

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

RECEIVED

FEB 27 2004

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

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

CASE NO. 13227

APPLICATION OF YATES PETROLEUM CORPORATION
FOR STATUTORY UNITIZATION OF THE NORTH
DAGGER DRAW-UPPER PENNSYLVANIA UNIT AREA,
EDDY COUNTY, NEW MEXICO.

ml

PRE-HEARING STATEMENT

This Pre-Hearing Statement is submitted by Holland & Hart LLP, as required by
the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Mr. Randy Patterson
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210-2118
(505) 748.1471

ATTORNEY

William F. Carr, Esq.
Holland & Hart LLP
Post Office Box 2208
Santa Fe, New Mexico 87504
(505) 988.4421

STATEMENT OF CASE

APPLICANT

Applicant in the above-styled cause, seeks an order unitizing, for the purpose of
establishing an enhanced recovery project, all mineral interest in the Upper

Pennsylvanian formation, North Dagger Draw-Upper Pennsylvanian Pool, underlying 5612.95 acres, more or less, of Federal, State and Fee lands in the following acreage:

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM

Sections 16 and 17:	All
Section 18:	S/2, S/2 NE/4, SE/4 NW/4, NE/4 NE/4
Section 19 through 21:	All
Section 28 through 30:	All

Said unit to be designated the North Dagger Draw-Upper Pennsylvanian Unit.

Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the designation of horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment and such other matters as may be necessary and appropriate for carrying on efficient unit operations; including but not limited to, unit voting procedures, selection, removal or substitution of unit operator, and time of commencement and termination of unit operations. Applicant also requests that any such order issued in this case include a non-consent penalty for risk to be charged against carried working interests within the unit area upon such terms and conditions to be determined by the Division as just and reasonable. Said unit area is located approximately 12 miles south southwest of Artesia, New Mexico.

PROPOSED EVIDENCE

APPLICANT

WITNESSES (Name and Expertise)	ESTIMATED TIME	EXHIBITS
Susan Vierra (Land)	Approx. 20 Minutes	Approx. 10

John Humphrey (Geology)	Approx. 15 Minutes	Approx. 6
George Freeman (Engineering)	Approx. 20 Minutes	Approx. 5

PROCEDURAL MATTERS

Yates Petroleum Corporation will request at the time of hearing that this case be consolidated with Case 13228.



William F. Carr

Attorney for Yates Petroleum Corporation