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° New Mexico Board of Legal  
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the Area of Natural Resources - Oil and  
Gas Law

December 11, 2003

**RECEIVED**

DEC 15 2003

Oil Conservation Division  
1220 S. St. Francis Drive  
Santa Fe, NM 87505

Lori Wrotenbery, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 S. St. Francis Drive  
Santa Fe, NM 87504

Re: Pre-Hearing Statement for Case No. 13197

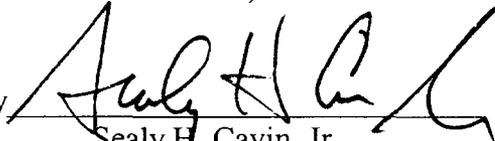
Dear Ms. Wrotenbery:

On behalf of Robert E. and Marilia L. Harmon, Trustees of Harmon Trust, I am enclosing triplicate originals of the Pre-Hearing Statement to be filed in connection with the above-referenced case scheduled for public hearing before a Division Examiner on the docket for December 18, 2003.

WVST  
12/15/03

Very truly yours,

CAVIN & INGRAM, P.A.

By   
Sealy H. Cavin, Jr.

SHC:tg  
Enclosures

cc w/enc: Michael H. Feldewert

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

**RECEIVED**

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

DEC 15 2003

Oil Conservation Division  
1220 S. St. Francis Drive  
Santa Fe, NM 87503

APPLICATION OF YATES PETROLEUM  
CORPORATION FOR COMPULSORY  
POOLING AND APPROVAL OF AN  
UNORTHODOX GAS WELL LOCATION,  
LEA COUNTY, NEW MEXICO

CASE NO. 13197

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Robert E. and Marilia L. Harmon, Trustees of the Harmon Trust ("Harmon Trust") as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

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

ATTORNEY:

Michael H. Feldewart  
Holland & Hart LLP  
110 North Guadalupe Street, Suite 1  
Santa Fe, NM 87501  
(505) 988-4421

OPPOSITION OR OTHER PARTY:

Robert E. and Marilia L. Harmon, Trustees  
of the Harmon Trust  
7022 Davis Street  
Alexandria, VA 22306

ATTORNEY:

Sealy H. Cavin, Jr.  
Cavin & Ingram, P.A.  
40 First Plaza, Suite 610  
Albuquerque, NM 87102  
(505) 243-5400

wvj 12/15/03

STATEMENT OF THE CASE

APPLICANT:

Applicant, Yates Petroleum Corporation, seeks to pool mineral interests in the W/2 of Section 12, Township 15 South, Range 34 East, NMPM, Lea County, New Mexico, and approval of an unorthodox gas well location, all regarding the Reed AXV Com Well #1.

OPPOSITION OR OTHER PARTY:

The Harmon Trust is a mineral interest owner whose interest is affected by Yates' application.

PROPOSED EVIDENCE

APPLICANT:

<u>Witness</u>	<u>Estimated Time</u>	<u>Exhibits</u>
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To be identified by applicant.

OPPOSITION:

<u>Witness</u>	<u>Estimated Time</u>	<u>Exhibits</u>
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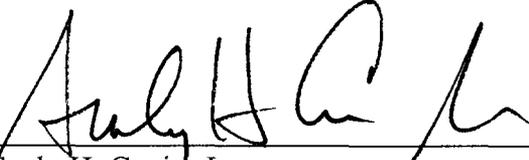
None at this time.

PROCEDURAL MATTERS

The Harmon Trust is not aware of any procedural matters which need to be addressed prior to the hearing.

RESPECTFULLY SUBMITTED,

CAVIN & INGRAM, P.A.

By:   
Sealy H. Cavin, Jr.

P. O. Box 1216  
Albuquerque, NM 87103-1216  
(505) 243-5400

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

RECEIVED

DEC 12 2003

IN THE MATTER OF THE APPLICATION  
OF YATES PETROLEUM CORPORATION  
FOR COMPULSORY POOLING AND APPROVAL  
OF AN UNORTHODOX WELL LOCATION,  
LEA COUNTY, NEW MEXICO.

Oil Conservation Division  
1220 S. St. Francis Drive  
Santa Fe, NM 87505  
CASE NO. 13197

APPLICANT'S PRE-HEARING STATEMENT

Applicant hereby submits this Pre-Hearing Statement as required by the rules of the New Mexico Oil Conservation Division.

APPEARANCES

APPLICANT

Yates Petroleum Corporation

ATTORNEY

Michael H. Feldewert, Esq.  
Holland & Hart, LLP  
P. O. Box 2208  
Santa Fe, NM 87504-2208  
505/988-4421

SCM  
12/15/03

APPLICANT'S STATEMENT OF CASE

Applicant seeks an order pooling all mineral interests in all formations from the surface to the base of the Mississippian in the following described spacing and proration units located in Section 12, Township 15 South, Range 34 East, N.M.P.M., Lea County, New Mexico:

- The W/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the North Eidson Morrow Pool;
- The SW/4 for all formations and/or pools developed on 160-acre spacing;
- The N/2 SW/4 for all formations and/or pools developed on 80-acre spacing; and
- The NE/4 SW/4 (Unit K) for all formations and/or pools developed on 40-acre spacing.

Said units are to be dedicated to the Reed AXV Com. Well No. 1, which is an existing Wolfcamp oil well at an unorthodox gas well location 1870 feet from the South line and 2080 feet from the West line (Unit K) of said Section 12. Yates seeks to re-enter and deepen this existing oil well to an approximate depth of 13,400 feet in order to test the Austin Cycle, Morrow and Atoka formations. In addition to the approval of this unorthodox gas well location, Yates Petroleum Corporation seeks to be designated operator of the well and requests that the Division impose a 200% risk penalty against the non-consenting interest owners pursuant to Division Rule 19.15.1.35. Said area is located approximately 10 miles northeast of Lovington, New Mexico.

**APPLICANT'S PROPOSED EVIDENCE**

WITNESS (Name and Expertise)	ESTIMATED TIME	EXHIBITS
Robert Bullock, Landman	Approx. 10 minutes	Approx. 6
John Amiet, Geologist	Approx. 10 minutes	Approx. 2

**PROCEDURAL MATTERS**

None.

Respectfully submitted,

HOLLAND & HART, LLP

By:   
 Michael H. Feldewert  
 P.O. Box 2208  
 Santa Fe, NM 87504-2208  
 505/988-4421  
 Attorneys for Yates Petroleum Corporation