

BEFORE THE OIL CONSERVATION DIVISION
OF THE STATE OF NEW MEXICO

19 1994

IN THE MATTER OF THE APPLICATION OF :
YATES PETROLEUM CORPORATION FOR AN : CASE NO. 11037
UNORTHODOX GAS WELL LOCATION, EDDY : /9
COUNTY, NEW MEXICO :
_____ :

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
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P. O. Drawer 239
Artesia, NM 88211-0239
(505)746-3505

OPPOSITION

Mitchell Energy Corporation

W. Thomas Kellahin
Kellahin & Kellahin
P. O. Box 2265
Santa Fe, NM 87504-2265
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STATEMENT OF CASE

Yates Petroleum Corporation seeks to drill its Llama ALL Fed. #1 at a point located 330' from the South line and 950' from the West line of Section 7, T22S, R31E, NMPM, Eddy County, New Mexico, at a depth sufficient to test the Morrow formation, and forming a 319.81-acre gas proration unit comprising the S/2 of said Section 7.

Mitchell Energy Corporation has indicated its intent to oppose this application.

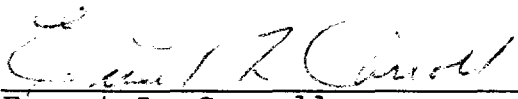
PROPOSED EVIDENCE

APPLICANT

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Rob Bullock, Landman	10 min.	2
Dave Boneau, Bob Fant - Engineers	45 min.	8
Brent May, Geologist	30 min.	6

Respectfully submitted,

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

By: 
Ernest L. Carroll
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(505) 746-3505

Attorneys for Yates Petroleum Corp.

**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. 11037

APPLICATION OF YATES ENERGY CORPORATION
FOR AN UNORTHODOX GAS WELL LOCATION AND
NON-STANDARD GAS PRORATION UNIT,
EDDY COUNTY, NEW MEXICO

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by MITCHELL ENERGY CORPORATION as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

Yates Energy Corporation

ATTORNEY

Ernest L. Carroll
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OPPOSITION PARTIES

Mitchell Energy Corporation
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The Woodlands, Texas 77387
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(713) 377-5818

Bass Enterprises
and Production Co.

ATTORNEYS

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**MITCHELL ENERGY CORPORATION'S
STATEMENT OF CASE**

MITCHELL ENERGY CORPORATION ("Mitchell") objects to the Yates Energy Corporation application and requests the Division deny the Yates' request.

Mitchell will demonstrate that:

- (1) Approval of Yates' application will allow Yates' to crowd the Mitchell's Atoka gas well in the E/2 of Section 13, T22S, R30E, NMPM;
- (2) Yates' unorthodox gas well location cannot be justified based upon geologic reasons;
- (3) There are standard locations available to Yates within its proposed spacing unit which will provide to Yates an adequate and efficient opportunity to produce its share of recoverable hydrocarbons;

(4) The Yates requested unorthodox well location if approved will give Yates an unfair advantage over the offsetting interest owners and will violate correlative rights;

(5) Yates is using the presumed presence of potash as an excuse to gain an unfair and unnecessary advantage over Mitchell and other adjoining owners.

(6) Yates' application should be denied because it is geologically and economically feasible to drill a directional well to a standard subsurface location.

MITCHELL'S PROPOSED EVIDENCE

WITNESSES	EST. TIME	EXHIBITS
Ted Gawloski (geologist)	40-60 min.	est. 9 exhibits
Carl Richard (reservoir engineer)	40 min.	est. 4-6 exhibits
Bill Thoroughman (drilling engineer)	30 min.	est. 3-4 exhibits
Mark Stephenson (land & regulatory matters)	30 min.	est. 2-4 exhibits

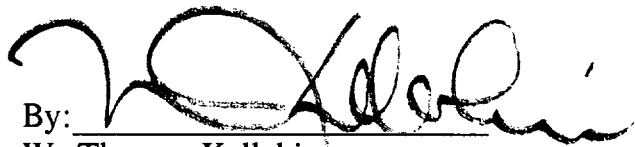
Mitchell anticipates it will present exhibits:

- (1) to illustrate the geology of the immediate area including structure and ispoach maps,
- (2) engineering displays and information to illustrate economic feasibility of directional drilling to a standard subsurface location.

PROCEDURAL MATTERS

None applicable at this time.

KELLAHIN AND KELLAHIN

By: 

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