

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

RECEIVED

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

MAR 21 2003

Oil Conservation Division

CASE NO. 13037

**APPLICATION OF YATES PETROLEUM CORPORATION
FOR APPROVAL OF UNIT AGREEMENT, CHAVES COUNTY,
NEW MEXICO.**

PRE-HEARING STATEMENT

This Pre-Hearing Statement is submitted by Holland & Hart LLP, as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Yates Petroleum Corporation
Attn: Mr. Randy Patterson
105 South Fourth Street
Artesia, New Mexico 88210-2118
(505) 748.1471

ATTORNEY

William F. Carr, Esq.
Holland & Hart LLP and Campbell & Carr
Post Office Box 2208
Santa Fe, New Mexico 87504
(505) 988.4421

STATEMENT OF CASE

APPLICANT

Applicant seeks approval of the BiPlane Exploratory Unit for an area comprising 2170.72 acres of State of New Mexico, Federal and Fee lands in Sections 3, 4, 9, 10 15, and 16, of Township 6 South, Range 27 East, which is located approximately 3 miles west of Dougherty, New Mexico.

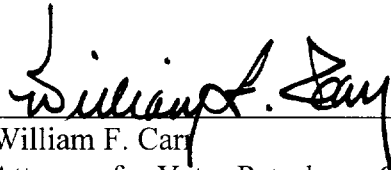
PROPOSED EVIDENCE

APPLICANT

WITNESSES (Name and Expertise)	ESTIMATED TIME	EXHIBITS
Chuck Moran (Land)	Approx. 15 Minutes	Approx.. 6
Tim Miller (Geology)	Approx. 15 Minutes	Approx. 3

PROCEDURAL MATTERS

Yates Petroleum Corporation has none at this time.



William F. Carr
Attorney for Yates Petroleum Corporation

WFC

addition, Applicant requests that in the absence of objection filed with the Division on or before March 7, the Division order provide for a 200% risk factor penalty based upon the presentation of technical data by affidavit. This unit is to be dedicated to its Laughlin "8" Well No. 1 to be drilled at a standard well location in Unit A of this section. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Matador Operating Company as the operator of the well and a charge for risk involved in this well. This unit is located approximately 2 miles south of Monument, New Mexico. **IN THE ABSENCE OF OBJECTION THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.**

CASE 12751: Reopened

In the matter of Case 12751 being reopened pursuant to the provisions of Division Order No. R-11721, which order promulgated temporary special pool rules for the Pecos Slope-Pennsylvanian Pool in Chaves County, New Mexico, including provisions for 320-acre spacing units and designated well locations. Operators in the Pecos Slope-Pennsylvanian Pool should appear and present evidence to show cause why the temporary special pool rules established for this pool should not be rescinded and the pool developed on standard 40-acre spacing.

CASE 13037: Application of Yates Petroleum Corporation for approval of a Unit Agreement, Chaves County, New Mexico. Applicant seeks approval of the BiPlane Exploratory Unit for an area comprising 2170.72 acres of State of New Mexico, Federal and Fee lands in Sections 3, 4, 9, 10 15, and 16, Township 6 South, Range 27 East, which is located approximately 3 miles west of Dougherty, New Mexico.

CASE 13038: Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox gas well location, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Mississippian formation for any and all formations and/or pools developed on 320-acre spacing and proration units under the E/2 of Section 19, Township 15 South, Range 35 East, which includes but is not necessarily limited to the Undesignated Northwest Big Dog-Mississippian Gas Pool and the Undesignated Big Dog-Morrow Gas Pool. Said unit is to be dedicated to its Associate "AZP" State Com Well No. 1 to be drilled at an unorthodox well location 1650 feet from the South line and 2310 feet from the East line (Unit J) of said Section 19. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 6 miles northwest of Lovington, New Mexico.

CASE 13008: Readvertised – Continued from March 13, 2003, Examiner Hearing.

Amended Application of Yates Petroleum Corporation for simultaneous dedication, Chaves County, New Mexico. Applicant in the above-styled cause seeks an exception to Division Rule 104.C.(2)(b) to permit the simultaneous dedication of the following wells to an existing 320-acre spacing and proration unit for production from the Silurian Devonian, Strawn, Cisco and Wolfcamp formations, comprised of the N/2 of Section 5, Township 10 South, Range 26 East:

- A. Quiniela AXQ State Well No. 1 located at a standard gas well location in the NW/4 of Section 5;
- B. Quiniela AXQ State Well No. 2 located at a standard gas well location 1980 feet from the North and East lines (Unit G) of Section 5, and
- C. Quiniela AXQ State Well No. 3 located at a standard gas well location 660 feet from the North line and 1650 feet from the East line (Unit B) of Section 5.

Said area is located approximately 17 miles East of Roswell, New Mexico.

CASE 13039: Application of David H. Arrington Oil and Gas, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying the E/2 for all formations developed on 320-acre spacing which includes but is not necessarily limited to the Undesignated North Vacuum-Atoka Morrow Gas Pool, and the NE/4 for all formations developed on 160-acre spacing in Section 8, Township 17 South, Range 35 East. Applicant proposes to dedicate these pooled units to its Pink Cahill State "8" Well No. 1 which will be drilled at a standard gas well location 1300 feet from the North line and 990 feet from the East line in Unit A of said Section 8. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 7 miles Southwest of Lovington, New Mexico.

CASE 13040: Application of David H. Arrington Oil & Gas, Inc. for Approval of a Waterflood Project for its East Hobbs-Blinebry Pool Cooperative Waterflood Area and Qualification of said Project for the Recovered Oil Tax Rate Pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico. Applicant seeks approval of its East Hobbs-Blinebry Pool Cooperative Waterflood Area for injection of water into the Blinebry formation, East Hobbs- Blinebry Pool through one injection well located in the following described area:

TOWNSHIP 18 SOUTH, RANGE 39 EAST, NMPM
Irregular Section 29: Lots 1, 2, 3 and 4 (E/2 equivalent), SW/4

The applicant requests that the Division establish procedures for the administrative approval of additional injection wells within the project area without the necessity of further hearings and the adoption of such other provisions as are necessary for said waterflood operations. Applicant further seeks to qualify the project area for the Recovered Oil Tax Rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). Said unit is located on the New Mexico-Texas State line approximately 2 miles east of Hobbs, New Mexico.

CASE 13041: Application of EnerQuest Resources, LLC for approval of a waterflood project and qualification of the Project Area for the Recovered Oil Tax rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico. Applicant seeks approval of its East Hobbs (San Andres) Unit Waterflood Project by injection of water into the San Andres formations through 19 injection wells located in the following described area:

TOWNSHIP 18 SOUTH, RANGE 39 EAST, NMPM

Section 29: SW/4, SW/4 NW/4
Section 30: S/2, S/2 N/2
Section 31: N/2 N/2
Section 32: N/2 NW/4

The applicant requests that the Division establish procedures for the administrative approval of additional injection wells within the unit area without the necessity of further hearings and the adoption of any provisions necessary for such other matters as may be appropriate for said waterflood operations. Applicant further seeks to qualify the project area for the Recovered Oil Tax Rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5).