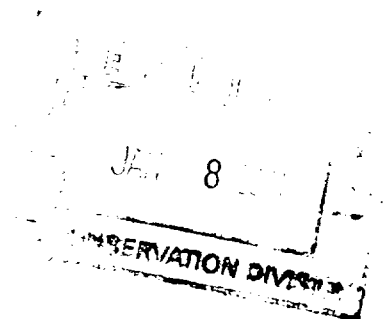


STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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



APPLICATION OF OCEAN ENERGY RESOURCES, INC
FOR COMPULSORY POOLING AND FOUR NON-STANDARD
OIL AND GAS SPACING AND PRORATION UNITS.
LEA COUNTY, NEW MEXICO.

CASE NO. 12535

APPLICATION OF OCEAN ENERGY RESOURCES, INC
FOR COMPULSORY POOLING AND FOUR NON-STANDARD
OIL AND GAS SPACING AND PRORATION UNITS.
LEA COUNTY, NEW MEXICO.

CASE NO. 12567

APPLICATION OF YATES PETROLEUM
CORPORATION FOR COMPULSORY POOLING.
AND THREE NON-STANDARD OIL AND GAS
SPACING AND PRORATION UNITS,
LEA COUNTY, NEW MEXICO.

CASE NO. 12569

PRE-HEARING STATEMENT

This Prehearing Statement is submitted by Holland & Hart and Campbell & Carr as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

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

ATTORNEY

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

OPPOSITION OR OTHER PARTY

Ocean Energy Resources, Inc.
1001 Fannin, Suite 1600
Houston, Texas 77002-6794

ATTORNEY

James Bruce, Esq.
612 Old Santa Fe Trail, Suite B
Santa Fe, New Mexico 87501
(505) 982-2043

Pre-hearing Statement

NMOCD Case Nos. 12535, 12567, 12569 Consolidated

Page 3

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 case, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation in the following described spacing and proration units located in Irregular Section 3, Township 16 South, Range 35 East: Lots 1 through 8 to form a non-standard 355.80-acre gas spacing and proration unit for all formations and/or pools developed on 320-acre spacing within that vertical extent which includes but is not necessarily limited to the Undesignated North Shoe Bar-Atoka Gas Pool and the North Shoe Bar-Morrow Gas Pool; Lots 1, 2, 7 and 8 to form a non-standard 178.59-acre gas spacing and proration unit for all formations and/or pools developed on 160-acre spacing within that vertical extent; Lots 1 and 2 to form a non-standard 89.47-acre spacing and proration unit for all formations and/or pools developed on 80-acre within that vertical extent which includes but is not necessarily limited to the Undesignated South Big Dog-Strawn Pool and Lot 1 to form a standard 40-acre spacing and proration unit for all formations and/or pools developed on 40-acre spacing and proration units which includes but is not necessarily limited to the Undesignated Townsend-Permo Upper Pennsylvanian Pool. Said units are to be dedicated to a well to be drilled at a standard location 660 feet from the North and East lines of said Section 3 to a depth sufficient to test all formations from the surface to the base of the Morrow formation. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 6 miles west-northwest of Lovington, New Mexico.

Pre-hearing Statement

NMOCD Case Nos. 12535, 12567, 12569 Consolidated

Page 4

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)	ESTIMATED TIME	EXHIBITS
Robert Bullock (Landman)	15 Minutes	Approximately 6
Eric Cummins (Geologist)	15 Minutes	Approximately 4
Frank Scheubel (Geophysicist)	15 Minutes	Approximately 4

OPPOSITION

WITNESSES (Name and expertise)	ESTIMATED TIME	EXHIBITS
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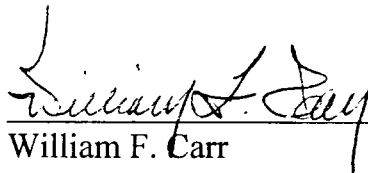
Pre-hearing Statement

NMOCD Case Nos. 12535, 12567, 12569 Consolidated

Page 5

PROCEDURAL MATTERS

Yates Petroleum Corporation will request the cases be consolidated for the purpose of hearing.

