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FI SK & VANDIVER

ATTORNEYS AT LAW

SEVENTH & MAHONE / SUITE E
ARTESIA, NEW MEXICO 88210

(505) 746-9841

JOHN FISK
DAVID R. VANDIVER

FAX
(505) 746-4208

June 21, 1990

Energy, Minerals and Natural
Resources Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

Re: Case No. 9964
Lusk "AHB" Federal No. 1 Well
Township 19 South, Range 32 East, NMPM
Section 35: N/2
Lea County, New Mexico

Gentlemen:

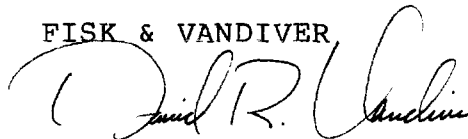
Enclosed for filing, please find the Prehearing Statement of
Yates Petroleum Corporation.

This matter is set for before an Examiner on June 27, 1990.

Thank you.

Very truly yours,

FI SK & VANDIVER



David R. Vandiver

DRV:pvw
Enclosures

cc w/enclosure: Mr. W. Thomas Kellahin
Mr. Rob Bullock

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. 9964

THE APPLICATION OF YATES PETROLEUM
CORPORATION FOR AN UNORTHODOX WELL
LOCATION, LEA COUNTY, NEW MEXICO

PREHEARING STATEMENT

This prehearing statement is submitted by David R. Vandiver of Fisk & Vandiver, attorneys for Yates Petroleum Corporation, as required by the Oil Conservation Division.

APPEARANCES BY PARTIES

APPLICANT

(name, address, phone and contact person)

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
(505) 748-1471
Attention: Robert Bullock

ATTORNEY

David R. Vandiver
Fisk & Vandiver
Seventh and Mahone, Suite E
Artesia, New Mexico 88210
(505) 746-9841

OPPOSITION OR OTHER PARTY

(name, address, phone and contact person)

Fina Oil & Gas Company
P. O. Box 2990
Midland, Texas 79705
(915) 688-0600
Attention: Kevin Pfister

ATTORNEY

W. Thomas Kellahin
Kellahin, Kellahin & Aubrey
P. O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285

STATEMENT OF CASE

APPLICANT

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

Yates Petroleum Corporation seeks an exception to the well location requirements of Rule 104 to permit the production of gas from its existing Lusk "AHB" Federal No. 1 Well, located 800 feet from the north line and 1,650 feet from the east line of Section 35, Township 19 South, Range 32 East, N.M.P.M., Lea County, New Mexico, and the dedication of N/2 of said Section 35 to said well for production from the Morrow formation. Yates drilled the well at the unorthodox location after Anadarko Petroleum Corporation elected not to drill a Delaware test under a farmout agreement, and Yates had insufficient time prior to lease expiration to seek approval of an orthodox Morrow location.

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

<u>WITNESSES</u> (Name and expertise)	<u>EST. TIME</u>	<u>EXHIBITS</u>
Robert Bullock, Landman Yates Petroleum Corporation	45 mins.	Affidavit of Mailing U.S. Oil and Gas Lease NM 59392 43 CFR Subpart 3160

APPLICANT (continued)

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
		Farmout Letter Agreement between Yates Petroleum Corporation, et al, and Anadarko Petroleum Corpo- ration
		Application for Permit to Drill
		Sundry Notices and Reports on Wells
		Well Completion Report
		Various correspondence

OPPOSITION

<u>WITNESSES</u> (Name and expertise)	<u>EST. TIME</u>	<u>EXHIBITS</u>
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PROCEDURAL MATTERS

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

NONE

YATES PETROLEUM CORPORATION

By: 

David R. Vandiver

FISK & VANDIVER
Seventh and Mahone, Suite E
Artesia, New Mexico 88210
(505) 746-9841

Attorneys for Applicant