

**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. 13830**

**APPLICATION OF PRIDE ENERGY COMPANY FOR  
COMPULSORY POOLING, LEA 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**

<u>APPLICANT</u>	<u>ATTORNEY</u>	2006 DEC 6 PM 3 00	WVD 12/6/06
Pride Energy Company	James Bruce, Esq. Post Office Box 1056 Santa Fe, NM 87504-1056 (505) 982-2043		
<u>OPPOSITION</u>	<u>ATTORNEY</u>		
Yates Petroleum Corporation Attention: Robert Bullock 105 South Fourth Street Artesia, NM 88210 (505) 748-4357	William F. Carr, Esq. Holland & Hart LLP Post Office Box 2208 Santa Fe, New Mexico 87504 (505) 988-4421		

**STATEMENT OF CASE**

**APPLICANT**

Applicant seeks an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying the following described acreage in Section 24,

Township 11 South, Range 33 East, N.M.P.M., and in the following manner: The N/2 to form a standard 320 acre gas spacing and proration unit for all formations developed on 320 acre spacing within that vertical extent; the NE/4 to form a standard 160 acre gas spacing and proration unit for all formations developed on 160 acre spacing within that vertical extent; the W/2 NE/4 to form a standard 80-acre oil spacing and proration unit for all formations or pools developed on 80 acre spacing within that vertical extent, including the Inbe Permo-Pennsylvania Pool; and the NW/4 NE/4 to form a standard 40-acre oil spacing and proration unit for all formations developed on 40 acre spacing within that vertical extent. The units are to be dedicated to the Inbe "24" Well No. 1, to be located 660 feet from the North line and 2310 feet from the East line of Section 24, which is unorthodox except as to oil well units developed on 40 acre spacing. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well.

OPPOSITION

Yates Petroleum Corporation opposes the application of Pride Energy Company to pool Yates' interests in the N/2 of Section 24, Township 11 South, Range 33 East, NMPM. Yates asserts that Pride has not properly proposed this well and has not engaged in good faith negotiations to reach a voluntary agreement for the development of these lands. Depending on the evidence presented by Pride, and its responses to Yates' questions on cross examination of Pride witnesses, Yates may ask the Examiner to dismiss this application at the hearing.

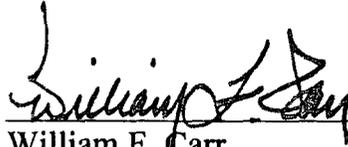
**PROPOSED EVIDENCE**

OPPOSITION

WITNESSES (Name and Expertise)	ESTIMATED TIME	EXHIBITS
Charles Moran (Landman)	Approx. 15 min.	Approx. 4

**PROCEDURAL MATTERS**

Yates Petroleum Corporation has none at this time.



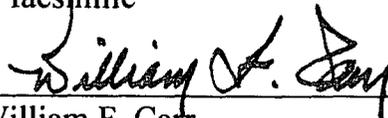
William F. Carr  
Attorney for Yates Petroleum Corporation

**CERTIFICATE OF SERVICE**

I certify that on December 6, 2006, I served a copy of the foregoing document to the following by

- U.S. Mail, postage prepaid
- Hand Delivery
- Fax
- Electronic Service by LexisNexis File & Serve

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William F. Carr