

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

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

CASE NO. 13708

**APPLICATION OF YATES DRILLING COMPANY
FOR COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO.**

PRE-HEARING STATEMENT

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

APPEARANCES OF PARTIES

APPLICANT

Yates Drilling Company
Attention: Tony Krakauskas
105 South Fourth Street
Artesia, New Mexico 88210-2118
(505) 748-8442

ATTORNEY

William F. Carr, Esq.
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STATEMENT OF CASE

APPLICANT

Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Morrow formation in the following described spacing and proration units located in the E/2 of Section 24, Township 18 South, Range 27 East, N.M.P.M., Eddy County, New Mexico: the E/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Undesignated Red Lake-Atoka-Morrow Gas Pool; the NE/4 for all formations and/or pools developed on 160-acre spacing; and the NE/4 NE/4 for all formations and/or pools developed on 40-acre spacing. Said units are to be dedicated to its Wisetail State Com Well No. 1 to be drilled at a standard

gas well location 660 feet from the North line and 990 feet from the East line (Unit A) of said Section 24. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Yates Drilling Company as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 12 miles southeast of Artesia, New Mexico.

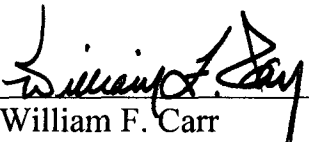
PROPOSED EVIDENCE

APPLICANT

| WITNESSES (Name and Expertise) | ESTIMATED TIME | EXHIBITS |
|-----------------------------------|--------------------|-----------|
| Tony Krakauskas | Approx. 10 Minutes | Approx. 6 |

PROCEDURAL MATTERS

Yates Drilling Company has none at this time.



William F. Carr
Attorney for Yates Drilling Company