A handwritten signature in black ink, appearing to read "William F. Carr", is written over a horizontal line.

William F. Carr

Attorney for YATES PETROLEUM CORPORATION

Pre-hearing Statement

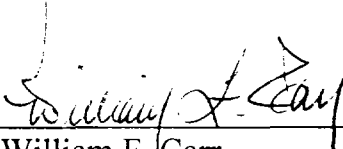
NMOCD Case Nos. 12535, 12567, 12569 Consolidated

Page 6

CERTIFICATE OF MAILING

I hereby certify that on this 8th day of January, 2001, I have caused to be delivered by facsimile a copy of our Pre-Hearing Statement in the above-captioned cases to the following counsel of record:

James Bruce, Esq.
612 Old Santa Fe Trail, Suite B
Santa Fe, New Mexico 87501
Fax No. (505) 982-2151



William F. Carr

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

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

APPLICATION OF OCEAN ENERGY RESOURCES,
INC. FOR COMPULSORY POOLING AND FOUR
NON-STANDARD OIL AND GAS SPACING AND
PRORATION UNITS, EDDY COUNTY, NEW MEXICO.

Case No. 12,535

APPLICATION OF OCEAN ENERGY RESOURCES,
INC. FOR COMPULSORY POOLING AND FOUR
NON-STANDARD OIL AND GAS SPACING AND
PRORATION UNITS, EDDY COUNTY, NEW MEXICO.

Case No. 12,567

APPLICATION OF YATES PETROLEUM CORPORATION
FOR COMPULSORY POOLING AND THREE NON-
STANDARD OIL AND GAS SPACING AND
PRORATION UNITS, EDDY COUNTY, NEW MEXICO.

Case No. 12,569

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Ocean Energy Resources, Inc. as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Ocean Energy Resources, Inc.
Suite 1600
1001 Fannin
Houston, Texas 77002
Attention: Derold Maney
(713) 265-6897

APPLICANT'S ATTORNEY

James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

OPPONENT

Yates Petroleum Corporation

OPPONENT'S ATTORNEY

William F. Carr

STATEMENT OF THE CASE

APPLICANT

Ocean Energy Resources, Inc. seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying Lots 1-8 of irregular Section 3, Township 16

South, Range 35 East, NMPM, and in the following manner: Lots 1-8 to form a non-standard 355.80-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, including the Undesignated North Shoe Bar-Atoka Gas Pool and Undesignated North Shoe Bar-Morrow Gas Pool; Lots 3-6 to form a non-standard 177.21-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within that vertical extent; Lots 3 and 4 to form a non-standard 97.21-acre oil spacing and proration unit for any formations and/or pools developed on 80-acre spacing within that vertical extent, including the Undesignated South Big Dog-Strawn Pool; and Lot 4 to form a non-standard 48.43-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing within that vertical extent, including the Undesignated Townsend-Permo Upper Pennsylvanian Pool. The units are to be dedicated to applicant's Townsend State Com. Well No. 10, to be located at an orthodox location 800 feet from the north line and 660 feet from the west line of Section 3. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for the risk involved in drilling and completing the well.

OPPONENT

Yates Petroleum Corporation proposes pooling Lots 1-8 of Section 3, for a well to be located in Lot 1.

PROPOSED EVIDENCE

APPLICANT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Derold Maney (landman)	15 min.	five
Frank Messa (geologist)	15 min.	four
Robert Silver (geophysicist)	15 min.	three

OPPONENT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
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PROCEDURAL MATTERS

Applicant requests that all three cases be consolidated for hearing.

Respectfully submitted,



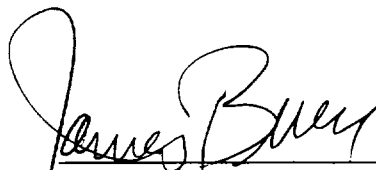
James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Ocean Energy Resources,
Inc.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Pre-Hearing Statement was served upon the following counsel of record via facsimile transmission this 9th day of January, 2001:

William F. Carr
Holland & Hart LLP and Campbell & Carr
Post Office Box 2208
Santa Fe, New Mexico 87504
(505) 983-6043



James Bruce