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JASON KELLAHIN (RETIRED 1991)

October 7, 1996

HAND DELIVERED

Mr. David R. Catanach
Hearing Examiner
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

MOTION TO CONTINUE AND TO CONSOLIDATE CASES

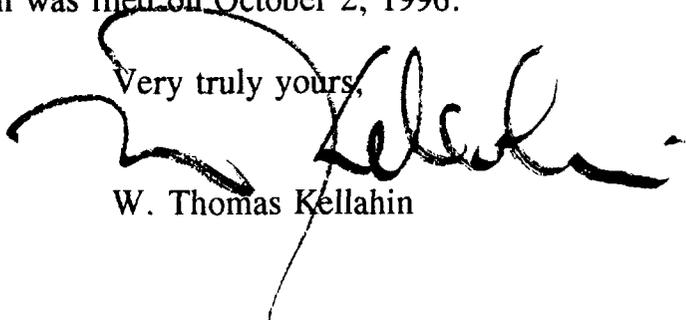
Re: *NMOCD Case (number pending)*
Application of Matador Operating Company
for an Exception from Rule 2.B of the
White City-Penn Pool Rules, Eddy County, New Mexico

NMOCD Case 11624
Application of Murchison Oil & Gas, Inc.
for an Exception from Rule 2.B of the
White City-Penn Pool Rules, Eddy County, New Mexico

Dear Mr. Catanach:

On behalf of Matador Operating Company, please find enclosed our MOTION TO CONSOLIDATE the referenced cases and to CONTINUE CASE 11624 from the October 17th docket to the November 7, 1996 docket so that Murchison case can be consolidated for hearing on the same docket with the Matador case which was filed on October 2, 1996.

Very truly yours,


W. Thomas Kellahin

Hand Delivered:

James Bruce, Esq.
Attorney for Murchison

cfx:

Matador Operating Company
Attn: Tracy Evans.

**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.

**APPLICATION OF MATADOR OPERATING COMPANY FOR AN
EXCEPTION FROM RULE 2.B OF THE WHILE CITY-PENN POOL
RULES, EDDY COUNTY, NEW MEXICO.**

CASE NO. 11624

**APPLICATION OF MURCHISON OIL & GAS, INC. FOR AN
EXCEPTION FROM RULE 2.B OF THE WHILE CITY-PENN POOL
RULES, EDDY COUNTY, NEW MEXICO.**

**MOTION FOR CONSOLIDATION
AND
CONTINUANCE
PREHEARING STATEMENT**

This pre-hearing statement is submitted by Matador Operating Company,
as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT IN CASE _____

ATTORNEY

Matador Operating Company
8340 Meadow Road
Dallas, Texas 75231-3751
Attn: Tracy Evans
(214) 987-7135

W. Thomas Kellahin
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P.O. Box 2265
Santa Fe, NM 87504
(505) 982-4285

APPLICANT IN CASE 11624

ATTORNEY

Murchison Oil & Gas, Inc.
1445 Ross Avenue
Dallas, Texas 75202

James Bruce, Esq.
P. O. Box 2068
Santa Fe, New Mexico 87504
(505) 982-4554

STATEMENT OF CASE

1. Applicant, Matador, is the operator of the Grynberg "11" Federal Com Well No. 1 (Unit F) which is completed in the Morrow formation and of the Grynberg "11" Federal Com Well No. 2 (Unit J) which is completed in the Atoka formation, both located in Section 11 T25S, R26E, Eddy County, New Mexico. See Exhibit "A" attached.

2. Despite the fact that these wells produce from different formations, they are subject to the Special Rules and Regulations of the White City-Pennsylvanian Gas Pool (Order R-2429-D) which provides that:

Rule 2.B. Nothing in this rule shall be constructed as prohibiting the drilling of additional wells on a standard proration unit provided that there shall be provided that there shall be no more than two producible wells on any one proration unit at one time.

3. On September 16, 1996, Murchison Oil & Gas, Inc. filed an application with the NMOCD seeking to drill a third well in Section 2 to the north of Matador's Section 11.

4. Matador's proposed Grynberg "11" Federal Com Well No. 4 is necessary in order to protect its spacing unit from drainage from the Murchison proposed third well should it be approved by the NMOCD.

5. Murchison's application is pending hearing on October 17, 1996 while Matador's application is pending hearing on November 7, 1996

6. If the Murchison case is presented on October 27, 1996, Matador will request at the conclusion of their case that the hearing be continued to November 7, 1996 at which time Matador will present its evidence. If the cases are not heard at the same time on November 7, 1996, the only opportunity to have all issues resolved concerning these two wells offsetting each other will be before the Commission at some date in the future thereby delaying the drilling of either or both of these wells.

PROPOSED EVIDENCE

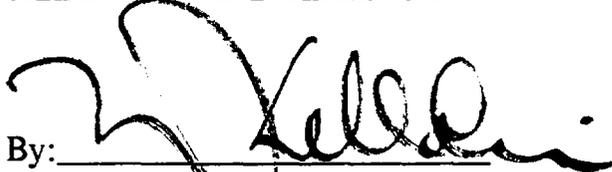
MATADOR OPERATING COMPANY:

WITNESSES	EST. TIME	EXHIBIT
Tracy Evans petroleum engineer	30-45 Min	@ 5
(geologist)	30-45 Min.	@ 3

PROCEDURAL MATTERS

Motion to continue the Murchison case from the October 17, 1996 docket to be consolidated with the Matador case now set for hearing on November 7, 1996.

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By: 

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