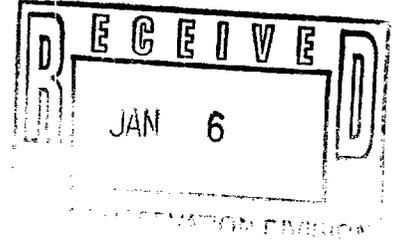


**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

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



APPLICATION OF MARALO, INC.
FOR AN UNORTHODOX OIL
WELL LOCATION,
EDDY COUNTY, NEW MEXICO.

CASE NO. 11912

PRE-HEARING STATEMENT

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

APPEARANCES OF PARTIES

APPLICANT

Maralo, Inc.

name, address, phone and
contact person

ATTORNEY

Jim Bruce, Esq.
Attorney at Law
Post Office Box 1056
Santa Fe, New Mexico 87504-1056
(505) 982-2043

INTERESTED PARTY

Texaco Exploration & Production Inc.
c/o David Sleeper
Post Office Box 2100
Denver, CO 80201
(303) 793-4512

name, address, phone and
contact person

ATTORNEY

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

STATEMENT OF CASE

APPLICANT

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

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.)

Texaco Exploration & Production Inc., will request that a production penalty be imposed on the proposed well to offset the advantage gained on the offsetting Texaco tract as a result of the proposed unorthodox well location.

PROPOSED EVIDENCE

APPLICANT

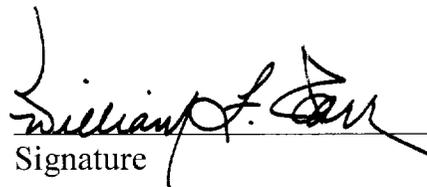
WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
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TEXACO EXPLORATION & PRODUCTION INC.

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
David Uhl, Geology	15 Min.	Approximately 6

PROCEDURAL MATTERS

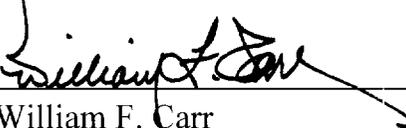
(Please identify any procedural matters which need to be resolved prior to hearing)


Signature

CERTIFICATE OF SERVICE

I hereby certify that I have caused a true and correct copy of the foregoing Pre-Hearing Statement to be mailed on this 16th day of January, 1998 to the following counsel of record:

James E. Bruce, Esq.
Attorney at Law
Post Office Box 1056
Santa Fe, New Mexico 87504-1056



William F. Carr