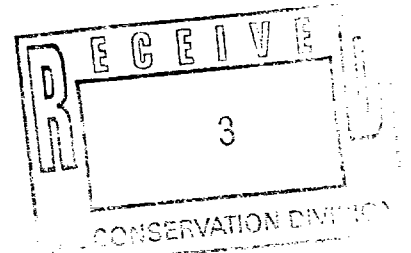


**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION COMMISSION**

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



CASE NO. 11525
(De Novo)

APPLICATION OF YATES PETROLEUM
CORPORATION FOR AMENDMENT OF THE
SPECIAL POOL RULES AND REGULATIONS
FOR THE NORTH DAGGER DRAW-UPPER
PENNSYLVANIAN POOL AND FOR THE
CANCELLATION OF OVERPRODUCTION,
EDDY COUNTY, NEW MEXICO.

PRE-HEARING STATEMENT

This Prehearing Statement is submitted by Campbell, Carr, Berge & Sheridan, P.A.,
as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Yates Petroleum Corporation
c/o Randy Patterson
105 South Fourth Street
Artesia, New Mexico 88210
(505) 748-1471
name, address, phone and
contact person

ATTORNEY

William F. Carr, Esq.
Campbell, Carr, Berge & Sheridan, P.A.
Post Office Box 2208
Santa Fe, New Mexico 87504
(505) 988-4421

OPPOSITION OR OTHER PARTY

Conoco, Inc. _____

name, address, phone and
contact person

ATTORNEY

W. Thomas Kellahin, Esq.
Kellahin & Kellahin _____
Post Office Box 2265 _____
Santa Fe, New Mexico 87504 _____
(505) 982-4285

Pre-hearing Statement
NMOCC Case No. 11525 (De Novo)
Page 2

OPPOSITION OR OTHER PARTY

ATTORNEY

Mewbourne Oil Company and
Unit Petroleum Company

James Bruce, Esq.
Hinkle, Cox, Eaton, Coffield
& Hensley, L.L.P.
Post Office Box 2068
Santa Fe, New Mexico 87504-2068
(505) 982-4554

name, address, phone and
contact person

STATEMENT OF CASE

APPLICANT

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

Yates Petroleum Corporation, applicant in the above-captioned cause, seeks amendment of the Special Pool Rules and Regulations for the North Dagger Draw-Upper Pennsylvanian Pool located in portions of Townships 19 and 20 South, Ranges 24 and 25 East, to provide for a special depth bracket allowable of 4000 barrels of oil per day for each 160-acre proration unit. Applicant also seeks the cancellation of all overproduction in the pool on the date the requested depth bracket allowable becomes effective.

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

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Randy Patterson, Secretary of Yates Petroleum Corporation	15 Min.	Approximately 4
Brent May, Geologist	30 Min.	Approximately 8
Bob Fant, Engineer	90 Min.	Approximately 20

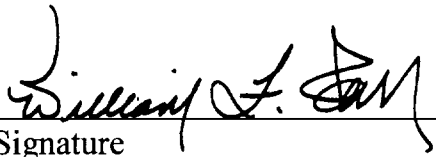
OPPOSITION

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
-----------------------------------	-----------	----------

PROCEDURAL MATTERS

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

Yates will request that his case be consolidated for the purpose of hearing with Case No. 11526.


Signature

CERTIFICATE OF SERVICE

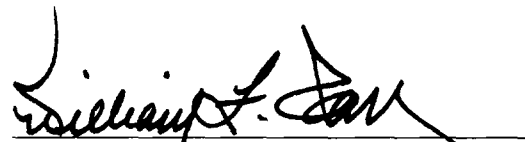
I hereby certify that on this 13th day of September, 1996, I have caused to be mailed a copy of our Pre-Hearing Statement in the above-captioned case to the following named counsel:

W. Thomas Kellahin, Esq.
Kellahin & Kellahin
Post Office Box 2265
117 North Guadalupe Street
Santa Fe, New Mexico 87504

Attorney for Conoco, Inc.

James Bruce, Esq.
Hinkle, Cox, Eaton, Coffield
& Hensley, L.L.P.
Post Office Box 2068
Santa Fe, New Mexico 87504-2068

Attorney for Mewbourne Oil Company and
Unit Petroleum Company


William F. Carr