

**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. 10642

APPLICATION OF YATES DRILLING
COMPANY FOR THE EXPANSION OF THE
CACTUS QUEEN (VOLUNTARY) UNIT
WATERFLOOD PROJECT AREA, TO AMEND
DIVISION ORDER NO. R-9075-B,
AND TO QUALIFY SAID EXPANSION AREA
FOR THE RECOVERED OIL TAX RATE
PURSUANT TO THE "NEW MEXICO
ENHANCED OIL RECOVERY ACT,
CHAVES 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 Toby Rhodes_____
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

name, address, phone and
contact person

ATTORNEY

STATEMENT OF CASE

APPLICANT

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

Yates Drilling Company, applicant in the above-captioned cause, seeks to expand its Cactus Queen (Voluntary) Unit Waterflood Project Area, as promulgated by Division Order No. R-9075-B, to include the SW/4 NE/4, S/2 NW/4, SW/4 and NW/4 SE/4 of Section 34, Township 12 South, Range 31 East, Southeast Chaves Queen Gas Area Associated Pool, which would make the project area conterminous with its proposed expanded Cactus Queen (Voluntary) Unit Area, being the subject of Division Case No. 10641. Applicant proposes to inject water into the Queen interval within said expanded area through 5 certain wells to be converted from producing wells to injectors. Applicant also request that said Order No. R-9075-B be amended to include any provisions necessary for such other matters as may be appropriate for said expansion and continued waterflood operations. Further, applicant seeks an order pursuant to the Rules and Procedures for Qualifications of Enhanced Oil Recovery Projects and Certification for the Recovered Oil Tax Rate, as promulgated by Division Order No. R-9708, qualifying said expanded area for the recovered oil tax rate under the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5).

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
Doug Hurlbutt, Landman	10 Min.	Approximately 3
Toby Rhodes, Engineering	20 Min.	Approximately 3

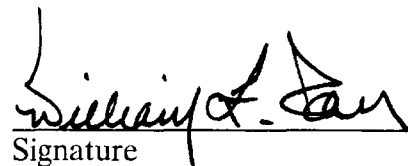
OPPOSITION

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
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PROCEDURAL MATTERS

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

Yates Drilling Company respectfully requests that this case be consolidated with Oil Conservation Division Case No. 10641 for purposes of testimony.


Signature