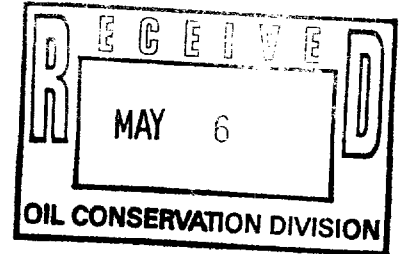


**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:



CASE NO. 10973

APPLICATION OF MALLON OIL
COMPANY FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

PRE-HEARING STATEMENT

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

APPEARANCE OF PARTIES

APPLICANT

ATTORNEY

Mallon Oil Company

William F. Carr, Esq.
P. O. Box 2208
Santa Fe, New Mexico 87504
(505) 988-4421

INTERESTED PARTY

Redstone Oil & Gas Company
8235 Douglas Avenue
Suite 1050
Dallas, Texas 75225
Attn: Joe E. Small
(214) 739-0061

ATTORNEY

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

STATEMENT OF CASE

INTERESTED PARTY

Redstone Oil & Gas Company has a 11.885 % working interest in the oil & gas rights in the subject well and its spacing unit for all formations below 5,000 feet underlying the N/2 of Section 12, T23S, R26E, Eddy County, New Mexico, and is an interested party in this matter whose interest cannot be affected by a pooling order in this case.

The Division lacks jurisdiction to enter a compulsory pooling order affecting Redstone Oil & Gas Company because Redstone Oil & Gas Company and Mallon Oil Company have already had their respective interests in this well and the spacing unit committed to a Joint Operating Agreement dated June 24, 1968 originally between Pennzoil United Inc., as operator, and Mobil Oil Corporation, et al. as non-operators.

This subject Mobil "12" Federal Well No. 1, is still a producing Morrow gas well dedicated to the N/2 of said Section 12 and subject to the terms and conditions of the referenced Joint Operating Agreement.

PROPOSED EVIDENCE

INTERESTED PARTY:

WITNESSES	EST. TIME	EXHIBITS
Joe E. Small (land manager) (or alternate)	20-30 min.	est. 4 exhibits

PROCEDURAL MATTERS

Redstone Oil & Gas Company hereby moves to dismiss this case because the subject well and this spacing unit are committed to a voluntary contractual agreement thereby precluding the Division from exercising jurisdiction all as set forth in the New Mexico compulsory pooling provision of Section 70-2-17(c) NMSA 1978.

Redstone Oil & Gas Company hereby moves that the evidentiary hearing now set for May 12, 1994 be continued pending decision by the Division on the Motion to Dismiss.

KELLAHIN AND KELLAHIN

By: 

W. Thomas Kellahin

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