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January 16, 1998

VIA FACSIMILE AND FIRST CLASS MAIL

Director
New Mexico Oil Conservation Division
2040 S. Pacheco
Santa Fe, New Mexico 87505-5472

Re: Applications of Yates Petroleum to Drill its Jacque "AQJ" State
Well Nos. 1, 2, 3 and 4, Section 34, Township 21 South, Range
31 East, N.M.P.M., Eddy County, New Mexico, Case Nos.
11913, 11914, 11915 and 11916

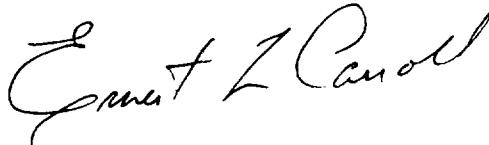
Dear Madam:

Enclosed, please find the prehearing statement of Yates Petroleum Corporation for filing in the captioned cause of action.

If you have any questions, please advise.

Very truly yours,

LOSEE, CARSON, HAAS & CARROLL, P.A.



Ernest L. Carroll

ELC:kth
Encl.

cc w/encl: Mr. Charles C. High, Jr. (by facsimile)

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

IN THE MATTER OF THE APPLICATION OF
YATES PETROLEUM CORPORATION FOR A
PERMIT TO DRILL, EDDY COUNTY, NEW MEXICO

CASE NOS. 11913, 11914
11915, 11916

PREHEARING STATEMENT

This prehearing statement is submitted by YATES PETROLEUM CORPORATION, as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Yates Petroleum Corporation

ATTORNEY

Ernest L. Carroll
Losee, Carson, Haas & Carroll, P.A.
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OPPOSITION

Mississippi Potash, Inc.

Charles C. High, Jr.
Jenkins & Gilchrist
1445 Ross Ave., Suite 3200
Dallas, TX 75202-2799
(214)855-4300

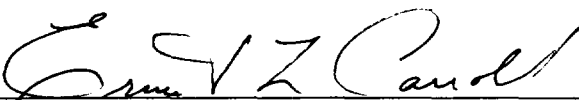
STATEMENT OF CASE

Yates Petroleum Corporation seeks permits to drill its Jacques "AQJ" State Wells No. 1 through 4 in Section 34, Township 21 South, Range 31 East, N.M.P.M., Eddy County New Mexico. Mississippi Potash, Inc. objected to the drilling of said wells. Yates will present evidence that there will be no waste of commercial potash deposits in Section 34; that the proposed wells do not constitute a hazard to the mining of commercial potash in Section 34; and that the proposed wells will not unduly interfere with the mining of commercial potash deposits in Section 34.

PROPOSED EVIDENCE

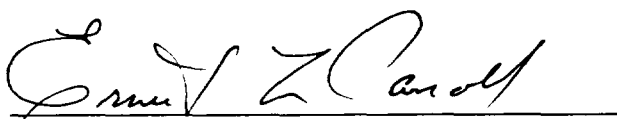
| WITNESSES | EST. TIME | APPROX. # EXHIBITS |
|---|-----------|--------------------|
| Brent May, Geologist | 30 min. | 4 |
| Dave Pearson, Reservoir Engineer | 30 min. | 4 |
| Kathy Porter, Landman | 15 min. | 7 |
| Nelson Muncy, Petroleum and Mining Engineer | 30 min. | 15 |
| Greg Hazlett, Ph.D, Petroleum Engineer | 30 min. | 5 |
| Larry Teufel, Ph.D, Geologist | 30 min. | 5 |
| Gary Hutchinson, Mining Engineer | 30 min. | 9 |

LOSEE, CARSON, HAAS & CARROLL, P.A.

By: 
Ernest L. Carroll
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Attorneys for Applicant

I hereby certify that I caused a true and correct copy of the foregoing pleading to be mailed to counsel of record this January 16, 1998.


Ernest L. Carroll