

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

2004 SEP 10 AM 11 42

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

CASE NO. 13341

**APPLICATION OF YATES PETROLEUM
CORPORATION FOR COMPULSORY POOLING AND
APPROVAL OF AN UNORTHODOX GAS WELL
LOCATION, LEA COUNTY, NEW MEXICO.**

PRE-HEARING STATEMENT

This Pre-Hearing Statement is submitted by Holland & Hart LLP as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Yates Petroleum Corporation
Attention: Randy Patterson
105 South Fourth Street
Artesia, New Mexico 88210-2118
(505) 748-1471

ATTORNEY

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Handwritten initials and signature

STATEMENT OF CASE

APPLICANT

Applicant seeks an order pooling all mineral interests in all formations from the surface to the base of the Mississippian in the following described spacing and proration units located in the E/2 of Section 35, Township 15 South, Range 36 East, N.M.P.M., Lea County, New Mexico for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Undesignated Big Dog-Mississippian Gas Pool. Said units are

to dedicated to Applicant's proposed Kochia "AAM" Well No. 1 to be re-entered and re-completed in the Mississippian formation at an unorthodox gas well location 990 feet from the South line and 2310 feet from the East line (Unit O) of said Section 35. Also to be considered will be the cost of drilling and completing said well, the allocation of the cost thereof, actual operating costs and charges for supervision, the designation of Yates Petroleum Corporation as operator of the well, and a charge for risk involved in drilling said well. Said area is located approximately 4.5 miles east of Lovington, New Mexico.

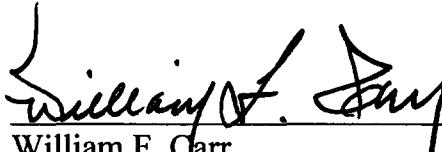
PROPOSED EVIDENCE

APPLICANT

| WITNESSES (Name and Expertise) | ESTIMATED TIME | EXHIBITS |
|---|-----------------------|-----------------|
| Charles Moran (Land) | Approx. 15 Minutes | Approx. 5 |
| Tim Miller (Geology) | Approx. 10 Minutes | Approx. 1 |

PROCEDURAL MATTERS

Yates Petroleum Corporation has none at this time.



William F. Carr
Attorney for Yates Petroleum Corporation