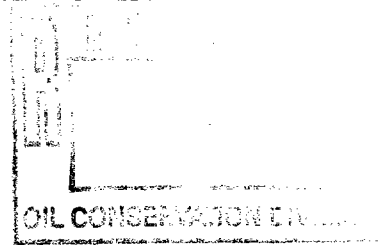


**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

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



CASE NO. 11428

IN THE MATTER OF THE APPLICATION OF
MARALO INC. FOR COMPULSORY POOLING
AND AN UNORTHODOX OIL WELL LOCATION,
LEA COUNTY, NEW MEXICO.

PRE-HEARING STATEMENT

This Prehearing Statement is submitted by Campbell, Carr & Berge, P.A., as required
by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Maralo, Inc.
c/o Mark Wheeler
Post Office Box 832
Midland, TX 79702
(915) 684-7441

name, address, phone and
contact person

ATTORNEY

William F. Carr, Esq.
Campbell, Carr & Berge, P.A.
Post Office Box 2208
Santa Fe, New Mexico 87504
(505) 988-4421

OPPOSITION OR OTHER PARTY

name, address, phone and
contact person

ATTORNEY

STATEMENT OF CASE

APPLICANT

(Please make a concise statement of what is being sought with this application and the reasons therefore.)

Maralo Inc., applicant in the above-styled cause, seeks an order pooling all mineral interests underlying the S/2 NE/4 for all formations developed on 80-acre spacing of Section 20, Township 13 South, Range 38 East. Said unit is to be dedicated to its Lowe "20" Well No. 2 to be drilled at an unorthodox location 1650 feet from the North line and 1980 feet from the East line (Unit G) of said Section 20. 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 applicant as the operator of the well and a charge for risk involved in drilling said well.

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.)

PROPOSED EVIDENCE

APPLICANT

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Mark Wheeler, Landman	10 Min.	Approximately 6
Shane Lough, Geologist	10 Min.	Approximately 3

OPPOSITION

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
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PROCEDURAL MATTERS

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


Signature