

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

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JAN - 5 2004

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

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

**APPLICATION OF YATES PETROLEUM CORPORATION
FOR POOL CREATION AND THE ADOPTION OF
SPECIAL POOL RULES AND REGULATIONS,
LEA COUNTY, NEW MEXICO.**

**CASE NO. 12681
Order No. R-11680**

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 Petroleum Corporation
Attention: Randy Patterson
105 South Fourth Street
Artesia, New Mexico 88210-2118
(505) 748-1471

ATTORNEY

William F. Carr, Esq.
Holland & Hart LLP and Campbell & Carr
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Santa Fe, New Mexico 87504
(505) 988-4421

OPPOSITION

Devon Energy Production Co., L.P.

OPPOSITION ATTORNEY

James Bruce, Esq.
Post Office Box 1056
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STATEMENT OF CASE

APPLICANT

Applicant seeks the creation of a new pool for the production of hydrocarbons from the Atoka formation to include the N/2 SW/4 of Section 29, Township 15 South, Range 35 East, NMPM. Applicant also seeks the promulgation of special pool rules and regulations for this pool including provisions for 80-acre spacing and proration units with wells to be located no

closer than 330 feet from the quarter-quarter section line of the dedicated spacing unit and an optional second well on each unit with no more than one well located in a single quarter-quarter section. Said area is located approximately 6 miles west-northwest of Lovington, New Mexico.

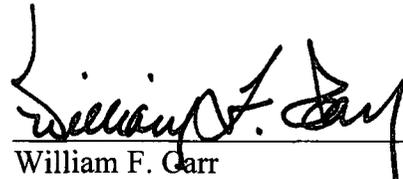
PROPOSED EVIDENCE

APPLICANT

| WITNESSES (Name and Expertise) | ESTIMATED TIME | EXHIBITS |
|--------------------------------------|--------------------|----------|
| David Boneau (Petroleum Engineer) | Approx. 15 Minutes | 8 |

PROCEDURAL MATTERS

Yates Petroleum Corporation has none at this time.



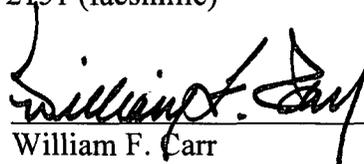
William F. Garr
Attorney for Yates Petroleum Corporation

CERTIFICATE OF SERVICE

I certify that on January 5, 2004 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