

MA
11-16-98

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

**APPLICATION OF XERIC OIL & GAS CORPORATION
FOR COMPULSORY POOLING
LEA COUNTY, NEW MEXICO.** **CASE NO. 12088**

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by XERIC OIL & GAS CORPORATION, as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

Xeric Oil & Gas Corporation
P. O. B 51311
Midland, Texas 79710
(915) 683-3171
attn: Lisa Snelson

ATTORNEY

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

93 NOV 16 PM 12:51

OIL CONSERVATION DIV.

STATEMENT OF CASE

Pursuant to Section 70-2-17(c) NMSA (1978) and in order to obtain its just and equitable share of potential production underlying NW/4SW/4 of Section 24, T20S, R38E, applicant needs an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.

In accordance with Division Rule 1207.A(2), requests an order pooling the mineral interest of described in this spacing unit for the drilling of its Carter "19 Well No. 2 for potential production from the surface to the base of the Abo formation, including the D-K Abo Pool, upon terms and conditions which include:

- (1) Xeric Oil & Gas Corporation be named operator;
- (2) The order make provisions for applicant and all working interest owners to participate in the costs of drilling, completing, equipping and operating the well;

- (3) In the event a working interest owner fails to elect to participate, then provision be made to recover out of production, the costs of the drilling, completing, equipping and operating the well, including a risk factor penalty of 200 %;
- (4) A provision for overhead rates and a method for adjusting those rates in accordance with COPAS accounting procedures;
- (5) For such other and further relief as may be proper.

PROPOSED EVIDENCE

APPLICANT:

WITNESSES

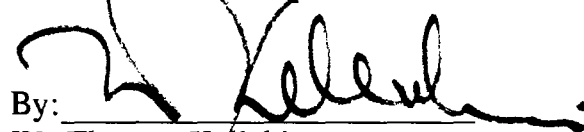
EST. TIME EXHIBITS

Applicant's evidence will be submitted at the hearing by affidavits in accordance with Division Rule 1207.A(2). The estimated time for this presentation is 15-20 minutes.

PROCEDURAL MATTERS

None anticipated

KELLAHIN AND KELLAHIN

By: 

W. Thomas Kellahin

P.O. Box 2265

Santa Fe, New Mexico 87504

(505) 982-4285