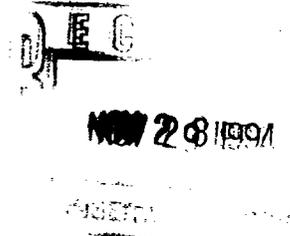


**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

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

CASE NO. 11152

JOINT APPLICATION OF TEXACO EXPLORATION
AND PRODUCTION, INC. AND MARATHON OIL
COMPANY FOR A PRESSURE MAINTENANCE
PROJECT, UNORTHODOX INJECTION WELL
LOCATIONS, AND QUALIFICATION FOR THE
RECOVERED OIL TAX CREDIT PURSUANT TO
THE NEW MEXICO OIL RECOVERY ACT,
LEA COUNTY, NEW MEXICO.



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

Texaco Exploration and Production Inc.
c/o James A. Head
500 North Loraine
Midland, TX 79702
(915) 688-4613

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

CO-APPLICANTS

Marathon Oil Company
Post Office Box 552
Midland, TX 79702
Attn: Dow Campbell, Esq.
(915) 687-8148

name, address, phone and
contact person

ATTORNEY

W. Thomas Kellahin, Esq.
Kellahin & Kellahin
Post Office Box 2265
Santa Fe, New Mexico 87504-2265
(505) 982-4285

INTERESTED PARTY

Shell Western E & P Inc.

Jim Bruce, Esq.
Hinkle, Cox, Eaton, Coffield & Hensley
Post Office Box 2068
Santa Fe, New Mexico 87504-2068

STATEMENT OF CASE

APPLICANT

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

Texaco Exploration and Production Inc., and Marathon Oil Company, applicants in the above-styled cause, seek authority to institute a cooperative pressure maintenance project in the Vacuum-Drinkard Pool comprising portions of Section 36, Township 17 South, Range 34 East; Section 31, Township 17 South, Range 35 East; Section 1, Township 18 South, Range 34 East, and Section 6, Township 18 South, Range 35 East, by the injection of water into two existing wells and six wells to be drilled at locations considered to be unorthodox. Applicants further seek to qualify this project for the Recovered Oil Tax Rate under the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5).

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.)

PROPOSED EVIDENCE

APPLICANT

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Kevin Hickey, Petroleum Engineer	30 Min.	Approximately 2

OTHER PARTY

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
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PROCEDURAL MATTERS

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

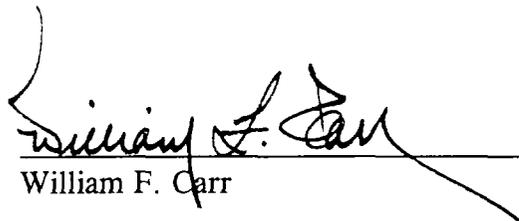

Signature

CERTIFICATE OF MAILING

I hereby certify that I have caused a true and correct copy of the foregoing pleading to be mailed to the following counsel of record on this 29th day of November, 1994:

W. Thomas Kellahin, Esq.
Kellahin & Kellahin
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William F. Carr