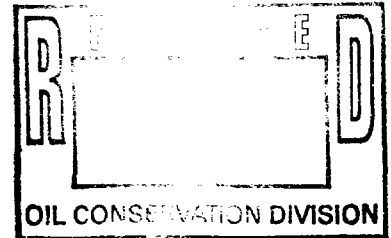


**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

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



APPLICATION OF BASS ENTERPRISES CASE NO. 11048
PRODUCTION CO. FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by BASS ENTERPRISES
PRODUCTION CO., as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

Bass Enterprises Production Co.
201 Main Street
Fort Worth, Texas 76102
(817) 390-8400
attn: Wayne Bailey

ATTORNEY

W. Thomas Kellahin
KELLAHIN AND KELLAHIN
P.O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285

OTHER PARTIES

Maralo, Inc.
Texaco Exploration and
Production, Inc.
Santa Fe Energy
Operating Partners, L.P.

ATTORNEY

William F. Carr, Esq.
P. O. Box 2208
Santa Fe, N.M. 87504
(505) 988-4421

STATEMENT OF CASE

Bass Enterprises Production Co., ("Bass") has a working interest ownership in the oil and gas minerals from the top of the Wolfcamp formation to the base of the Morrow formation underlying the S/2 of Section 30, T23S, R30E, NMPM, Eddy County, New Mexico. Section 30, T23S, R30E, Eddy County New Mexico, is divided such that any production from formations below the top of the Wolfcamp to the base of the Morrow in the W/2 is owned 50 % by Texaco and 50 % by Bass Enterprises Production Co. ("Bass") and in the E/2 is shared among Maralo, Inc, Collins & Ware, Santa Fe Energy Resources, Inc. and others.

On March 28, 1994, Maralo, Inc. proposed to Bass a N/2 spacing unit for the drilling of the Maralo Goldrush "30" Well No. 1 in the SW/4NE/4 of said Section 30 to test for Middle Morrow and Atoka production. That well was spudded on July 4, 1994 and is expected to be drilled to total depth by August 20, 1994.

On June 20 and 21, 1994, in order to protect itself from possible drainage, Bass proposed the dedication of the S/2 of Section 30 to Bass' Remuda Basin "30" State Com Well No. 1 to be drilled as an offset to the Maralo well.

On July 7, 1994, Bass received Marlo's counter-proposal for a well in the S/2 of Section 30 to be drilled at a location in the SW/4SE/4.

On July 11, 1994. Bass filed a compulsory pooling application with the Division which has been docketed as Case 11048 and set for hearing on August 4, 1994.

Bass, despite its good faith efforts, has failed to persuade Maralo to allow Bass to proceed with and to operate the well to be drilled in the S/2 of Section 30. Bass has proposed the subject well and its spacing unit to the remaining interest owners. Despite its good faith efforts, Bass has been unable to obtain a written voluntary agreement from all of those owners.

Pre-Hearing Statement
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The interests between the N/2 and the S/2 spacing units are such that Maralo has a greater interest in the N/2 and Bass has a greater interest in the S/2. Bass is concerned that Maralo will be able to produce its Goldrush "30" Well No 1 in the N/2 of Section 30 where Maralo has a larger working interest and drain the S/2 of Section 30 in which Maralo has a smaller working interest.

Granting Bass' pooling application will still afford Maralo the opportunity to know the results of its drilling well prior to having to make its election under any pooling order issued to Bass in Case 11048.

PROPOSED EVIDENCE

APPLICANT: WITNESSES

EST. TIME EXHIBITS

Wayne Bailey (landman)

40 min. @ 8 exhibits

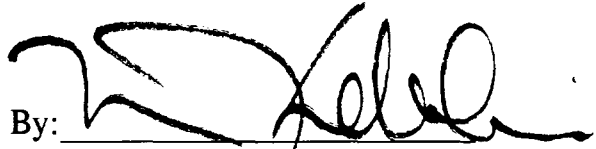
George Hillis (geologist)

30 Min. @ 3 exhibits

PROCEDURAL MATTERS

Maralo Inc.'s Motion to Continue case until September 15, 1994 to which Bass has filed its written objection is pending decision by the Division.

KELLAHIN AND KELLAHIN

By: 

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