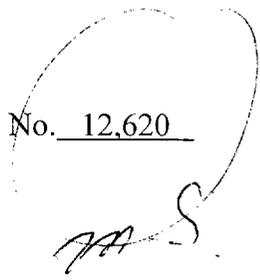


STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION

APPLICATION OF ELM RIDGE RESOURCES,
INC., FOR COMPULSORY POOLING,
SAN JUAN COUNTY, NEW MEXICO,

Case No. 12,620



PRE-HEARING STATEMENT

This Pre-Hearing Statement is submitted by Miller, Stratvert & Torgerson, P.A., attorneys for Applicants, as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT'S ATTORNEY

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APPLICANT

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OPPONENT'S ATTORNEY

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OPPONENT

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OTHER PARTY'S ATTORNEY

None to date/unknown

OTHER PARTY

STATEMENT OF THE CASE

OIL CONSERVATION DIV.
MAR 16 PM 3:58

Applicant seeks an order pooling all mineral interests from the surface to the base of the Basin-Fruitland Coal Gas Pool underlying the N/2 of Section 24, Township 26 North, Range 13 West, to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, including the Basin-Fruitland Coal Gas Pool. The unit is to be dedicated to the Ryleybart Fed. Well No. 1, to be drilled at an orthodox location in the NE/4 of Section 24. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for the risk involved in drilling and completing the well. The unit is located approximately 22 miles southeast of Farmington, New Mexico.

Pendragon opposes the compulsory pooling of its interests.

PROPOSED EVIDENCE

| WITNESSES (Name and expertise) | EST. TIME | EXHIBITS |
|-----------------------------------|------------|----------|
| Opponent: | | |
| Al Nicol, Geologist | 10 minutes | 4 |

PROCEDURAL MATTERS

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

MILLER, STRATVERT & TORGERSON, P.A.

By J. Scott Hall

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Certificate of Mailing

I hereby certify that a true and correct copy of the foregoing was mailed to counsel of record on the 16 day of March, 2001, as follows:

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J. Scott Hall

J. Scott Hall