

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

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

**APPLICATION OF MESQUITE
SWD, INC. FOR APPROVAL OF A
SALT WATER DISPOSAL WELL,
LEA COUNTY, NEW MEXICO**

Case No. 14979

**PRE-HEARING STATEMENT OF YATES PETROLEUM CORPORATION,
ABO PETROLEUM CORPORATION, AND MYCO INDUSTRIES, INC.**

Abo Petroleum Corporation ("Abo"), Myco Industries, Inc. ("Myco"), and Yates Petroleum Corporation ("Yates") jointly submit this Pre-Hearing Statement as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Mesquite SWD, Inc.
P.O. Box 1478
Carlsbad, NM 88220

ATTORNEY

James Bruce
Post Office Box 1056
Santa Fe, NM 87504
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OPPONENTS

Yates Petroleum Corporation
Abo Petroleum Corporation
Myco Industries, Inc.
105 S. Fourth Street
Artesia, NM 88210-2118

ATTORNEY

Gary W. Larson
Hinkle, Hensley, Shanor &
Martin, LLP
Post Office Box 2068
Santa Fe, NM 87504-2068
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STATEMENT OF THE CASE

Applicant Mesquite SWD, Inc. ("Mesquite") seeks an order approving the drilling and operation of a salt water disposal well, the Paduca Fed SWD #3, to be located in Unit Letter C, Section 23, Township 25 South, Range 32 East in Lea County. Abo and Myco are record owners of the federal lease in the NW/4 of Section 23 and Abo, Myco, and Yates own working interests pursuant to an operating agreement naming Yates as the designated operator. Abo, Myco and Yates oppose the application on the grounds that Mesquite's injection of produced water would detrimentally impact Yates' horizontal well drilling program and impair Abo's, Myco's and Yates' correlative rights.

PROPOSED EVIDENCE

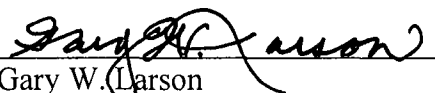
<u>WITNESS</u>	<u>ESTIMATED TIME</u>	<u>EXHIBITS</u>
Robert Morrison (Landman)	Approx. 10 minutes	1
Sterling F. Fly III (Geologist)	Approx. 10 minutes	2
Margrethe F. Hotter (Petroleum Engineer)	Approx. 10 minutes	2

Abo, Myco and Yates reserve the right to call a rebuttal witness(es) if appropriate.

PROCEDURAL MATTERS

Abo, Myco and Yates are not aware of any procedural matters to be resolved prior to the hearing.

HINKLE, HENSLEY, SHANOR &
MARTIN, LLP



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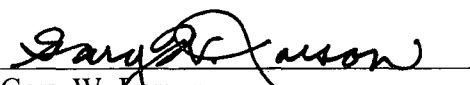
*Counsel for Yates Petroleum Corporation, Abo
Petroleum Corporation, and Myco Industries, Inc.*

CERTIFICATE OF SERVICE

I hereby certify that on this 25th day of April, 2013, I transmitted a true and correct copy of the foregoing ***Pre-Hearing Statement of Yates Petroleum Corporation, Abo Petroleum Corporation, and Myco Industries, Inc.*** via email to:

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jamesbruc@aol.com

*Counsel for Applicant
Mesquite SWD, Inc.*



Gary W. Larson