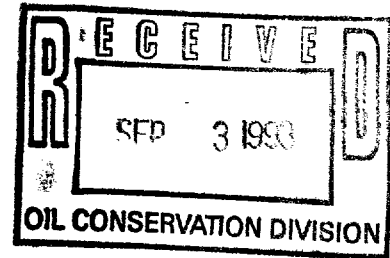


**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

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

CASE NO. 10820

APPLICATION OF PETROLEUM DEVELOPMENT
COMPANY FOR A SHORT-RADIUS HORIZONTAL
DIRECTIONAL DRILLING PROJECT AREA
AND SPECIAL OPERATING RULES THEREFORE,
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

Petroleum Development Company____

name, address, phone and
contact person

ATTORNEY

Walter R. Kegel, Esq._____
Kegel Law Firm, P.C._____
Post Office Box 2073_____
Española, NM 87532-2073_____
(505) 753-7633_____

OPPOSITION OR OTHER PARTY

Yates Petroleum Corporation_____
c/o David Boneau_____
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_____

STATEMENT OF CASE

APPLICANT

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

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.)

Yates Petroleum Corporation does not oppose the applications of Petroleum Development Company for approval of horizontal drilling pilot projects.

Since the procedures to be followed by operators in obtaining approval of horizontal drilling projects continue to evolve, Yates, as an offset operator to Petroleum Development Company, will present comments on matters to be considered in establishing administrative procedures for approval of horizontal wells.

PROPOSED EVIDENCE

APPLICANT

WITNESSES
(Name and expertise)

EST. TIME

EXHIBITS

OPPOSITION

WITNESSES
(Name and expertise)

EST. TIME

EXHIBITS

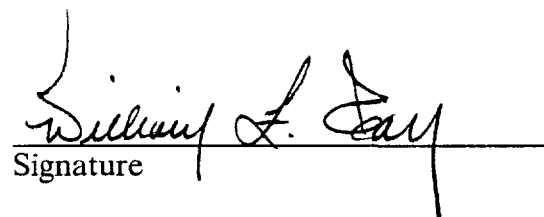
David Boneau, Petroleum Engineer

10 Min.

Approximately 1

PROCEDURAL MATTERS

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


Signature

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.

10820

APPLICATION OF Petroleum Development Company
for a high angle/horizontal direction drilling
pilot project and for special operating rules
therefor, Chaves County, New Mexico.

PRE-HEARING STATEMENT

This prehearing statement is submitted by Petroleum Development Corporation
as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

ATTORNEY

Petroleum Development Corporation

Walter Kegel

9720-B Candelaria NE

P.O. Box 2073

Albuquerque, New Mexico

Espanola, NM 87532

1-800-933-2214

Jim C. Johnson

name, address, phone and
contact person

OPPOSITION OR OTHER PARTY

ATTORNEY

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.)

Reenter each of the listed wellbores with a 60' + - section in the existing 5.5" casing. Set a cement plug drilled to a predetermined kick-off point. Kick-off from vertical, build angle with a 60' to 80' + - short radius arc to approximately 90° into the San Andres Pay Zone. Continue to drill horizontally 800' to 1400' into the Pay Zone maintaining a distance of 100' from any LEASE LINE BOUNDARIES. Reason for this procedure is to attempt to economically recover Oil & Gas reserves from these leases that have not been recovered from the conventional vertical wellbores.

Case 10818: Strange Federal #1,2,3

Case 10819: Mountain Federal #4,5

Case 10820: Wattam Federal #1

Case 10821: Wattam Federal #2,6

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
J. C. Johnson Petroleum Engineer 35 years Oil & Gas Exploration and Production from Canada to Gulf Coast. Five Years Experience in Short Radius Horizontal Drilling.	30 min.	(4)

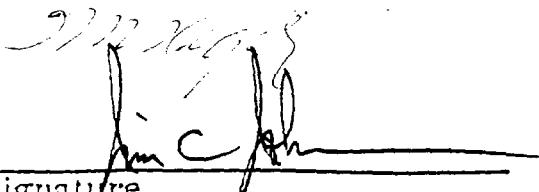
OPPOSITION

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 the hearing)

Considerable time could be saved by consolidating case nos. 10818, 10819
and 10821 as testimony will be identical.


Signature