

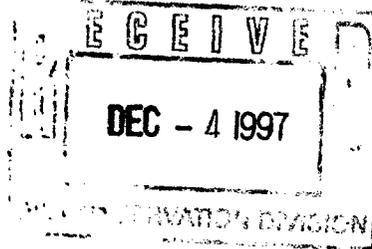
JAMES BRUCE
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December 2, 1997



Via Fax and U.S. Mail

David Catanach
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Case 11884; Application of Marathon Oil Company for
compulsory pooling, Eddy County, New Mexico

Dear Mr. Catanach:

Enclosed is the pre-hearing statement of Maralo, Inc. in the above
case.

Very truly yours,

A handwritten signature in cursive script that reads "James Bruce". The signature is written in dark ink and is positioned above the typed name.

James Bruce

Attorney for Maralo
Oil Company

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:

APPLICATION OF MARATHON OIL
COMPANY FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

Case No. 11,884

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Maralo, Inc. as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Marathon Oil Company

OPPONENT

Maralo, Inc.
223 West Wall Street
Midland, Texas 79701
Attn: Richard Gill
(915) 684-7441

APPLICANT'S ATTORNEY

W. Thomas Kellahin

OPPONENT'S ATTORNEY

James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

STATEMENT OF THE CASE

APPLICANT

OPPONENT

Marathon Oil Company ("Marathon") has filed two pooling applications regarding Section 4, Township 19 South, Range 28 East: Case 11883, on the N½ of Section 4; and Case 11884, on the S½ of Section 4. Maralo, Inc. ("Maralo") has given Marathon a term assignment of its interest in the N½ of Section 4, which will be the first well drilled. Once that well is drilled and completed, Maralo can and will make a decision as to whether to join, or farmout or assign its interest, in the S½ well. Maralo is willing and able to make such a decision after the N½ well is drilled and completed. Thus, pooling of its interest in Case 11884 is premature and improper.

PROPOSED EVIDENCE

APPLICANT

WITNESSES

EST. TIME

EXHIBITS

OPPONENT

WITNESSES

EST. TIME

EXHIBITS

Richard Gill
(engineer)

10 minutes

(a) correspondence
(b) term assignment
(c) letter of support

PROCEDURAL MATTERS

-None-



James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Maralo, Inc.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Pre-Hearing Statement was served upon the following counsel of record via facsimile transmission this 2nd day of December, 1997:

W. Thomas Kellahin
Kellahin & Kellahin
P.O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-2047



James Bruce

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
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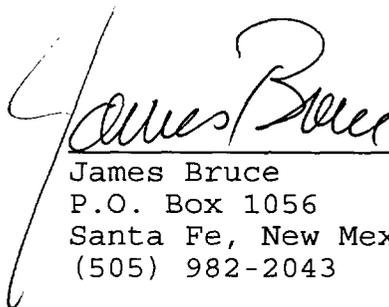
Richard Gill
(engineer)

10 minutes

(a) correspondence
(b) term assignment
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PROCEDURAL MATTERS

-None-



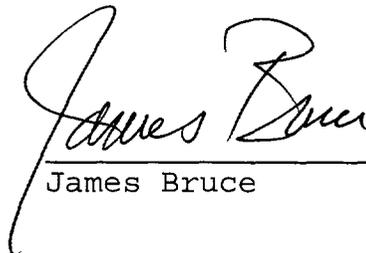
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