

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

**RECEIVED**

**FEB 27 2004**

Oil Conservation Division  
1220 S. St. Francis Drive  
Santa Fe, NM 87505

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

**CASE NO. 13227**

**APPLICATION OF YATES PETROLEUM CORPORATION  
FOR STATUTORY UNITIZATION OF THE NORTH  
DAGGER DRAW-UPPER PENNSYLVANIA UNIT AREA,  
EDDY COUNTY, NEW MEXICO.**

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**PRE-HEARING STATEMENT**

This Pre-Hearing Statement is submitted by Holland & Hart LLP, as required by the Oil Conservation Division.

**APPEARANCES OF PARTIES**

**APPLICANT**

Mr. Randy Patterson  
Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210-2118  
(505) 748.1471

**ATTORNEY**

William F. Carr, Esq.  
Holland & Hart LLP  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
(505) 988.4421

**STATEMENT OF CASE**

**APPLICANT**

Applicant in the above-styled cause, seeks an order unitizing, for the purpose of establishing an enhanced recovery project, all mineral interest in the Upper

Pennsylvanian formation, North Dagger Draw-Upper Pennsylvanian Pool, underlying 5612.95 acres, more or less, of Federal, State and Fee lands in the following acreage:

**TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM**

Sections 16 and 17:	All
Section 18:	S/2, S/2 NE/4, SE/4 NW/4, NE/4 NE/4
Section 19 through 21:	All
Section 28 through 30:	All

Said unit to be designated the North Dagger Draw-Upper Pennsylvanian Unit.

Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the designation of horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment and such other matters as may be necessary and appropriate for carrying on efficient unit operations; including but not limited to, unit voting procedures, selection, removal or substitution of unit operator, and time of commencement and termination of unit operations. Applicant also requests that any such order issued in this case include a non-consent penalty for risk to be charged against carried working interests within the unit area upon such terms and conditions to be determined by the Division as just and reasonable. Said unit area is located approximately 12 miles south southwest of Artesia, New Mexico.

**PROPOSED EVIDENCE**

**APPLICANT**

<b>WITNESSES</b> <b>(Name and Expertise)</b>	<b>ESTIMATED TIME</b>	<b>EXHIBITS</b>
Susan Vierra (Land)	Approx. 20 Minutes	Approx. 10

John Humphrey (Geology)	Approx. 15 Minutes	Approx. 6
George Freeman (Engineering)	Approx. 20 Minutes	Approx. 5

**PROCEDURAL MATTERS**

Yates Petroleum Corporation will request at the time of hearing that this case be consolidated with Case 13228.

A handwritten signature in black ink, appearing to read "William F. Carr", is written over a horizontal line.

William F. Carr  
Attorney for Yates Petroleum Corporation