

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285

TELEFAX (505) 982-2047

W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

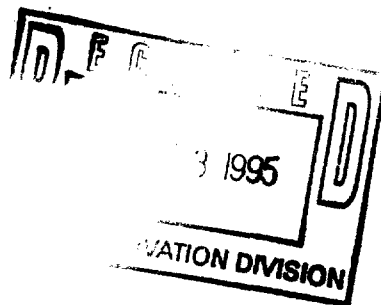
October 13, 1995

HAND DELIVERED

Mr. William J. LeMay, Chairman
Oil Conservation Commission
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

Re: **REQUEST FOR HEARING DE NOVO ORDER R-10460**
Avalon (Delaware) Unit
Eddy County, New Mexico
NMOCD CASE 11297: Application of Exxon
Corporation for a Waterflood Project

NMOCD Case 11298: Application of Exxon
Corporation for Statutory Unitization



Dear Mr. LeMay:

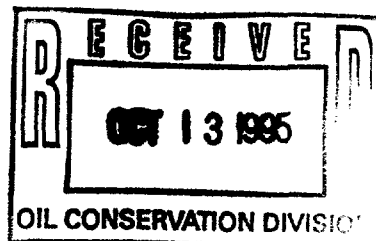
On behalf of Premier Oil & Gas, Inc., please find enclosed our request for a Hearing DeNovo before the New Mexico Oil Conservation Commission of the referenced order entered in this case on September 18, 1995.

I am requesting that this case be set for hearing before the Commission on its January docket in order to allow me to attend as Chairman a meeting of The Rule 116 Change Committee which on September 29, 1995, the committee scheduled for November 9 and 10 in Farmington, New Mexico.

Very truly yours,

W. Thomas Kellahin

cc: Michael E. Stogner, OCD-Hearing Examiner
cc: William F. Carr, Esq., Esq.
cc: Jim Bruce, Esq.
cc: Premier Oil & Gas, Inc.
Attn: Ken Jones



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

***APPLICATION OF EXXON CORPORATION CASE NO. 11297
FOR A WATERFLOOD PROJECT,
EDDY COUNTY, NEW MEXICO***

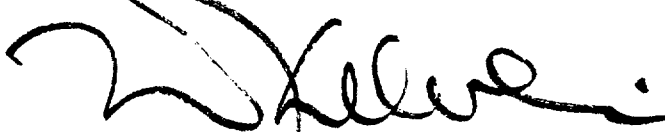
***APPLICATION OF EXXON CORPORATION CASE NO. 11298
FOR STATUTORY UNITIZATION
EDDY COUNTY, NEW MEXICO***

ORDER NO. R-5771-D

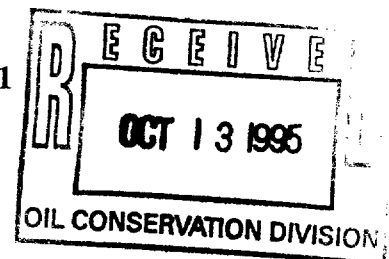
**PREMIER OIL & GAS, INC.'S
REQUEST FOR A DE NOVO HEARING
BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION**

Comes now Premier Oil & Gas, Inc., a party of record before the New Mexico Oil Conservation Division in Case No. 11297 and Case No. 11298 adversely affected by Division Order R-10460 entered September 18, 1995, by its attorneys Kellahin & Kellahin and pursuant to Section 70-2-13 NMSA-1978, hereby requests that the New Mexico Oil Conservation Commission hold a HEARING DENOVO in this matter.

Respectfully Submitted:

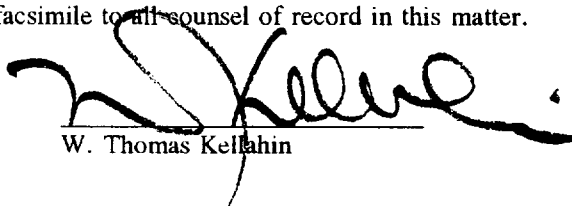


**W. Thomas Kellahin
Kellahin & Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87501
(505) 982-4285**



CERTIFICATE OF MAILING

I, W. Thomas Kellahin, hereby certify that on this 13th day of October, 1995, I caused to be provided a copy of the foregoing pleading by facsimile to all counsel of record in this matter.



