

**BEFORE THE NEW MEXICO
OIL CONSERVATION DIVISION**

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

**APPLICATION OF MESQUITE SWD, INC. FOR
APPROVAL OF A SALT WATER DISPOSAL
WELL, LEA COUNTY, NEW MEXICO.**

Case No. 15059

**PRE-HEARING STATEMENT OF YATES PETROLEUM CORPORATION,
ABO PETROLEUM CORPORATION, AND MYCO INDUSTRIES, INC.**

Yates Petroleum Corporation, Abo Petroleum Corporation, and Myco Industries, Inc. (collectively "Yates") jointly submit this Pre-Hearing Statement as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Mesquite SWD, Inc.
P.O. Box 1478
Carlsbad, NM 88220

ATTORNEY

James Bruce, Esq.
P.O. Box 1056
Santa Fe, NM 87504-1056
Phone: (505) 982-2043
jamesbruc@aol.com

OPPONENTS

Yates Petroleum Corporation
Abo Petroleum Corporation
Myco Industries, Inc.
105 S. Fourth Street
Artesia, NM 88210-2118

ATTORNEY

Gary W. Larson, Esq.
P.O. Box 2068
Santa Fe, NM 87504-2068
Phone: (505) 982-4554
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STATEMENT OF THE CASE

Applicant Mesquite SWD, Inc., ("Mesquite") seeks an order authorizing the disposal of produced water by injection into the Bell Canyon and Cherry Canyon members of the Delaware

formation at depths of 4,790 – 6,200 feet subsurface in the proposed Blue Quail SWD Well No. 1 to be located 2,100 feet from the north line and 1,660 feet from the west line of Section 11, Township 25 South, Range 32 East, NMPM. Yates holds leasehold interests and plans to drill horizontal wells within the Area of Review. Yates opposes Mesquite’s application on the grounds that the proposed injection of produced water would detrimentally impact Yates’ horizontal well drilling program and would impair Yates’ correlative rights if the horizontal well drilling program is impaired or curtailed.

PROPOSED EVIDENCE

<u>WITNESS</u>	<u>ESTIMATED TIME</u>	<u>EXHIBITS</u>
Charles Moran (Landman)	10 minutes	1
Dave Boneau (Petroleum Engineer)	20 minutes	Approx. 5

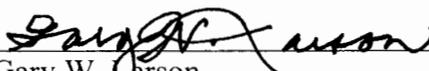
Yates reserves the right to call a rebuttal witness(es) if appropriate.

PROCEDURAL MATTERS

Yates is not aware of any procedural matters to be resolved prior to the hearing.

Respectfully submitted,

HINKLE, HENSLEY, SHANOR &
MARTIN, LLP


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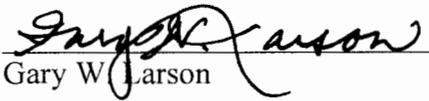
Counsel for Yates Petroleum Corporation, Abo Petroleum Corporation, and Myco Industries, Inc.

CERTIFICATE OF SERVICE

I hereby certify that on this 2nd day of January, 2014, I served a true and correct copy of the foregoing *Pre-Hearing Statement of Yates Petroleum Corporation, Abo Petroleum Corporation, and Myco Industries, Inc.* via email to:

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Counsel for Applicant Mesquite SWD, Inc.



Gary W. Larson