

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

CASE NO. 11877

**APPLICATION OF FASKEN LAND AND MINERALS, LTD.
FOR COMPULSORY POOLING AND AN UNORTHODOX
WELL LOCATION, EDDY COUNTY, NEW MEXICO.**

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Fasken Land and Minerals, Ltd., as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

Fasken Oil and Ranch, Ltd.
303 West Wall Avenue, St 1900
Midland, Texas 79701
(915) 687-1777
attn: Sally Kvasnicka

ATTORNEY

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

OPPONENT

Redstone Oil & Gas Company

ATTORNEY

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

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STATEMENT OF CASE

Fasken Land and Minerals Ltd. ("Fasken") has 100% of the leasehold ownership in the oil and gas minerals underlying the W/2 of Section 12, T23S, R24E, NMPM, Eddy County, New Mexico. Fasken also has an interest in the E/2 of said Section 12.

Fasken has proposes to drill its Carnero "12" Well No. 1 at an unorthodox well location in to test any and all formations in the pooled interval from the surface to the base of the Morrow formation and to be dedicated to the appropriate sized spacing unit for the appropriate pool.

Fasken's primary target is the Morrow formation which is spaced on 640-acre spacing and if successful proposes to dedicate all of Section 12 to the well.

Redstone is the operator of the E/2 of Section 12 and is under the mistaken belief that there is an operating agreement covering all of Section 12. There is not. (See Fasken's Reply to Redstone's motion to dismiss).

Despite its good faith efforts, Fasken has been unable to obtain a written voluntary agreement from all of the parties.

Pursuant to Section 70-2-17(c) NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, the applicant needs an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.

PROPOSED EVIDENCE

APPLICANT:

WITNESSES

EST. TIME EXHIBITS

Sally Kvasnicka (landman)

30 Min.

@ 8 exhibits

Dexter Harmon (geologist)

30 Min.

@ 4 exhibits

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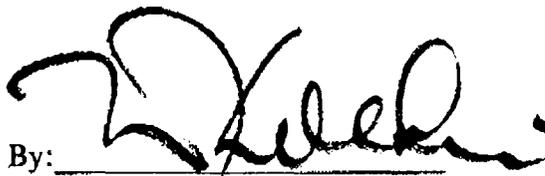
PROCEDURAL MATTERS

This case was originally set for hearing on December 4, 1997 and has been continued until January 8, 1998.

Redstone contends it is not prepared for an evidentiary hearing on January 8, 1998. Fasken contends Redstone has had ample time to prepare its case and Fasken requests the Division deny Redstone's request for a continuance of the evidentiary hearing.

Fasken requests that Redstone's motion to dismiss be denied and this case be heard on January 8, 1998.

KELLAHIN AND KELLAHIN



By: _____

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