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:

CASE NO. 12883

APPLICATION OF YATES PETROLEUM CORPORATION FOR AN UNORTHODOX GAS WELL LOCATION, CHAVES COUNTY, NEW MEXICO.

PRE-HEARING STATEMENT

Holland & Hart LLP submits this Pre-Hearing Statement as required by the OiE_{2} Conservation Division.

APPEARANCES OF PARTIES

<u>APPLICANT</u>

<u>ATTORNEY</u>

Yates Petroleum Corporation Attention: Robert Bullock 105 South Fourth Street Artesia, New Mexico 88210-2118 (505) 748.1471 William F. Carr, Esq. Holland & Hart LLP Post Office Box 2208 Santa Fe, New Mexico 87504-2208 (505) 988.4421

STATEMENT OF CASE

APPLICANT

Applicant seeks an exception to the well location requirements provided within the "Special Rules and Regulations for the Pecos Slope-Abo Gas Pool," set forth in Division Order No. R-9976-C for an unorthodox Abo gas well location for its existing Jasper "ARJ" Federal Well No. 2 (API No. 30-005-63143), located 760 feet from the North line and 220 feet from the East line (Unit B) of Section 25, Township 8 South, Range 26 East. The NE/4

Pre-Hearing Statement NMOCD Case No. 12883 Page 2

of Section 25 which is located approximately 7.5 miles east northeast of the Pecos River bridge on U.S. Highway 70, is to be dedicated to this well in order to form a standard 160-acre gas spacing unit for this pool.

PROPOSED EVIDENCE

APPLICANT

WITNESSES (Name and Expertise) ESTIMATED TIME

EXHIBITS

Tom Miller (Geology)

Approx. 15 Minutes

5

PROCEDURAL MATTERS

Yates Petroleum Corporation has none at this time.

William F**J**Carr

Attorney for Yates Petroleum Corporation

2956983_1.DOC