authorized by Rule 1207.A(1)(b)

PROCEDURAL MATTERS

SunValley Energy Corp. is not aware of any procedural matters at this time.



William F. Carr
Attorney for SunValley Energy Corp.