

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

**APPLICATION OF PEDRAGON ENERGY
PARTNERS, INC. AND J.K EDWARDS
ASSOCIATES, INC. TO CONFIRM PRODUCTION
FROM THE APPROPRIATE COMMON SOURCE
OF SUPPLY, SAN JUAN COUNTY, NEW MEXICO**

CASE NO. 11996

OIL CONSERVATION DIV.
98 JUL 23 PM 2:14

SUPPLEMENTAL PRE-HEARING STATEMENT

This Supplemental Pre-Hearing Statement is submitted by Whiting Petroleum Corporation and Maralex Resources, Inc. (collectively "Whiting") as required by the New Mexico Oil Conservation Division ("Division") in opposition to The Application of Pendragon Energy Partners, Inc. ("Pendragon") and J.K. Edwards Associates, Inc. ("Edwards").

APPEARANCES OF PARTIES

APPLICANT

Pendragon Energy Partners, Inc.
1600 Broadway, Suite 1950
Denver, CO 80202

J.K. Edwards Associates, Inc.
1401-17th Street, Suite 1400
Denver, CO 80202

ATTORNEYS

J. Scott Hall
Miller, Stratvert &
Torgerson, P.A.
P.O. Box 1986
Santa Fe, NM 87501-1986

OPPOSITION PARTIES

Whiting Petroleum Corporation
1700 Broadway, Suite 2300
Denver, CO 80290

Maralex Resources, Inc.
75 Road 4990
Bloomfield, NM 87402

J.E. Gallegos
Michael J. Condon
Gallegos Law Firm
460 St. Michael's Drive
Building 300
Santa Fe, NM 87505
505-983-6686

To Whiting's knowledge, no other party has entered an appearance or filed opposition in this matter.

WHITING'S STATEMENT OF THE CASE

Whiting will appear and present testimony in opposition to Pendragon's application. Pendragon's lease acreage is confined from the base of the Fruitland coal formation to the base of the Pictured Cliffs. Whiting and Maralex own from the surface of the earth to the base of the Fruitland formation. The Pendragon wells in question are illegally producing from the Fruitland formation in violation of law and NMOCD Rules and regulations.

The evidence in this case will demonstrate that Pendragon's Chaco wells are perforated above the base of the Fruitland formation. The evidence will demonstrate that when Pendragon fraced its Chaco wells in 1995, those fracs vertically extended up into and through the Fruitland coal formation. Pendragon's Chaco wells have been illegally producing coal seam gas and Fruitland sandstone gas to which Pendragon is entitled since those well stimulations until recently enjoined by the Santa Fe County District Court. Pendragon's application should be denied.

PROPOSED EVIDENCE

WHITING

WITNESSES (Name and Expertise)	ESTIMATED TIME	EXHIBITS
Walter Ayers Geologist	45 min.	Approximately 6
Bruce Williams Petroleum Engineer	30 min.	Approximately 6
Bradley Robinson Petroleum Engineer	45 min.	Approximately 10
Mickey O'Hare Petroleum Engineer	1 hour	Approximately 5
Theresa Beyl Landman	10 min.	Approximately 4

Additional rebuttal witnesses may be called depending on the evidentiary presentation made by Pendragon and in the event Pendragon supplements or amends its prehearing statement.

As stated above, to Whiting's knowledge, no other party has entered an appearance or filed opposition in this matter.

PROCEDURAL MATTERS

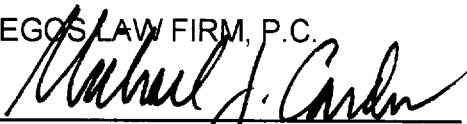
Whiting requested dismissal of the application. The Motion to Dismiss was denied by the Division. The Motion to Dismiss is renewed. Whiting alternatively seeks an order permanently shutting in Pendragon's Chaco wells Nos. 1, 2R, 4 and 5.

As of the date of filing of this Statement, Pendragon has not produced all well files and production documents related to the Chaco wells.

Respectfully submitted,

GALLEGOS LAW FIRM, P.C.

By



J.E. GALLEGOS

MICHAEL J. CONDON

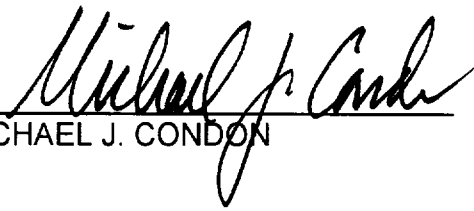
460 St. Michael's Drive, Bldg. 300
Santa Fe, New Mexico 87505
(505) 983-6686

Attorneys for Whiting

CERTIFICATE OF SERVICE

I hereby certify that I have caused a true and correct copy of the foregoing to be mailed on this 2nd day of July, 1998 to the following:

J. Scott Hall, Esq.
Miller, Stratvert & Torgerson, P.A.
P.O. Box 1986
Santa Fe, NM 87501-1986



MICHAEL J. CONDON