

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

2011 APR -7 P 4: 11

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

APPLICATION OF NADEL AND GUSSMAN  
PERMIAN L.L.C. FOR APPROVAL OF A  
NON-STANDARD OIL SPACING AND  
PRORATION UNIT AND COMPULSORY  
POOLING, EDDY COUNTY, NEW MEXICO

Case No. 14624

**YATES PETROLEUM CORPORATION'S  
PRE-HEARING STATEMENT**

Yates Petroleum Corporation ("Yates") submits this Pre-Hearing Statement as required  
by the Oil Conservation Division.

**APPEARANCES**

**APPLICANT**

Nadel and Gussman  
Permian L.L.C.

**ATTORNEY**

James Bruce  
Post Office Box 1056  
Santa Fe, NM 87504  
505.982.2043  
505.982.2151 (fax)

**OPPONENT**

Yates Petroleum Corporation  
105 S. Fourth Street  
Artesia, NM 88210-2118

**ATTORNEY**

Gary W. Larson  
Post Office Box 2068  
Santa Fe, NM 87504-2068  
505.982.4554  
505.982.8623 (fax)

**STATEMENT OF THE CASE**

Yates is a mineral interest owner in the E/2 SW/2 of Section 7, Township 19 South,  
Range 26 East, N.M.P.M. in Eddy County. Applicant Nadel and Gussman Permian L.L.C.

("Nadel and Gussman") seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Glorieta-Yeso formation comprised of the E/2 W/2 of Section 7 and the pooling of all mineral interests (i) from the surface to the top of the Glorieta-Yeso formation in the NE/4 NW/4 of Section 7 and (ii) the Glorieta-Yeso formation underlying the proposed project area. Nadel and Gussman proposes to drill the Long Branch Well No. 2, a horizontal well with a surface location in the NE/4 NW/4, and a terminus in the SE/4 SW/4, of Section 7. Yates opposes the application on the grounds that (i) Nadel and Gussman failed to undertake a good faith effort to obtain Yates' voluntary joinder in the well and (ii) Nadel and Gussman's proposed well costs are unreasonable.

#### **PROPOSED EVIDENCE**

##### **WITNESS**

Charles E. Moran  
(Landman)

##### **ESTIMATED TIME**

Approx. 15 minutes

##### **EXHIBITS**

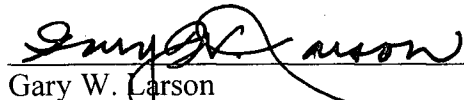
None

Yates reserves the right to call a rebuttal witness(es) if appropriate.

#### **PROCEDURAL MATTERS**

Yates is not aware of any procedural matters to be resolved prior to the hearing.

HINKLE, HENSLEY, SHANOR &  
MARTIN, LLP



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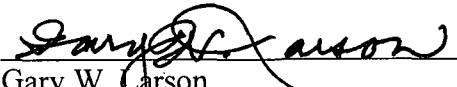
*Counsel for Yates Petroleum Corporation*

**CERTIFICATE OF SERVICE**

I hereby certify that on this 7<sup>th</sup> day of April, 2011, I sent a true and correct copy of the foregoing ***Yates Petroleum Corporation's Pre-Hearing Statement*** via email to:

James Bruce, Esq.  
[jamesbruc@aol.com](mailto:jamesbruc@aol.com)

*Counsel for Applicant*  
*Nadel and Gussman Permian L.L.C.*

  
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Gary W. Larson