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September 19, 1994

VIA FACSIMILE AND FIRST CLASS MAIL

Mr. William J. LeMay, Director  
New Mexico Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Re: Application of Yates Petroleum Corporation  
for Unorthodox Gas Well Location, Eddy  
County, New Mexico, Case No. 11019/De Novo

Dear Mr. LeMay:

I am enclosing herewith Yates Petroleum Corporation's Prehearing Statement, in duplicate.

Please return a copy to me for my file.

Very truly yours,

LOSEE, CARSON, HAAS & CARROLL, P.A.

Ernest L. Carroll

ELC:kth

xc w/encl: Tom Kellahin

IN THE MATTER OF THE APPLICATION OF :  
YATES PETROLEUM CORPORATION FOR AN : CASE NO. 11019  
UNORTHODOX GAS WELL LOCATION, EDDY :  
COUNTY, NEW MEXICO :  
:

Bass Enterprises Production Company entered its appearance at the July 21, 1994, hearing, and subsequently filed a request for hearing De Novo. Yates Petroleum Corporation seeks to drill its Llama ALL Fed. #1 at a point located 330' from the South line and 950' from the West line of Section 7, T22S, R31E, NMPM, Eddy County, New Mexico, at a depth

sufficient to test the Morrow formation, and forming a 319.81-acre gas proration unit comprising the S/2 of said Section 7. The location is located within the potash enclave and is the only location that the BLM will approve for the well.

Mitchell Energy Corporation also initially opposed Yates' application.

#### PROPOSED EVIDENCE


##### APPLICANT

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Mecca Mauritsen, Landman	15 min.	4
Dave Boneau, Engineer	45 min.	8
Brent May, Geologist	30 min.	6

Respectfully submitted,

LOSEE, CARSON, HAAS & CARROLL, P.A.

By:

  
Ernest L. Carroll

P. O. Drawer 239

Artesia, New Mexico 88211-0239

(505) 746-3505

Attorneys for Yates Petroleum Corp.

*Yates* I hereby certify that I caused to be  
~~mailed~~ a true and correct copy of the  
foregoing to all counsel of record  
this September 19, 1994.

  
Ernest L. Carroll

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:

*MA-S.*

CASE NO. 11019 (DeNovo)

APPLICATION OF YATES ENERGY CORPORATION  
FOR AN UNORTHODOX GAS WELL LOCATION,  
EDDY COUNTY, NEW MEXICO

**PRE-HEARING STATEMENT**

This pre-hearing statement is submitted by BASS ENTERPRISES  
PRODUCTION COMPANY as required by the Oil Conservation Division.

**APPEARANCE OF PARTIES**

**APPLICANT**

Yates Energy Corporation

**ATTORNEY**

Ernest L. Carroll  
P. O. Drawer 239  
Artesia, New Mexico 88211  
(505) 746-3505

**OPPOSITION PARTIES**

Mitchell Energy Corporation  
P. O. Box 4000  
The Woodlands, Texas 77387  
attn: Mr. Mark Stephenson  
(713) 377-5818

**ATTORNEYS**

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KELLAHIN AND KELLAHIN  
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Bass Enterprises Production Co.  
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Fort Worth, Texas 76102-3131  
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(817) 390-8400

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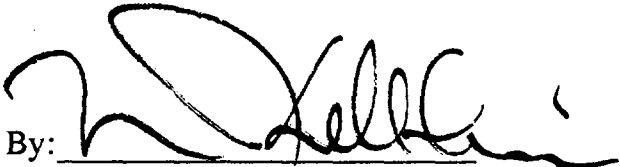
**BASS ENTERPRISES PRODUCTION COMPANY'S  
STATEMENT OF CASE**

Bass Enterprises Production Company ("Bass") objects to the Yates Energy Corporation's unorthodox well location and requests the Commission to impose a substantial production penalty.

**BASS' PROPOSED EVIDENCE**

WITNESSES	EST. TIME	EXHIBITS
George Hillis (geologist)	40-60 min.	est. 4 exhibits
Ronnie Platt (petroleum engineer)	40-60 min.	est. 6-12 exhibits

KELLAHIN AND KELLAHIN

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