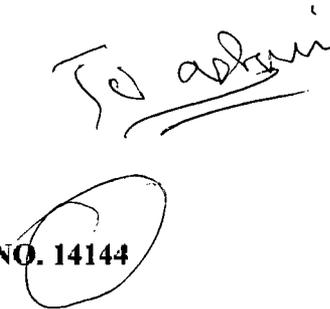


STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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

APPLICATION OF FASKEN OIL AND RANCH, LTD
FOR AN INJECTION WELLBORE
EDDY COUNTY, NEW MEXICO

To admin

CASE NO. 14144

PRE-HEARING STATEMENT

Fasken Oil and Ranch, Ltd. submits this pre-hearing statement as required by the
New Mexico Oil Conservation Division.

APPEARANCES OF THE PARTIES

APPLICANT

Fasken Oil and Ranch Ltd.
303 W. Wall Avenue, Suite 1800
Midland, Texas 79701
Attn: Jimmy Carlile
915-687-1777

ATTORNEY

Thomas Kellahin, Esq.
P. O. Box 2265
Santa Fe, New Mexico 87504
505-982-4285

Michael Feldewert, Esq.
Holland & Hart
Santa Fe, New Mexico 87501

OPPONENT

Yates Petroleum Company

ATTORNEY

James Bruce, Esq.

STATEMENT OF THE CASE

APPLICANT:

- (1) Fasken's Avalon "10" Federal Well No. 42 (API #30-015-31654) is located 1980 feet FNL and 660 feet FEL (Unit H) of Section 10, T21S, R26E, Eddy County, NM and is currently temporarily abandoned having formerly produced from the East Catchlaw Draw-Delaware Pool.
- (2) Fasken proposes to convert the subject wellbore for the water disposal of produced water ("SWD") into the Delaware formation at a depth of 2304 feet to 2540 feet.
- (3) By an Administrative Application dated February 22, 2008, Fasken filed its Division Form C-108 and send notice to Yates Petroleum Corporation the only affected operator within the 1/2 radius of review.
- (4) By letter, dated March 4, 2008, Yates Petroleum Corporation filed its objection.
- (5) Because of this objection, this application cannot be processed administratively and must be set for an Examiner's hearing.

PROPOSED EVIDENCE

APPLICANT

WITNESSES	EST. TIME	EST. EXHIBITS
Jimmy Carlile (land)	@ 20 min.	@ 4-8
Mike Martin (geology)	@ 30-45 Min.	@ 4-6
Clay Lamb (petroleum Engineer)	@ 45-60 Min	@ 10-15

PROCEDURAL MATTERS

Substitution of counsel

KELLAHIN & KELLAHIN

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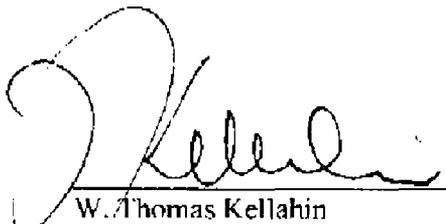
CERTIFICATE OF SERVICE

I certify that on the 19th day of June 2008, I served a copy of the foregoing documents by:

- US Mail, postage prepaid
- Hand Delivery
- Facsimile
- Email

to the following:

James Brucc, Esq.
Attorney for Yates



W. Thomas Kellahin