

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:

2010 OCT 21 P 2:05

APPLICATION OF YATES PETROLEUM  
CORPORATION FOR APPROVAL OF A  
UNIT AGREEMENT, EDDY COUNTY,  
NEW MEXICO.

Case No. 14473

**YATES PETROLEUM CORPORATION'S  
PRE-HEARING STATEMENT**

Yates Petroleum Corporation ("Yates") submits this Pre-Hearing Statement as required by the Oil Conservation Division.

**APPEARANCES**

Yates' business address is 105 South Fourth Street, Artesia, New Mexico 88210-2118. It is represented by the undersigned counsel. There was no opposition to Yates' application for approval of the Herradura Exploratory Unit Agreement that was heard on May 27, 2010, and Yates is not aware of any opposition to its motion to reopen the case or its request for the issuance of an amended order.

**STATEMENT OF THE CASE**

Yates has moved to reopen this case for the sole purpose of requesting an amended order that modifies the approved unitized interval of the Herradura Unit. On June 15, 2010, the Acting Division Director issued Order No. R-13270, which approved the Herradura Exploratory Unit Agreement. The Herradura Unit includes 7,681.37 acres, more or less, and is comprised of all or portions of Sections 35 and 36 of Township 23 South, Range 25 East and of Sections 1 through

4, 9 through 11, and 15 through 18 of Township 24 South, Range 25 East, NMPM, in Eddy County.

Order No. R-13270 approved Yates' unit agreement for all oil and gas in all formations from the surface to the base of the Bone Spring formation. However, Yates' application identifies the unitized interval of the unit to include all formations from the surface to the base of the Precambrian formation. Consequently, Yates seeks an amended order approving the unit agreement for all oil and gas in all formations from the surface to the base of the Precambrian formation, rather than the base of the Bone Spring formation.

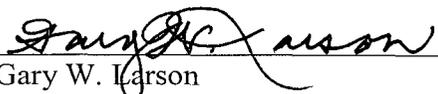
**PROPOSED EVIDENCE**

Yates will present its case by affidavit.

**PROCEDURAL MATTERS**

Other than its pending motion to reopen this case, Yates is not aware of any procedural matters that need to be resolved.

HINKLE, HENSLEY, SHANOR & MARTIN, LLP

  
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