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

CASE NO. 10344

APPLICATION OF COLLINS & WARE, INC.

PRE-HEARING STATEMENT

This prehearing statement is submitted by Conrad E. Coffield, Attorney for BHP Petroleum (Americas) Inc. as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

| APPLICANT | ATTORNEY | |
|-------------------------------------------------------|----------------------------------------|--|
| | | |
| name, address, phone and contact person | | |
| OPPOSITION OR OTHER PARTY | ATTORNEY | |
| BHP Petroleum (Americas) Inc. | Conrad E. Coffield | |
| 5847 San Felipe, Suite 3600 | Hinkle, Cox, Eaton, Coffield & Hensley | |
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| Steve Mahanay name, address, phone and contact person | Telephone No.: (915) 683-4691 | |

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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.)

OPPOSITION OR OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

- 1. Geological data reveal unfairness and violation of correlative rights as to BHP and its interests if the OCD should allow drilling of the Applicant's well at a location which is as far off pattern as is requested in the Collins & Ware Application.
- 2. If the OCD permits Collins & Ware's well to be drilled at the location described in the Application for this case, substantial production penalties should be imposed in order to protect correlative rights of oil and gas interest owners offsetting the Collins & Ware well location.

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PROPOSED EVIDENCE

APPLICANT

WITNESSES EST. TIME EXHIBITS (Name and expertise)

OPPOSITION

| | WITNESSES (Name and expertise) | EST. TIME | EXHIBITS |
|----|---------------------------------------------------------------|--------------------|-------------|
| 1. | Bill Morris Geologist | 10 - 15 minutes | 2 exhibits |
| 2. | Wayne Kotovsky Petroleum Engineer (to testify only if needed) | 10 minutes or less | no exhibits |

PROCEDURAL MATTERS

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

Signature