

VANDIVER & BOWMAN, P. C.

Attorneys at Law

611 West Mahone, Suite E
Artesia, New Mexico 88210-2075
(575) 746-9841

DAVID R. VANDIVER
JEFFREY L. BOWMAN

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FAX
(575) 746-4208

2011 FEB 11 P 2: 06

February 10, 2011

Ms. Florene Davidson
Oil Conservation Division
1220 South Francis Drive
Santa Fe, New Mexico 87505

*Re: Application of Yates Petroleum Corporation for a
Non-Standard Spacing and Proration Unit and
Compulsory Pooling, Eddy County, New Mexico.*

Case No. 14598

Dear Florene:

Enclosed is the Pre-Hearing Statement in Case No. 14598 which is scheduled for hearing on February 17, 2011. If you have any questions, please call me at 575-746-9841. Thank you.

Very truly yours,

VANDIVER & BOWMAN, P. C.



David R. Vandiver

DRV:ldc

Encl./as stated

cc: Mr. Chuck Moran

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

IN THE MATTER OF THE APPLICATION
OF YATES PETROLEUM CORPORATION
FOR A NON-STANDARD SPACING AND
PRORATION UNIT AND COMPULSORY
POOLING, EDDY COUNTY, NEW
MEXICO.

CASE NO. 14598

PRE-HEARING STATEMENT

This Pre-Hearing Statement is submitted by Vandiver & Bowman, P.C., as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico
(575) 748-1471
Attention: Charles E. Moran

ATTORNEY

David R. Vandiver
Vandiver & Bowman, P.C.
611 West Mahone, Suite E
Artesia, New Mexico 88210
(575) 746-9841

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STATEMENT OF CASE

APPLICANT

Applicant seeks an order (1) creating a non-standard spacing unit comprised of S/2 S/2 Section 36, Township 19 South, Range 24 East, N.M.P.M., Eddy County, New Mexico, and (2) pooling all mineral interests in the Cisco formation underlying S/2 S/2 of said Section 36, which will be the project area for its Dee 36SE State Com. No. 7H Well (formerly the Dee 36SW State Com. No. 2 Well), located at an orthodox surface location 940 feet from the south line and 990 feet from the west line (Unit M) of said Section 36. The well will be re-entered, drilled to a true vertical depth of approximately 7,500 feet (estimated measured depth of approximately 11,255 feet), and then in an easterly direction in the Cisco formation to a terminus 940 feet from the south line and 660 feet from the east line (Unit P) of said Section 36. Also to be considered will be the cost of drilling,

testing, completing and equipping said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Yates Petroleum Corporation as operator of the well and a 200% charge for risk involved in drilling and completing the well.

PROPOSED EVIDENCE

<u>WITNESSES</u>	<u>ESTIMATED TIME</u>	<u>EXHIBITS</u>
Charles E. Moran, Petroleum Landman	20 minutes	Approximately 6
John Amiet, Petroleum Geologist	15 minutes	Approximately 4

PROCEDURAL MATTERS

Yates Petroleum Corporation has none at this time.

Respectfully submitted,

VANDIVER & BOWMAN, P.C.

By: 

David R. Vandiver
611 West Mahone, Suite E
Artesia, New Mexico 88210
575-746-9841

Attorneys for Yates Petroleum Corporation