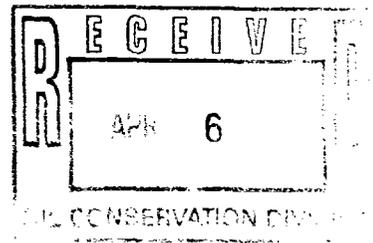


**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

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

CASE NO. 11526

APPLICATION OF YATES PETROLEUM
CORPORATION FOR AMENDMENT OF THE
SPECIAL POOL RULES AND REGULATIONS
FOR THE SOUTH DAGGER DRAW-UPPER
PENNSYLVANIAN POOL AND FOR THE
CANCELLATION OF OVERPRODUCTION,
EDDY COUNTY, NEW MEXICO.



PRE-HEARING STATEMENT

This Prehearing Statement is submitted by Campbell, Carr, Berge & Sheridan, P.A.,
as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Yates Petroleum Corporation
c/o Randy Patterson
105 South Fourth Street
Artesia, New Mexico 88210
(505) 748-1471
name, address, phone and
contact person

ATTORNEY

William F. Carr, Esq.
Campbell, Carr, Berge & Sheridan, P.A.
Post Office Box 2208
Santa Fe, New Mexico 87504
(505) 988-4421

OPPOSITION OR OTHER PARTY

ATTORNEY

name, address, phone and
contact person

STATEMENT OF CASE

APPLICANT

(Please make a concise statement of what is being sought with this application and the reasons therefore.)

Yates Petroleum Corporation, applicant in the above-captioned cause, seeks amendment of the Special Pool Rules and Regulations for the South Dagger Draw-Upper Pennsylvanian Pool located in portions of Townships 20 and 21 South, Ranges 23 and 24 East, to provide for a special depth bracket allowable of 8000 barrels of oil per day for each 320-acre proration unit. Applicant also seeks the cancellation of all overproduction in the pool on the date the requested depth bracket allowable becomes effective.

OPPOSITION OR OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

PROPOSED EVIDENCE

APPLICANT

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Brent May, Geologist	15 Min.	Approximately 4
Bob Fant, Engineer	60 Min.	Approximately 10

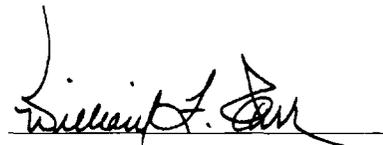
OPPOSITION

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
-----------------------------------	-----------	----------

PROCEDURAL MATTERS

(Please identify any procedural matters which need to be resolved prior to hearing)

Yates will request that his case be consolidated for the purpose of hearing with Case No. 11525.



Signature