

BEFORE THE OIL CONSERVATION DIVISION
DEPARTMENT OF ENERGY AND MINERALS
STATE OF NEW MEXICO

RECEIVED

MAY 20 2004

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

No. 13277

APPLICATION OF FULFER OIL & CATTLE
CO., TO STAY ADMINISTRATIVE ORDER
NSP-1871 AND SET FOR HEARING YARBROUGH
OIL L.P. APPLICATION FOR A NON-STANDARD
160 JALMAT GAS POOL SPACING UNIT
COMPRISING THE N1/2SW1/4, SW1/4SW1/4
AND NW1/4SE1/4 OF SECTION 17, TOWNSHIP
23 SOUTH, RANGE 37 EAST, LEA COUNTY,
NEW MEXICO.

PRE-HEARING STATEMENT

This Pre-Hearing Statement is submitted by Fulfer Oil & Cattle Co. ("Fulfer") in
accordance with Rule 1208.B., 19 NMAC 15.N, in support of its Application to rescind
Administration Order NSP-1871 issued for Yarbrough Oil L.P.

APPEARANCES OF PARTIES

APPLICANT

Fulfer Oil & Cattle Co.

Attorney

J.E. Gallegos
Michael J. Condon
Gallegos Law Firm, P.C.
460 St. Michael's Drive, Bldg. 300
Santa Fe, NM 87505
(505) 983-6686

RESPONDENT

Yarbrough Oil LP

Ernest Padilla
P.O. Box 2523
Santa Fe, NM 87504-2523
(505) 988-7577

To Fulfer's knowledge, no other party has entered an appearance or filed a
response in this matter.

FULFER'S STATEMENT OF THE CASE

On March 29, 2004, Yarbrough Oil L.P. ("Yarbrough") filed an incomplete Administrative Application with the Division seeking, *inter alia*, to re-enter and complete the E. L. Steeler No. 4 well "to Jalmat Yates Gas" and to do so in a non-standard 160 acre proration unit. 120 acres of the proposed unit is in the Southwest Quarter of Section 17, Township 23 South, Range 37 East and 40 acres is in the Southeast Quarter of that Section.

The Special Pool Rules for the Jalmat Gas Pool, Rule 4., govern granting of administrative exceptions to certain general rules. Order R-8170-P. That rule provides, *inter alia*, the following:

- A. In the case of applications for non-standard gas spacing units involving partial quarter sections, the applicant must present proof of consent or notice to all offset operators. Rule 4(C)(1)(b)(ii).
- B. Applications for non-standard gas spacing units shall include seven specified items, six of which are applicable to the subject application; one of those is "proof of compliance with applicable consent or notice provisions of Rule 4." Rule (C)(2)(a)-(g).

The application filed by Yarbrough on March 29, 2004 failed to comply with the above stated rules both as to necessary supporting evidence and as to consent or notice requirements, but was granted by Administrative Order NSP-1871.


PROPOSED EVIDENCE

FULFER

| WITNESS (Name and Expertise) | ESTIMATED TIME | EXHIBITS |
|--|-----------------------|-----------------|
| Thomas Kellahin Attorney specializing in oil and gas administrative law | 25 min. | 10 |

Respectfully submitted,

GALLEGOS LAW FIRM, P.C.

By 
J.E. GALLEGOS
MICHAEL J. CONDON
460 St. Michael's Drive, Bldg. 300
Santa Fe, New Mexico 87505
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Attorneys for Fulfer Oil & Cattle Co.

CERTIFICATE OF SERVICE

I hereby certify that I have caused a true and correct copy of the foregoing to be
faxed and mailed on this 20th day of May, 2004 to the following:

Ernest Padilla
P.O. Box 2523
Santa Fe, New Mexico 87504-2523


J. E. GALLEGOS