W. Thomas Kellahin

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

RECEIVED

OCT 19 1995

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

Oil Conservation Division

APPLICATION OF EXXON CORPORATION
FOR A WATERFLOOD PROJECT,
QUALIFICATION FOR THE RECOVERED
OIL TAX RATE PURSUANT TO THE
"NEW MEXICO ENHANCED OIL
RECOVERY ACT" FOR SAID PROJECT,
AND FOR 18 NON-STANDARD OIL WELL
LOCATIONS, EDDY COUNTY, NEW MEXICO.

Case No. 11297 (de novo)

APPLICATION OF EXXON CORPORATION
FOR STATUTORY UNITIZATION, EDDY
COUNTY, NEW MEXICO.

Case No. 11298 (de novo)

Order No. R-10460

REQUEST BY EXXON CORPORATION
TO HAVE DE NOVO CASES
HEARD IN NOVEMBER 1995

Premier Oil & Gas, Inc. (Premier) has filed an application for a hearing de novo in the above cases, and has requested that the cases be heard in January 1996. Exxon Corporation (Exxon) objects to having the cases heard in January 1996, and requests that they be heard at the scheduled November 1995 Commission Hearing. In support of its request, Exxon states:

1. Exxon has already accommodated substantial delay in these cases at Premier's request:

(a) In early 1995, Premier requested 90 days advance notice of the Division hearing date on these applications, and Exxon agreed to defer the hearing to June 1, 1995 to allow Premier time to prepare for the case.

(b) Premier subsequently requested a two week continuance of the hearing to June 15, 1995, for additional time to prepare, to which Exxon voluntarily agreed.

(c) Due to a heavy caseload at the Division, the cases were continued again and finally heard on June 29, 1995.

2. The budget for this project was approved by Exxon, but Exxon delayed commencing substantial project investments until the order was ultimately issued on September 18, 1995. Exxon implemented all steps to make the Unit effective October 1, 1995 to minimize further delay of the project. The cost of the water injection project has been approved by the working owners in the Unit, and each additional month until a final order is issued delays waterflood response.

3. Exxon plans to commence drilling injection wells in November 1995, but by necessity must delay construction of injection facilities and drilling of injection wells on non-Exxon leases until after the Commission issues its order. Any delay in the de novo hearing will result in a commensurate delay in the issuance of a final order and implementation of the waterflood. This in turn defers waterflood response and additional production, to the detriment of Unit royalty and working interest owners. As a result of

the expenditure of funds with delayed waterflood response, there is an adverse effect on the economics of the waterflood.

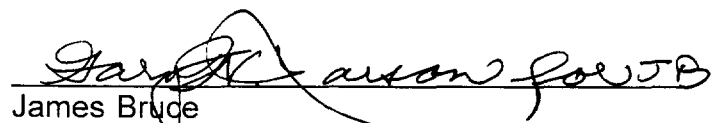
4. Exxon's technical witnesses are scheduled for different projects commencing December 1995, leading to scheduling difficulties on Exxon's part.

5. The meeting Mr. Kellahin has scheduled for November 9, 1995 is voluntary and can be rescheduled.

For the foregoing reasons, Exxon requests these cases be heard at the November 1995 Commission Hearing.

Hinkle, Cox, Eaton, Coffield &
Hensley, P.L.L.C., Ltd., Co.

By:

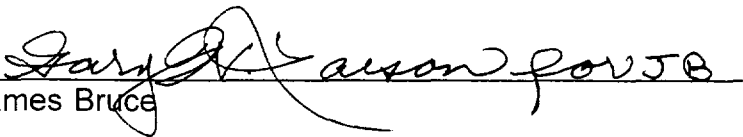

James Bruce
Post Office Box 2068
Santa Fe, New Mexico 87504-2068
(505) 982-4554

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Request by Exxon Corporation to Have De Novo Cases Heard in November 1995 was mailed first class mail, postage paid on this 1st day of October, 1995 to:

W. Thomas Kellahin, Esq.
Kellahin & Kellahin
Post Office Box 2265
Santa Fe, New Mexico 87504-2265

William F. Carr, Esq.
Campbell, Carr & Berge
Post Office Box 2208
Santa Fe, New Mexico 87504-2208


James Bruce