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OIL CONSERVATION DIVISION

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. 10386

APPLICATION OF McKAY OIL CORPORATION FOR  
COMPULSORY POOLING, EDDY  
COUNTY, NEW MEXICO

CASE NO. 10363

APPLICATION OF YATES PETROLEUM CORPORATION  
FOR COMPULSORY POOLING, EDDY  
COUNTY, NEW MEXICO

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by McKay Oil Corporation as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

McKay Oil Corporation  
P.O. Box 2208  
Roswell, NM 88202  
ATTN: Mr. Roy McKay  
(505) 623-4735

ATTORNEY

W. Thomas Kellahin  
KELLAHIN, KELLAHIN & AUBREY  
P.O. Box 2265  
Santa Fe, NM 87504  
(505) 982-4285

OPPOSITION

Yates Petroleum Corporation

ATTORNEY

William F. Carr  
CAMPBELL & BLACK  
P.O. Box 2208  
Santa Fe, NM 87501  
(505) 988-4421

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### STATEMENT OF CASE

#### APPLICANT

McKay Oil Corporation, Applicant in the above-captioned cause, seeks an order pooling all mineral interests in the Undesignated South Dagger Draw-Upper Pennsylvanian, Associated Pool underlying the N/2 of Section 25, Township 20 South, Range 24 East, froming a standard 320-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to a well to be drilled at a standard location thereon. 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 applicant as operator of the well and a charge for risk involved in drilling said well.

Further, McKay opposes the Yates Corporation Application because Yates has incorrectly located the well and misorientated the spacing unit.

#### OPPOSITION

N/A

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**PROPOSED EVIDENCE**

APPLICANT

WITNESSES	EST. TIME	EXHIBITS
Roy McKay Owner	20 Min.	Approximately Six
Jim Schultz Landman	10 Min.	None
George Reddy Geologist	40 Min.	Approximately Six
Charles Sanders Petroleum Engineer	20 Min.	Approximately Four

OPPOSITION

WITNESSES	EST. TIME	EXHIBITS
N/A		

**PROCEDURAL MATTERS**

None applicable at this time.

KELLAHIN, KELLAHIN & AUBREY

By: 

W. Thomas Kellahin  
P.O. Box 2265  
Santa Fe, New Mexico 87504  
(505) 982-4285