

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. 13,223

APPLICATION OF YATES PETROLEUM)
CORPORATION FOR APPROVAL OF A UNIT)
AGREEMENT, LEA COUNTY, NEW MEXICO)

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID R. CATANACH, Hearing Examiner

February 19th, 2004

Santa Fe, New Mexico

RECEIVED

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Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87506

This matter came on for hearing before the New

Mexico Oil Conservation Division, DAVID R. CATANACH,
Hearing Examiner, on Thursday, February 19th, 2004, at the
New Mexico Energy, Minerals and Natural Resources
Department, 1220 South Saint Francis Drive, Room 102, Santa
Fe, New Mexico, Steven T. Brenner, Certified Court Reporter
No. 7 for the State of New Mexico.

* * *

I N D E X

February 19th, 2004
Examiner Hearing
CASE NO. 13,223

PAGE

REPORTER'S CERTIFICATE

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* * *

E X H I B I T S

Applicant's	Identified	Admitted
Exhibit 1	3	5
Tab A	3	5
Tab B	4	5
Tab C	4	5
Tab D	4	5
Tab E	4	5
Tab F	4	5

* * *

A P P E A R A N C E S

FOR THE APPLICANT:

HOLLAND & HART, L.L.P., and CAMPBELL & CARR
110 N. Guadalupe, Suite 1
P.O. Box 2208
Santa Fe, New Mexico 87504-2208
By: WILLIAM F. CARR

* * *

1 WHEREUPON, the following proceedings were had at
2 9:22 a.m.:

3 EXAMINER CATANACH: At this time I'll call Case
4 13,223, the Application of Yates Petroleum Corporation for
5 approval of a unit agreement, Lea County, New Mexico.

6 Call for appearances.

7 MR. CARR: May it please the Examiner, my name is
8 William F. Carr with the Santa Fe office of Holland and
9 Hart, L.L.P. We represent Yates Petroleum Corporation in
10 this matter, and I will present the case on affidavit.

11 EXAMINER CATANACH: Any additional appearances?

12 Mr. Carr, you may proceed.

13 MR. CARR: Mr. Catanach, like the preceding case
14 this Application involves the approval of a voluntary
15 exploratory unit. The name of the unit is the Merle,
16 M-e-r-l-e, State Exploratory Unit. It is comprised of
17 7351.04 acres of State of New Mexico lands, and it is
18 located approximately 4 miles southwest of Crossroads, New
19 Mexico. 100 percent of the working interest in these lands
20 is owned by Yates Petroleum Corporation and its affiliated
21 companies, and Yates proposes to test all formations from
22 the surface through the Austin formation.

23 Yates seeks approval of this proposed unit
24 pursuant to an affidavit submitted -- or prepared by John
25 Amiet, petroleum geologist for Yates Petroleum Corporation.

1 Attached to Mr. Amiet's affidavit is a fully executed copy
2 of the unit agreement on the State Land Office form.

3 Tab B is the plat to the unit agreement, which
4 identifies the unit boundary. The initial test well will
5 be located at a standard gas well location 1650 feet from
6 the east line and 1250 feet from south line of Section 13.

7 Tab C is a copy of Schedule B to the unit
8 agreement, which confirms 100 percent of the working
9 interest is owned by Yates and affiliated companies.

10 Tab D is the letter from the Commissioner of
11 Public Lands giving preliminary approval to the formation
12 of this unit.

13 And Tab E is a net sand isopach of the Austin
14 limestone, illustrating that the limestone thins in a way
15 which corresponds to Yates' projection of the sand trend in
16 this area. Morrow sands are the main producing objective
17 in this unit.

18 Tab F to the affidavit is a structural cross-
19 section of the Morrow sands in the proposed unit area. Mr.
20 Amiet by affidavit testifies that approval of this unit and
21 development of the area under the plan is in the best
22 interest of conservation, the prevention of waste and the
23 protection of correlative rights.

24 We request that Yates Exhibit 1 be admitted into
25 evidence.

1 EXAMINER CATANACH: Yates Exhibit Number 1
2 will be admitted.

3 MR. CARR: Mr. Catanach, there is a lease in the
4 unit area that is scheduled to expire April 1st, 2004, and
5 therefore Yates respectfully requests that the Division
6 expedite the entry of an order in this matter to the extent
7 possible.

8 That concludes my presentation in this matter.

9 EXAMINER CATANACH: Thank you, Mr. Carr.

10 There being nothing further, Case 13,223 will be
11 taken under advisement.

12 (Thereupon, these proceedings were concluded at
13 9:25 a.m.)

14 * * *

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19 I do hereby certify that the foregoing is
20 a complete record of the proceedings in
the Examiner hearing of Case No. 13223,
heard by me on February 19 2004.

21 David R. Catanach, Examiner
22 Oil Conservation Division
23
24
25

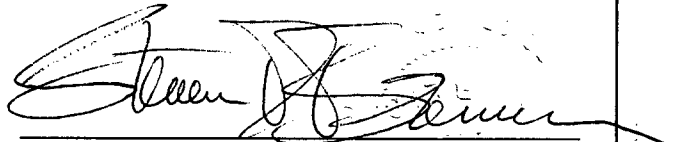
CERTIFICATE OF REPORTER

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

I, Steven T. Brenner, Certified Court Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I transcribed my notes; and that the foregoing is a true and accurate record of the proceedings.

I FURTHER CERTIFY that I am not a relative or employee of any of the parties or attorneys involved in this matter and that I have no personal interest in the final disposition of this matter.

WITNESS MY HAND AND SEAL February 20th, 2004.


STEVEN T. BRENNER
CCR No. 7

My commission expires: October 16th, 2006