

**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:**

**APPLICATION OF NADEL AND GUSSMAN
PERMIAN, L.L.C. FOR APPROVAL OF A
NON-STANDARD OIL SPACING AND
PRORATION UNIT AND COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO**

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2012 SEP 13 P 2:00**

CASE NO. 14883

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Yates Petroleum Corporation, Yates Industries LLC, Yates Brothers, a partnership, John A. Yates, Trust Q u/w/o Peggy A. Yates, Martin Yates, Sharbro Holdings LLC, Sharbro Energy LLC and Legacy Royalty LLC (collectively "Yates") as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Nadel and Gussman Permian, L.L.C.

ATTORNEY

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043
(505) 982-2151 Facsimile

OPPONENT

Yates Petroleum Corporation, Yates Industries LLC, Yates Brothers, a partnership, John A. Yates, Trust Q u/w/o Peggy A. Yates, Martin Yates, Sharbro Holdings LLC, Sharbro Energy LLC and Legacy Royalty LLC.

ATTORNEY

Michael H. Feldewert
Adam G. Rankin
Holland & Hart, LLP
Post Office Box 2208
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STATEMENT OF THE CASE

Yates Petroleum Corp., Yates Industries LLC, Yates Brothers, a partnership, John A. Yates, Trust Q u/w/o Peggy A. Yates, Martin Yates, Sharbro Holdings LLC, Sharbro Energy LLC and Legacy Royalty LLC (collectively "Yates") have an ownership interest in the property subject to this pooling application and hearing and object to being pooled. Yates will present evidence and testimony that Nadel & Gussman Permian, LLC, ("Nadel & Gussman") failed to negotiate in good faith and failed to provide basic information requested by Yates necessary to decide whether to participate in the proposed wells.

APPLICANT'S PROPOSED EVIDENCE

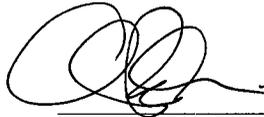
WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Charles Moran, Petroleum Landman	Approx. 30 mins.	Approx. 5.

PROCEDURAL MATTERS

None at this time.

Respectfully submitted,

HOLLAND & HART, LLP



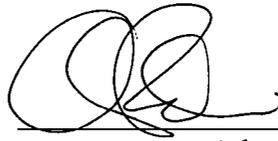
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**ATTORNEYS FOR
YATES PETROLEUM CORPORATION, ET AL.**

CERTIFICATE OF SERVICE

I hereby certify that on September 13, 2012, I served a copy of the foregoing document to the following via electronic mail to:

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