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

**ORIGINAL**

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

*REOPENED*  
CASE NO. 13922

APPLICATION OF YATES PETROLEUM  
CORPORATION TO REOPEN CASE NO. 13922  
TO AMEND ORDER NO. R-12765,  
EDDY COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

June 2, 2009  
Santa Fe, New Mexico

BEFORE: WILLIAM JONES: Hearing Examiner  
TERRY WARNELL: Technical Advisor  
DAVID BROOKS: Technical Advisor

This matter came for hearing before the New Mexico  
Oil Conservation Division, David Brooks Hearing Examiner,  
on June 2, 2009 at the New Mexico Energy, Minerals and  
Natural Resources Department, 1220 South St. Francis  
Drive, Room 102, Santa Fe, New Mexico.

REPORTED BY: Peggy A. Sedillo, NM CCR NO. 88  
Paul Baca Court Reporters  
500 Fourth Street, NW, Suite 105  
Albuquerque, NM 87102

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APPLICANT'S EXHIBITS:

Exhibit 1	4
Exhibit 2	4

COURT REPORTER'S CERTIFICATE	7
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A P P E A R A N C E S

FOR THE APPLICANT:	WILLIAM F. CARR, ESQ.
	Holand & Hart, LLD
	110 N. Guadalupe St.
	Santa Fe, NM 87501

1 HEARING EXAMINER: Let's call Case 13922,  
2 reopened and readvertised, the Application of Yates  
3 Petroleum Corporation to Reopen Case 13922 to Amend Order  
4 No. R-12765, Eddy County, New Mexico. Call for  
5 appearances.

6 MR. CARR: May it please the Examiner, my name  
7 is William F. Carr. I'm with the Santa Fe office of  
8 Holland and Hart, LLD. We represent Yates Petroleum  
9 Corporation in this matter.

10 I would like to present the case with a  
11 statement and affidavit.

12 Mr. Examiner, the Recif Unit is a voluntary  
13 exploratory unit comprised of 5,202.37 acres located in  
14 Eddy County, New Mexico.

15 It is 96.1 percent federal lands and 1.6 percent  
16 state lands, and 2.3 percent of the acreage is fee land.  
17 It was approved by this Division by Order No. R-12765.

18 And following approval by the Division, the unit  
19 was approved by the BLM, it was approved by the Land  
20 Office, and an initial test well was drilled.

21 Several months ago, Mr. Simmons at the BLM  
22 contacted Yates to apprise them that there was a  
23 discrepancy between the OCD's order and the unit agreement  
24 itself.

25 The unit agreement provides for the unitization

1 of all formations. The order entered unitized from the  
2 surface to the base of the Upper Pennsylvania North Canyon  
3 formation.

4 The case was presented by affidavit, and the  
5 affidavit that was presented was wrong. It said, "From  
6 the surface to the base of the Upper Penn Wolf Camp  
7 formation."

8 Consequently, this is not the kind of matter  
9 that can be corrected by a nunc pro tunc order, it had to  
10 be advertised and placed back on the docket.

11 The BLM has requested that we come before you  
12 and request amendment of the order. I have reviewed it  
13 with the State Land Office and they support it, and the  
14 order simply needs to be revised.

15 What I have delivered to you is Exhibit 1, an  
16 affidavit signed by Janet Richardson with the Land  
17 Department at Yates.

18 It basically summarizes what I have said and  
19 attaches to it approvals of the unit agreement by the BLM  
20 and the Land Office.

21 And this is the controlling document and it's  
22 correct. And I have enclosed the copy of the unit  
23 agreement as my Exhibit 2, Article 3.

24 On Page 3 is the provision that provides that  
25 all oil and gas and any and all formations for unitized

1 land are unitized under the terms of this agreement.

2 So what we have here is a discrepancy that the  
3 BLM has requested that you correct. And so we appear  
4 before you today asking that you issue an amended order  
5 making that one change, deleting "To the base of the  
6 canyon," and just revising that to conform with the order.

7 I would move admission of Exhibits 1 and 2, if  
8 that's appropriate at this time, and stand for any  
9 questions.

10 HEARING EXAMINER: Exhibits 1 and 2 will be  
11 admitted.

12 MR. BROOKS: This is unit approval?

13 MR. CARR: Yes, sir. Well, the approval from  
14 the Land Office and from the BLM conditioned their  
15 approval on the order of the OCD. And they got the order  
16 and everyone went forward, and two and a half years later,  
17 they say, "Hey, this doesn't quite match up."

18 MR. BROOKS: And you say the error was in the  
19 affidavit?

20 MR. CARR: It was in the affidavit. And that's  
21 why we didn't request a nunc pro tunc --

22 MR. BROOKS: So it isn't a judicial error, it's  
23 a clerical error?

24 MR. CARR: Yes, it is.

25 MR. BROOKS: Okay. I'm happy.

1 MR. CARR: That's all I have on this matter.

2 HEARING EXAMINER: Thank you, Mr. Carr. We'll  
3 take Case No. 13922, reopened and readvertised, under  
4 advisement.

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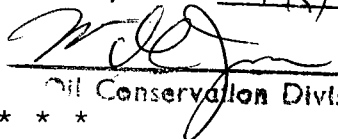
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I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. \_\_\_\_\_  
heard by me on 7/6/09 \_\_\_\_\_  
 \_\_\_\_\_, Examiner  
Oil Conservation Division  
\* \* \*

1 STATE OF NEW MEXICO )  
 2 ) ss.  
 3 COUNTY OF BERNALILLO )  
 4

5 REPORTER'S CERTIFICATE  
 6

7 I, PEGGY A. SEDILLO, Certified Court  
 8 Reporter of the firm Paul Baca Professional  
 9 Court Reporters do hereby certify that the  
 10 foregoing transcript is a complete and accurate  
 11 record of said proceedings as the same were  
 12 recorded by me or under my supervision.

13 Dated at Albuquerque, New Mexico this  
 14 10th day of June, 2009.  
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 20 PEGGY A. SEDILLO, CCR NO. 88  
 License Expires 12/31/09  
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