

**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:**

OIL CONSERVATION DIV  
01 FEB -6 PM 3:25

**APPLICATION OF YATES PETROLEUM  
CORPORATION FOR COMPULSORY POOLING  
AND A NON-STANDARD GAS SPACING AND  
PRORATION UNIT, LEA COUNTY, NEW MEXICO.**

**CASE NO. 12590**

**PRE-HEARING STATEMENT**

This Prehearing Statement is submitted by Holland & Hart LLP and Campbell & Carr as required by the Oil Conservation Division.

**APPEARANCES OF PARTIES**

**APPLICANT**

Yates Petroleum Corporation  
Attention: Robert Bullock  
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**ATTORNEY**

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**OTHER PARTY**

David H. Arrington Oil & Gas, Inc.  
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**Pre-hearing Statement**  
**NMOCD Case No. 12590**  
**Page 2**

OPPOSITION

Ocean Energy Resources, Inc.  
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(915) 683.3003

OPPOSING COUNSEL

James Bruce, Esq.  
612 Old Santa Fe Trail, Suite B  
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**STATEMENT OF CASE**

APPLICANT

Yates Petroleum Corporation, applicant in the above-captioned case, seeks an order pooling all mineral interests from the surface to the base of the Mississippian formation in Lots 1 through 8 (N/2 Equivalent) of Irregular Section 3, Township 16 South, Range 35 East, to form a non-standard 355.80-acre gas spacing and proration unit for all formations and/or pools developed on 320-acre spacing within that vertical extent which includes but is not necessarily limited to the Undesignated North Shoe Bar-Atoka Gas Pool and the Undesignated North Shoe Bar-Morrow Gas Pool. Said unit is to be dedicated to Yates Daisy AFS State Well No. 2 to be drilled at a standard location 660 feet from the North and East lines of said Section 3 to a depth sufficient to test all formations from the surface to the base of the Mississippian formation. 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 Yates Petroleum Corporation as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 6 miles west-northwest of Lovington, New Mexico.

**PROPOSED EVIDENCE**

**APPLICANT**

**WITNESSES**  
(Name and expertise)

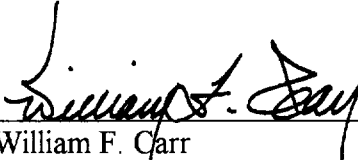
**ESTIMATED TIME**

**EXHIBITS**

None.

**PROCEDURAL MATTERS**

Yates Petroleum Corporation will request that this case be consolidated with Case Numbers 12535, 12567 and 12569 for the purpose of hearing.

  
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William F. Carr

Attorney for YATES PETROLEUM CORPORATION

**CERTIFICATE OF MAILING**

I hereby certify that on this 6<sup>th</sup> day of February, 2001, I have caused to be delivered by facsimile a copy of our Pre-Hearing Statement in the above-captioned cases to the following counsel of record:

James Bruce, Esq.  
612 Old Santa Fe Trail, Suite B  
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\_\_\_\_\_  
William F. Carr