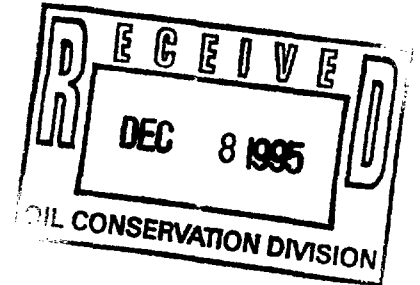


STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION COMMISSION

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

CASE NO. 11297 (de novo)

APPLICATION OF EXXON CORPORATION FOR A
WATERFLOOD PROJECT, QUALIFICATION FOR
THE RECOVERED OIL TAX RATE PURSUANT TO
THE "NEW MEXICO ENHANCED OIL RECOVERY
ACT" FOR SAID PROJECT, AND FOR 18 NON-
STANDARD OIL WELL LOCATIONS, EDDY COUNTY
NEW MEXICO



APPLICATION OF EXXON CORPORATION
FOR STATUTORY UNITIZATION, EDDY
COUNTY, NEW MEXICO

CASE NO. 11298 (de novo)

ORDER NO. R-10460-A

PRE-HEARING STATEMENT

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

APPEARANCES OF PARTIES

APPLICANT

Exxon Corporation

ATTORNEY

Hinkle, Cox, Eaton, Coffield
& Hensley, P.L.L.C., Ltd., Co.
James Bruce
Post Office Box 2068
Santa Fe, NM 87504-2068
(505) 982-4554

OPPOSITION

Premier Oil & Gas, Inc.

ATTORNEY

W. Thomas Kellahin
KELLAHIN & KELLAHIN
Post Office Box 2265
Santa Fe, New Mexico 87504-2265
(505) 982-4285

OTHER PARTY

Yates Petroleum Corp.

William F. Carr
CAMPBELL, CARR, BERGE
Post Office Box 2208
Santa Fe, NM 87504-2208
(505) 988-4421

STATEMENT OF CASE

APPLICANT

In Case No. 11298 Exxon seeks to statutorily unitize approximately 2100 acres of federal, state, and fee land in the designated and undesignated Avalon-Delaware Pool. In Case No. 11297, Exxon seeks (a) approval of a waterflood for the unit, (b) qualification of the project for the recovered oil rate, and (c) 18 unorthodox well locations.

Tract participation under the Unit Agreement is based on:

25% remaining primary reserves
50% secondary reserves
25% tertiary reserves

The participation formula is fair and equitable, and it is supported by over 95% of working interest owners in the unit. The Commissioner of Public Lands and the Bureau of Land Management, who together own in excess of 90% of the royalty interest in the unit, have preliminarily approved the unit.

OPPOSITION

Premier asserts that its tract contains substantial primary and secondary reserves for which it is not given credit in the technical report, and wants either (a) a higher participation figure for its tract, or (b) to have its tract deleted from the unit. Geology does not support an increased participation for Premier, and the tract is necessary for future operations. Thus, Premier's position is without merit.

PROPOSED EVIDENCE

APPLICANT

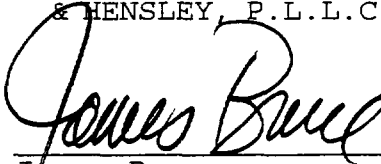
| WITNESSES | EST. TIME | EXHIBITS |
|------------------------------|------------|------------|
| Joe B. Thomas (landman) | 20 minutes | Approx. 10 |
| Dave Cantrell (geologist) | 20 minutes | Approx. 15 |
| Gil Beuhler (engineer) | 30 minutes | Approx. 15 |

OPPOSITION

| WITNESSES | EST. TIME | EXHIBITS |
|-----------|-----------|----------|
|-----------|-----------|----------|

PROCEDURAL MATTERS

HINKLE, COX, EATON, COFFIELD
& HENSLEY, P.L.L.C., Ltd., Co.



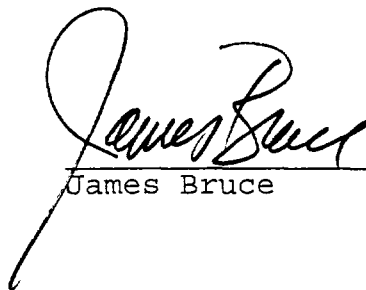
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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing **Pre-Hearing Statement** was delivered by first-class mail, postage pre-paid, this 8th day of December, 1995, to:

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