

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

2007 JUN 1 PM 2 40

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

**APPLICATION OF YATES PETROLEUM CORPORATION.
FOR A NON-STANDARD GAS SPACING UNIT,
EDDY COUNTY, NEW MEXICO.**

Case No. 13927

PRE-HEARING STATEMENT

This Pre-hearing Statement is submitted by ARD Energy Group, LTD by and through his undersigned counsel, Ernest L. Padilla, Padilla Law Firm, P.A. as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

ATTORNEY

APPLICANT:

YATES PETROLEUM CORPORATION

William F. Carr
Holland & Hart LLP
Post Office Box 2208
Santa Fe, New Mexico 87504
(505) 988-4421

OPPOSITON OR OTHER PARTY:

ARD ENERGY GROUP, LTD

Ernest L. Padilla
Padilla Law Firm
Post Office Box 2523
Santa Fe, New Mexico 87504
(505) 988-7577

STATEMENT OF CASE

APPLICANT:

OPPOSITION OR OTHER PARTY:

Drilling and Operation of the Hedgerow BFH State Com Well No. 1 is covered by an Operating Agreement to which ARD Energy Group, LTD and Applicant are parties. The Operating agreement excludes the Strawn formation, Saladar-Strawn Gas Pool. Applicant may not dedicate the purposed non-standard proration unit to the BFH State Com Well No. 1 without the consent and agreement of ARD Energy Group, LTD.

PROPOSED EVIDENCE

APPLICANT

WITNESSES

EST. TIME

EXHIBITS

Unknown

OPPOSITION

WITNESSES

EST. TIME

EXHIBITS

Ronald E. Grappe

15 – 20 minutes

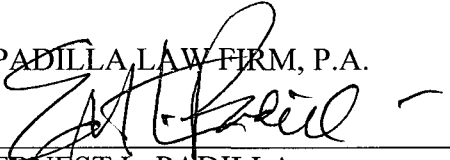
- 1) Operating Agreement dated July 1, 2005
- 2) Copies of correspondence between the parties

PROCEDURAL MATTERS

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

None

PADILLA LAW FIRM, P.A.


ERNEST L. PADILLA

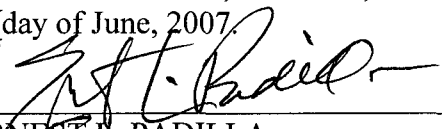
P.O. Box 2523

Santa Fe, New Mexico 87504-2523

(505) 988-7577

CERTIFICATE OF SERVICE

I hereby certify that I caused a copy of this Pre-Hearing Statement to be served upon William F. Carr, Holland & Hart LLP, Post Office Box 2208, Santa Fe, New Mexico 87504, by facsimile at (505) 983-6043 this 15th day of June, 2007.


ERNEST L. PADILLA