

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

**APPLICATION OF PEDRAGON ENERGY
PARTNERS, INC. AND J.K EDWARDS
ASSOCIATES, INC. TO CONFIRM PRODUCTION
FROM THE APPROPRIATE COMMON SOURCE
OF SUPPLY, SAN JUAN COUNTY, NEW MEXICO**

CASE NO. 11996

PRE-HEARING STATEMENT

This Pre-Hearing Statement is submitted by Whiting Petroleum Corporation and Maralex Resources, Inc. (collectively "Whiting") as required by the New Mexico Oil Conservation Division ("Division") in opposition to The Application of Pendragon Energy Partners, Inc. ("Pendragon") and J.K. Edwards Associates, Inc. ("Edwards") and in support of Whiting's Motion to Dismiss filed in this proceeding on June 15, 1998.

APPEARANCES OF PARTIES

APPLICANT

Pendragon Energy Partners, Inc.
1600 Broadway, Suite 1950
Denver, CO 80202

J.K. Edwards Associates, Inc.
1401-17th Street, Suite 1400
Denver, CO 80202

ATTORNEYS

J. Scott Hall
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Torgerson, P.A.
P.O. Box 1986
Santa Fe, NM 87501-1986

OPPOSITION PARTIES

Whiting Petroleum Corporation
1700 Broadway, Suite 2300
Denver, CO 80290

Maralex Resources, Inc.
75 Road 4990
Bloomfield, NM 87402

J.E. Gallegos
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Gallegos Law Firm
460 St. Michael's Drive
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Santa Fe, NM 87505
505-983-6686

James Bruce
P.O. Box 1056
Santa Fe, NM 87504

To Whiting's knowledge, no other party has entered an appearance or filed opposition in this matter.

PROPOSED EVIDENCE

Applicants Pendragon and Edwards have not yet served their Pre-Hearing Statement.

WHITING

Whiting may call the following witnesses in opposition to Pendragon's and Edwards' application and in support of the Motion to Dismiss:

1. Teresa Beyl (landman) – Ms. Beyl will testify that applicants' interests in the properties in question run from the base of the Fruitland coal formation to the base of the Pictured Cliffs formation and that Whiting, not applicants, owns interests in the Fruitland formation, including all interests in the sandstone interval of the Fruitland formation. Her testimony is estimated at 20 minutes.

Whiting intends to present the following exhibits in opposition to Pendragon's and Edwards' application and in support of the Motion to Dismiss:

1. Assignment, Bill of Sale and Conveyance, Chaco Limited No. 1-J, 2-J, from the J. Gregory Merrion and Rita V. Merrion Revocable Trust, et al., to J.K. Edwards & Associates, Inc., dated December 14, 1994;
2. Assignment, Bill of Sale and Conveyance, Chaco No.1, 2R, from the J. Gregory Merrion and Rita V. Merrion Revocable Trust, et al., to J. K. Edwards & Associates, Inc., dated December 14, 1994;
3. Assignment, Bill of Sale and Conveyance, Chaco No. 4,5 from the J. Gregory Merrion and Rita V. Merrion Revocable Trust, et al., to J. K. Edwards & Associates, Inc., dated December 14, 1994;

These assignments are attached as Exhibits A1 to A3 to Whiting's Motion to Dismiss which was filed in this matter on June 15, 1998, and are incorporated herein by reference.

4. Farmount Agreement between Merrion Oil & Gas, et al., and Maralex Resources, Inc. dated December 7, 1992;
5. Assignment from Robert L. Bayless, et al., to Maralex Resources Inc.;
6. Assignment from Gordy Gas Corp., et al., to Whiting dated September 7, 1995;
7. Map of area at issue sharing Pendragon and Whiting wells;
8. Division Orders R-8768, R-8768-A, R-8769, and R-8769-A;
9. Verified Complaint filed by Whiting in Santa Fe County District Court, Cause No. CV-98-01295.

As stated above, to Whiting's knowledge, no other party has entered an appearance or filed opposition in this matter.

PROCEDURAL MATTERS

Whiting has requested dismissal of the application presently scheduled for hearing June 25, 1998. The Division must decide the issue of the legal insufficiency of Pendragon's and Edwards' application, before scheduling and holding an evidentiary hearing on the merits of the Application. If the Division grants Whiting's Motion to Dismiss, there is no reason for the Division to consider the merits of the Application. Whiting has also served a Motion to Quash Subpoenas issued by the Division at Pendragon's and Edwards' request.

Respectfully submitted,

GALLEGOS LAW FIRM, P.C.

By


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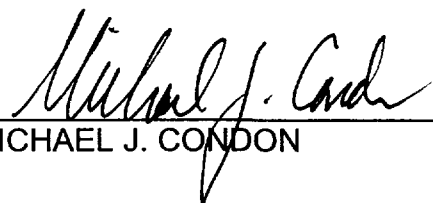
Santa Fe, NM 87504

(505) 982-2043

CERTIFICATE OF SERVICE

I hereby certify that I have caused a true and correct copy of the foregoing to be
mailed on this 17th day of June, 1998 to the following:

Scott Hall
Miller, Stratvert & Torgerson, P.A.
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MICHAEL J. CONDON