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*NOT LICENSED IN TEXAS
*FORMERLY COMPRISING THE FIRM OF
CLYTON, MORGAN, BRITAN & WHITE, P.C.

June 26, 1995

MS.

VIA FAX
(505) 827-8177

Mr. Michael E. Stogner
Oil Conservation Division
Santa Fe, New Mexico

Re: Case Nos. 11297 and ~~11298~~, the applications
of Exxon Corporation for statutory
unitization and approval of a waterflood
project, Eddy County, New Mexico

Dear Mr. Stogner:

Please let this letter serve as a pre-hearing statement:

1. Parties: The parties involved in this case are as follows:

<u>Party</u>	<u>Attorney</u>
Exxon Corporation	James Bruce
Yates Petroleum Corporation	William F. Carr
Premier Oil & Gas, Inc.	W. Thomas Kellahin

2. Statement of the Case: In Case No. 11298 Exxon seeks to statutorily unitize 2140.14 acres of federal, state, and fee land in the designated and undesignated Avalon-Delaware Pool. In Case No. 11297, Exxon seeks (a) approval of a waterflood for the unit, (b) qualification of the project for the recovered oil rate, and (c) 18

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unorthodox well locations.

Tract participation under the Unit Agreement is based on:

25% remaining primary reserves
50% secondary reserves
25% tertiary reserves¹

Exxon asserts that the participation formula is fair and equitable. It is supported by over 95% of working interest owners in the unit. The Commissioner of Public Lands and the Bureau of Land Management, who together own in excess of 90% of the royalty interest in the unit, have preliminarily approved the unit.

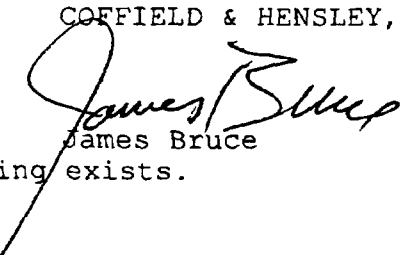
Apparently Premier asserts that its tract contains substantial primary and secondary reserves for which it is not given credit in the technical report, and wants either (a) a higher participation figure for its tract, or (b) to have its tract deleted from the unit.

3. Witnesses: Exxon plans on presenting the following witnesses:

<u>Witness</u>	<u>Time</u>	<u>Exhibits</u>
Joe B. Thomas (landman)	25 minutes	Approx. 10
Dave Cantrell (geologist)	40 minutes	Approx. 10
Gil Beuhler (engineer)	45 minutes	Approx. 15

Very truly yours,

HINKLE, COX, EATON,
COFFIELD & HENSLEY, P.L.L.C.


James Bruce

¹ A potential for CO₂ flooding exists.

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Jbdk

xc: William F. Carr

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W. Thomas Kellahin

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COMMENTS:

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