

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

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

**LRE OPERATING, LLC, FOR
APPROVAL OF A SALT WATER
DISPOSAL WELL, EDDY COUNTY,
NEW MEXICO**

CASE NO. 14863

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PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Opponent as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

LRE Operating, LLC

APPLICANT'S ATTORNEY

Ernest L. Padilla
PADILLA LAW FIRM, P.A.
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OPPONENT

Yates Petroleum Corporation

OPPONENT'S ATTORNEY

William F. Carr
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Post Office Box 2208
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OPPONENT'S STATEMENT OF CASE

Applicant proposes to inject produced water for purposes of disposal into the Eddy-Humble "4" State No. 1 well, located 2310 feet from the South line and 1650 feet from the East

line, Unit J, Section 4, Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico. The application proposes to inject through an open-hole completion into the Abo, Wolfcamp, and Cisco formations. Yates Petroleum owns interests in the Wolfcamp formation within the half-mile area of review and believes that the Wolfcamp formation is likely to be productive.

OPPONENT'S PROPOSED EVIDENCE

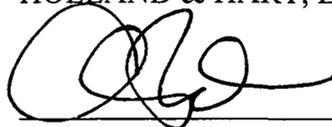
WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Kevin Klein, Petroleum Landman	Approx. 15 min.	Approx. 3
Ray Podany, Petroleum Geology	Approx. 20 min.	Approx. 5
Jim Pringle, Petroleum Engineer	Approx. 20 min.	Approx. 5

PROCEDURAL MATTERS

None at this time.

Respectfully submitted,

HOLLAND & HART, LLP



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**ATTORNEYS FOR
YATES PETROLEUM CORPORATION**

CERTIFICATE OF SERVICE

I hereby certify that on July 5, 2012, I served a copy of the foregoing document to the following via electronic mail to:

Ernest L. Padilla
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A handwritten signature in black ink, appearing to read 'A. Rankin', is written above a horizontal line.

Adam G. Rankin