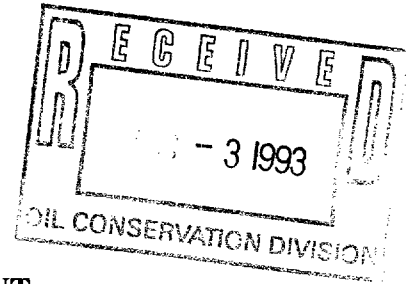


**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 10794

APPLICATION OF YATES PETROLEUM
CORPORATION FOR APPROVAL OF A
WATERFLOOD PROJECT,
LEA COUNTY, NEW MEXICO.



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

Yates Petroleum Corporation _____
c/o Rob Bullock _____
105 South Fourth Street _____
Artesia, New Mexico 88210 _____
(505) 748-1471 _____
name, address, phone and
contact person

ATTORNEY

William F. Carr, Esq. _____
Campbell, Carr, Berge & Sheridan, P.A.
Post Office Box 2208 _____
Santa Fe, New Mexico 87504 _____
(505) 988-4421 _____

OPPOSITION OR OTHER PARTY

name, address, phone and
contact person

ATTORNEY

STATEMENT OF CASE

APPLICANT

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

Yates Petroleum Corporation, applicant in the above-captioned cause, seeks approval of its Sanmal Unit Waterflood Project by injection of water into the Queen formation through three (3) injection wells located in the following described area:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, N.M.P.M.

Section 1: SW/4, S/2 NE/4, N/2 SE/4, SW/4 SE/4

Section 12: N/2 NW/4

Applicant further requests that the Division establish procedures for the administrative approval of additional injection wells within the unit area without the necessity of further hearings and the adoption of any provisions necessary for such other matters as may be appropriate for said waterflood operations. Applicant further seeks to qualify this project for the recovered oil tax rate under the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5).

OPPOSITION OR 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.)

PROPOSED EVIDENCE

APPLICANT

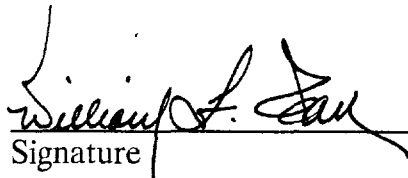
WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Rob Bullock, Land	10 Min.	Approximately 4
Carolyn Bulovas Yates, Petroleum Engineer	15 Min.	Approximately 3

OPPOSITION

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
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PROCEDURAL MATTERS

This case will be consolidated for hearing with Case 10763.


Signature