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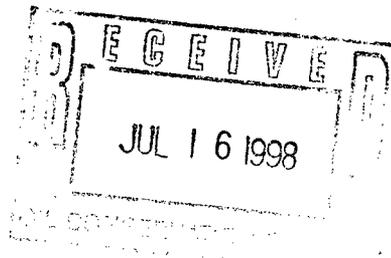
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RECOGNIZED SPECIALIST IN THE AREA OF  
NATURAL RESOURCES OIL AND GAS LAW

July 15, 1998

**FACSIMILE TRANSMISSION TO (505)827-8177  
AND FIRST CLASS MAIL**

Lori Wrotenbery, Director  
Oil Conversation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 South Pacheco  
Santa Fe, New Mexico 87505

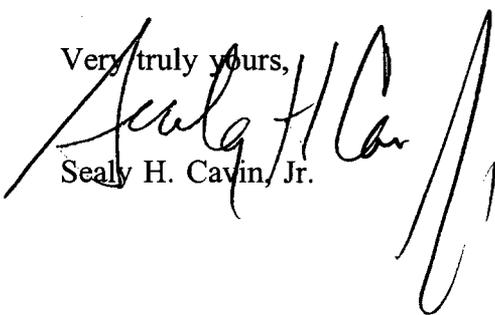


**Re: *Pre-Hearing Statement for Application of Strata Production Company for  
Compulsory Pooling, Lea County, New Mexico -- Case No. 12011***

Dear Ms. Wrotenbery:

On behalf of Strata Production Company, applicants in the above-described case, I am enclosing triplicate originals of the Pre-Hearing Statement which is filed in connection with the above-referenced case scheduled for public hearing before a Division Examiner on the docket for **Thursday, July 23, 1998.**

Very truly yours,

  
Sealy H. Cavin, Jr.

SHC/skc

Enclosures

cc: Mark B. Murphy (w/encl.)  
Jo McInerney (w/encl.)  
John Worrall (w/encl.)

**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. 12011**

**APPLICATION OF STRATA PRODUCTION  
COMPANY FOR COMPULSORY POOLING, LEA  
COUNTY, NEW MEXICO.**

**PRE-HEARING STATEMENT**

This pre-hearing statement is submitted by Applicant as required by the Oil Conservation Division.

**APPEARANCES OF PARTIES**

**APPLICANT**

Strata Production Company  
Attn: Mark B. Murphy, President  
Post Office Box 1030  
Roswell, New Mexico 88202-1030

**ATTORNEY**

Stratton & Cavin, P.A.  
Sealy H. Cavin, Jr.  
Post Office Box 1216  
Albuquerque, New Mexico 87103-1216  
Telephone: (505) 243-5400

**OPPOSITION OR OTHER PARTY**

**ATTORNEY**

Applicant is not aware of any opposition as of July 17, 1998.

**STATEMENT OF CASE**

APPLICANT

Strata Production Company seeks the following:

An order pooling all mineral interests in all formations developed on 320-acre spacing in the w/2 of Section 22, Township 22 South, Range 32 East, N.M.P.M., Lea County, New Mexico, and proposes to dedicate the above-described spacing or proration unit to its Hill Federal No. 1 Well to be drilled at a standard location 1980 feet from the west line and 1980 feet from the south line of Section 22, to a depth sufficient to test any and all formations down to the base of the Morrow Formation.

The reason for the compulsory pooling Application is that Strata has sought and has been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the spacing unit.

OPPOSITION OR OTHER PARTY

Applicant does not anticipate any opposition to the Application.

**PROPOSED EVIDENCE**

APPLICANT

<u>WITNESS</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Jo McInerney Landman	10 Minutes	3
John Worrall Geologist	10 Minutes	3

OPPOSITION

<u>WITNESS</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
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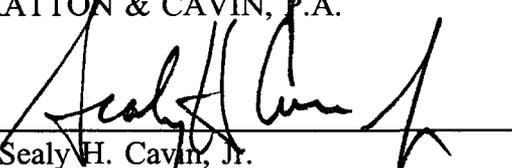
Applicant does not anticipate any opposition at the hearing.

**PROCEDURAL MATTERS**

Applicant is not aware of any procedural matters which need to be addressed prior to the hearing.

RESPECTFULLY SUBMITTED:

STRATTON & CAVIN, P.A.

By: 

Sealy H. Cavin, Jr.

Attorneys for Applicant

Post Office Box 1216

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