

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

RECEIVED 000
2011 APR -7 P 4: 12

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

APPLICATION OF NADEL AND GUSSMAN
PERMIAN L.L.C. FOR APPROVAL OF A
NON-STANDARD OIL SPACING AND
PRORATION UNIT AND COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO

Case No. 14625

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

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

APPEARANCES

APPLICANT

Nadel and Gussman
Permian L.L.C.

ATTORNEY

James Bruce
Post Office Box 1056
Santa Fe, NM 87504
505.982.2043
505.982.2151 (fax)

OPPONENTS

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

ATTORNEY

Gary W. Larson
Post Office Box 2068
Santa Fe, NM 87504-2068
505.982.4554
505.982.8623 (fax)

STATEMENT OF THE CASE

Yates is a mineral and/or leasehold interest owner in the W/2 SE/4 of Section 7, Township 19 South, Range 26 East, N.M.P.M. in Eddy County. Applicant Nadel and Gussman Permian L.L.C. ("Nadel and Gussman") seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Glorieta-Yeso formation comprised of the W/2 E/2 of Section 7 and the pooling of all mineral interests (i) from the surface to the top of the Glorieta-Yeso formation in the NW/4 NE/4 of Section 7 and (ii) the Glorieta-Yeso formation underlying the proposed project area. Nadel and Gussman proposes to drill the Long Branch Well No. 3, a horizontal well with a surface location in the NW/4 NE/4, and a terminus in the SW/4 SE/4, of Section 7. Yates opposes the application on the grounds that (i) Nadel and Gussman failed to undertake a good faith effort to obtain Yates' voluntary joinder in the well and (ii) Nadel and Gussman's proposed well costs are unreasonable.

PROPOSED EVIDENCE

WITNESS

Charles E. Moran
(Landman)

ESTIMATED TIME

Approx. 15 minutes

EXHIBITS

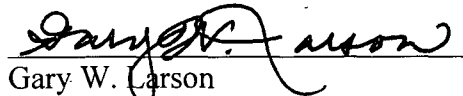
None

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.

HINKLE, HENSLEY, SHANOR &
MARTIN, LLP



Gary W. Larson
P.O. Box 2068
Santa Fe, NM 87504-2068
Phone: (505) 982-4554
Facsimile: (505) 982-8623
glarson@hinklelawfirm.com

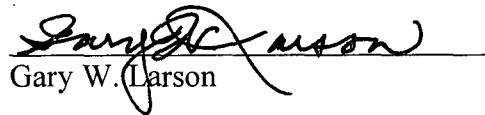
Counsel for Yates Petroleum Corporation

CERTIFICATE OF SERVICE

I hereby certify that on this 7th day of April, 2011, I sent a true and correct copy of the foregoing ***Pre-Hearing Statement of Yates Petroleum Corporation, Abo Petroleum Corporation, Myco Industries, Inc. and Sharbro Oil Ltd. Co.*** via email to:

James Bruce, Esq.
jamesbruc@aol.com

Counsel for Applicant
Nadel and Gussman Permian L.L.C.


Gary W. Larson