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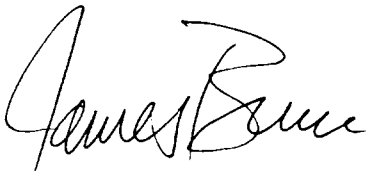
Mr. William J. LeMay
Oil Conservation Commission
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Cases 11723/11755 (*de novo*) (Fasken/Mewbourne)

Dear Mr. LeMay:

Enclosed is Mewbourne's pre-hearing statement in the above matter.

Very truly yours,



James Bruce

Attorney for Mewbourne
Oil Company

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:

APPLICATION OF MEWBOURNE OIL
COMPANY FOR AN UNORTHODOX GAS
WELL LOCATION AND A NON-STANDARD
GAS PRORATION UNIT, EDDY COUNTY,
NEW MEXICO.

Case No. 11,723
(de novo)

APPLICATION OF FASKEN OIL AND
RANCH, LTD. FOR A NON-STANDARD
GAS PRORATION AND SPACING UNIT
AND TWO ALTERNATE UNORTHODOX GAS
WELL LOCATIONS, EDDY COUNTY,
NEW MEXICO.

Case No. 11,755
(de novo)

APPLICATION OF TEXACO EXPLORATION
AND PRODUCTION INC. FOR CLARIFICATION,
OR IN THE ALTERNATIVE, AN EXCEPTION
TO, THE SPECIAL POOL RULES AND
REGULATIONS FOR THE CATCLAW DRAW-MORROW
GAS POOL, EDDY COUNTY, NEW MEXICO.

Case No. 11,808

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Mewbourne Oil Company as required by the Oil Conservation Commission.

APPEARANCES

APPLICANT

Mewbourne Oil Company
Suite 1020
500 West Texas
Midland, Texas 79701
Attn: Steve Cobb
(915) 682-3715

APPLICANT'S ATTORNEY

James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

OPPONENT

Fasken Oil and Ranch, Ltd.
Fasken Land and Minerals, Ltd.

Texaco Exploration and
Production Inc.

OPPONENT'S ATTORNEY

W. Thomas Kellahin

William F. Carr

STATEMENT OF THE CASE

APPLICANT

Mewbourne filed an application for a non-standard Morrow well unit comprised of the S½ of irregular Section 1, Township 21 South, Range 25 East, for a well to be located at an unorthodox location 660 feet FSL and 2310 feet FEL. The well is in the Catclaw Draw Morrow-Gas Pool, which has special pool rules requiring 640 acre spacing, with wells to be located no closer than 1650 feet to the outer boundaries of the well unit. The middle one-third of Section 1 is unleased federal minerals, and thus cannot be dedicated to the well. As a result, the non-standard unit is required in order to drill the well.

The S½ of Section 1 is subject to an Operating Agreement dated April 1, 1970. Pursuant to the Operating Agreement, Mewbourne proposed a well at the above-described location in January 1997. All working interest owners have either joined in the well or elected to be non-consenting parties. In February 1997, subsequent to Mewbourne's proposal, Fasken proposed a well at an unorthodox location 2080 feet FSL and 750 feet FWL of Section 1.

The Operating Agreement provides that once a well is proposed, a timeline is commenced to implement the drilling of that well. The Operating Agreement states that, after the 30 day election period ends:

[The consenting parties] **shall**...actually commence work on the proposed operation and complete it with due diligence.

Mewbourne proposed the first Morrow well under the Operating Agreement. As a result, the parties must proceed to drill that well, and Mewbourne's application is the only application properly before the Commission.

Mewbourne requests that the Commission reverse the Division, and approve its proposed unorthodox location. Mewbourne requests that no penalty, or a reasonable penalty, be assessed against its well because (i) the pool is developed on 320 acre spacing, and (ii) Mewbourne's well is at a standard location for a 320 acre well unit.

OPPONENT

PROPOSED EVIDENCE

APPLICANT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Steve Cobb (landman)	10 min.	1. Land plat 2. Interest listing 3. Correspondence 4. Operating Agreement 5. Notice affidavit
Keith Williams (geologist)	20 min.	1. Structure/isopach map 2. Production map 3. Cross-section
Brian Montgomery (engineer)	25 min.	1. Approx. 5

OPPONENT

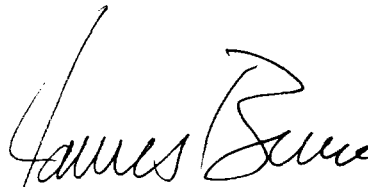
<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
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PROCEDURAL MATTERS

1. Mewbourne requests that Cases 11723 and 11755 be consolidated for hearing.

2. Mewbourne requests that Fasken's motion in limine be denied.

3. Mewbourne requests that Case 11755 be dismissed because of failure to comply with Division Rules 1203 and 1205.



James Bruce
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Attorney for Mewbourne Oil Company

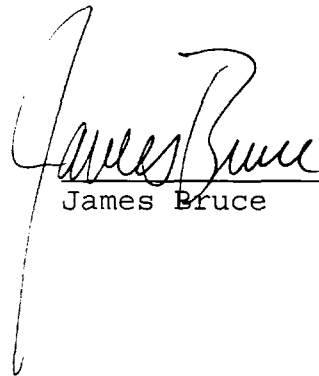
CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Pre-Hearing Statement was served upon the following counsel of record via facsimile transmission this 28th day of October, 1997:

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James Bruce