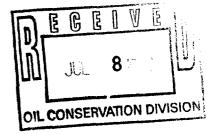
# STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION

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

APPLICATION OF NEARBURG EXPLORATION COMPANY FOR AN UNORTHODOX GAS WELL LOCATION, EDDY COUNTY, NEW MEXICO



CASE NO. 11564

## PRE-HEARING STATEMENT

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

#### **APPEARANCES**

## APPLICANT'S ATTORNEY

W. Thomas Kellahin Nearburg Exploration

Company

APPLICANT

OPPONENT'S ATTORNEY OPPONENT

James Bruce Mallon Oil Company

Hinkle, Cox, Eaton, Coffield Suite 1700

& Hensley, L.L.P. 999 18th Street P.O. Box 2068 Denver, CO 80202

Santa Fe, New Mexico 87504 (303) 293-2333

(505) 982-4554 Attn: Randy Stalcup

### STATEMENT OF THE CASE

#### APPLICANT

#### OPPONENT

Applicant seeks approval to drill a well to test the Morrow formation at an unorthodox location 1330 feet FSL and 1650 feet FWL of §3-T24S-R26E, with the W% of §3 dedicated to the well. Mallon is an offset interest owner, and the proposed location will impair Mallon's correlative rights. The application should be denied, or in the alternative granted only with a substantial penalty imposed on production.

## PROPOSED EVIDENCE

APPLICANT

WITNESSES

EST. TIME

EXHIBITS

OPPONENT

WITNESSES

EST. TIME

EXHIBITS

(geologist)

(engineer)

20 min.

Approximately 5

(geologist)

20 min.

Approximately 4

PROCEDURAL MATTERS

None at this time.

HINKLE, COX, EATON, COFFIELD

& HENSLEY, L.L.P.

James Bruce

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Santa Fe, New Mexico 87504

(505) 982-4554

Attorneys for Mallon Oil

Company

I hereby certify that a copy of the foregoing Pre-Hearing Statement was sent via facsimile transmission this day of July, 1996 to W. Thomas Kellahin, (505) 982-2047.

CERTIFICATE OF SERVICE

James Bruce