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March 31, 2000

Ms. Lori Wrotenbery Oil Conservation Division 2040 S. Pacheco Santa Fe, NM 87504

ERNEST L. CARROLL

R. TRACY SPROULS, LL. M. (TAX)

JOEL M. CARSON

JAMES E HAAS

OF COUNSEL

A. J. LOSEE

Re: Case No. 12355, Application of Matador E&P Company

Dear Ms. Wrotenbery,

Enclosed, please find two copies of the Prehearing Statement submitted by Bass Enterprises Production Company for filing in the above referenced case.

Yours very truly,

LOSEE, CARSON, HAAS & CARROLL, P.A.

Ernest L. Carroll

ELC:bal Enclosures

cc: Mr. W. Thomas Kellahin

Mr. Wayne Bailey

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

IN THE MATTER OF THE APPLICATION OF

MATADOR E&P COMPANY TO ESTABLISH

INFILL DRILLING PROCEDURES AND AMEND

WELL LOCATION REQUIREMENTS FOR THE

RED HILLS-WOLFCAMP GAS POOL, OR IN

THE ALTERNATIVE, FOR SIMULTANEOUS

DEDICATION, LEA COUNTY, NEW MEXICO : CASE NO. 12355

PREHEARING STATEMENT

This prehearing statement is submitted by BASS ENTERPRISES PRODUCTION COMPANY as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Matador E & P Company W. Thomas Kellahin

Kellahin and Kellahin

P.O. Box 2265

Santa Fe, NM 87504

OPPOSITION

Bass Enterprises Production Co.

Ernest L. Carroll

Losee, Carson, Haas & Carroll

P.O. Box 1720

Artesia, NM 88211-1720

STATEMENT OF THE CASE

Bass opposes the application, but at this time, Bass does not intend to call any witnesses, but will reserve its right to present evidence at a commission hearing, if called.

Respectfully submitted,

LOSEE, CARSON, HAAS & CARROLL, P.A.

Freest I Carroll

P.O. Box 1720

Artesia, NM 88211-1720

(505)746-3505

Attorneys for Bass Enterprises Production Company

I hereby certify that I caused a true and correct copy of the foregoing to be mailed to counsel of record this March 31, 2000.

Ernest L. Carroll