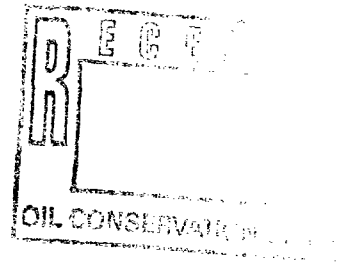


**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

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

CASE NO. 10862

APPLICATION OF YATES PETROLEUM
CORPORATION FOR AN UNORTHODOX
GAS WELL LOCATION,
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 Pinson McWhorter _____
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 Petroleum Corporation, applicant in the above-captioned cause, seeks authorization to drill to the Morrow formation, Crooked Creek Morrow Gas Pool, its Redbone BP Federal Well No. 2 at an unorthodox location 1980 feet from the North line and 510 feet from the East line (Unit H) of Section 10, Township 24 South, Range 24 East. The N/2 of Section 10 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit.

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

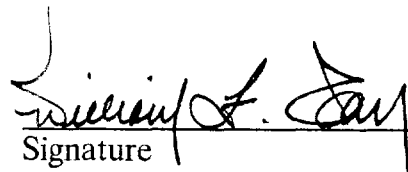
| WITNESSES (Name and expertise) | EST. TIME | EXHIBITS |
|-----------------------------------|-----------|-----------------|
| Janet Richardson, Land | 5 Min. | Approximately 2 |
| Brent May, Geologist | 10 Min. | Approximately 4 |
| Pinson McWhorter, Engineering | 10 Min. | Approximately 3 |

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)

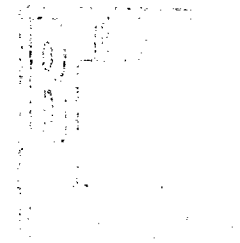

Signature

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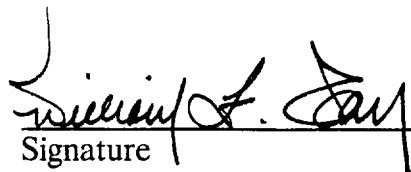
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PROCEDURAL MATTERS

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


Signature