

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

**APPLICATION OF GILLESPIE-CROW, INC.
FOR UNIT EXPANSION, STATUTORY UNITIZATION,
AND QUALIFICATION OF THE EXPANDED
UNIT AREA FOR THE RECOVERED OIL
TAX RATE AND CERTIFICATION OF A
POSITIVE PRODUCTION RESPONSE
PURSUANT TO THE "NEW MEXICO
ENHANCED OIL RECOVERY ACT,"
LEA COUNTY, NEW MEXICO.**

RECEIVED

MAY 9 1997

Oil Conservation Division

CASE 11724

PRE-HEARING STATEMENT

This Prehearing Statement is submitted by Campbell, Carr & Berge & Sheridan, P.A., as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Gillespie Crow, Inc. _____

name, address, phone and
contact person

ATTORNEY

James Bruce, Esq.
612 Old Santa Fe Trail, Suite B
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(505) 982-2043

INTERESTED PARTY

Yates Petroleum Corporation
c/o David Boneau
105 South Fourth Street
Artesia, NM 88210
(505) 748-1471

ATTORNEY

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INTERESTED PARTY

Hanley Petroleum Corporation
c/o Jim Rogers

(505)

ATTORNEY

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INTERESTED PARTY

Enserch Exploration, Inc.

ATTORNEY

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INTERESTED PARTY

Snyder Ranches, Inc.

ATTORNEY

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STATEMENT OF CASE

APPLICANT

(Please make a concise statement of what is being sought with this application and the reasons therefore.)

OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

Yates Petroleum Corporation and Hanley Petroleum, Inc. will appear and present testimony in opposition to the expansion of the West Lovington Strawn Unit as proposed by Gillespie-Crow, Inc. The Yates and Hanley evidence will establish that the original unit boundaries exclude substantial portions of the reservoir as it is now defined by development. This excluded acreage is in pressure communication with unit wells and will be affected by unit operations. Exclusion of this acreage from the unit will impair the correlative rights of the owners of interest in this acreage.

Yates and Hanley will present the results of their own oil in place study of the West Lovington Strawn Pool. Based on this study, Yates and Hanley will describe the boundaries of this reservoir, will recommend that all acreage within the reservoir boundaries share in unit production and will recommend amendment of the current unit allocation formula to allocate unit production to the owners thereof on a fair, reasonable and equitable basis.

PROPOSED EVIDENCE

APPLICANT

WITNESSES
(Name and expertise)

EST. TIME

EXHIBITS

OTHER PARTY

WITNESSES
(Name and expertise)

EST. TIME

EXHIBITS

David Boneau, Petroleum Engineer

20 Min.

Approximately 6

Brett Bracken, Geology

25 Min.

Approximately 9

John Savage, Petroleum Engineer

20 Min.

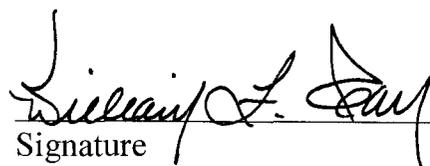
Approximately 6

PROCEDURAL MATTERS

(Please identify any procedural matters which need to be resolved prior to hearing)

Motion of Yates Petroleum Corporation and Hanley Petroleum, Inc to dismiss the application of Gillespie-Crow, Inc. for failure to comply with the Statutory Unitization Act.

Enserch Exploration, Inc.'s Motion to Stay.


Signature

CERTIFICATE OF SERVICE

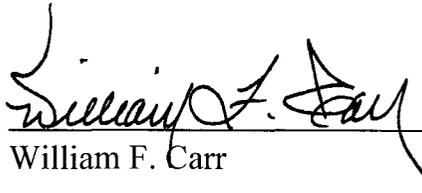
I hereby certify that I have caused a true and correct copy of the foregoing Pre-Hearing Statement to be mailed on this 9th day of May, 1997 to the following counsel of record:

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