

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. 12,310
)
 APPLICATION OF YATES PETROLEUM)
 CORPORATION FOR AN ORDER CONFORMING)
 THE SPECIAL POOL RULES AND REGULATIONS) ORIGINAL
 FOR THE BURTON FLAT-MORROW GAS POOL TO)
 DIVISION RULE 104, EDDY COUNTY,)
 NEW MEXICO)

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID R. CATANACH, Hearing Examiner

December 16th, 1999

Santa Fe, New Mexico

00 JAN - 6 PM 9:49
OIL CONSERVATION DIV.

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID R. CATANACH, Hearing Examiner, on Thursday, December 16th, 1999, at the New Mexico Energy, Minerals and Natural Resources Department, Porter Hall, 2040 South Pacheco, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

* * *

I N D E X

December 16th, 1999
 Examiner Hearing
 CASE NO. 12,310

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E X H I B I T S

Applicant's	Identified	Admitted
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* * *

A P P E A R A N C E S

FOR THE DIVISION:

RAND L. CARROLL
 Attorney at Law
 Legal Counsel to the Division
 2040 South Pacheco
 Santa Fe, New Mexico 87505

FOR THE APPLICANT:

CAMPBELL, CARR, BERGE and SHERIDAN, P.A.
 Suite 1 - 110 N. Guadalupe
 P.O. Box 2208
 Santa Fe, New Mexico 87504-2208
 By: WILLIAM F. CARR

* * *

1 WHEREUPON, the following proceedings were had at
2 10:43 a.m.:

3 EXAMINER CATANACH: At this time we'll call Case
4 12,310.

5 MR. CARROLL: Application of Yates Petroleum
6 Corporation for an order conforming the special pool rules
7 and regulations for the Burton Flat-Morrow Gas Pool to
8 Division Rule 104, Eddy County, New Mexico.

9 EXAMINER CATANACH: Call for appearances in this
10 case.

11 MR. CARR: May it please the Examiner, my name is
12 William F. Carr with the Santa Fe law firm Campbell, Carr,
13 Berge and Sheridan. I have a statement and a notice
14 affidavit to offer in this case.

15 EXAMINER CATANACH: Okay. I'll call for
16 additional appearances.

17 Mr. Carr?

18 MR. CARR: Mr. Catanach, in this case Yates
19 Petroleum Corporation seeks an order conforming the special
20 rules and regulations for the Burton Flat-Morrow Gas Pool,
21 the order conforming these to the recently adopted OCD Rule
22 104. We're seeking a change in the pool rules to continue
23 to provide for 320-acre spacing units, but to change the
24 setbacks to the 660-foot setback from the outer boundary
25 now authorized by statewide rule. And also we seek to

1 conform the rules to provide for an infill well on the 160
2 on which the original well is not located.

3 Briefly, Burton Flat-Morrow Gas Pool has operated
4 under special pool rules which were adopted in the early
5 1970s, and these rules include provisions that wells shall
6 be located 660 from the end line -- or from the side
7 boundary and 1980 from the end line of a spacing unit and
8 proration unit.

9 Several months ago, Yates Petroleum Corporation
10 proposed to drill two wells in this pool at standard
11 locations, and the BLM required that the wells be moved to
12 a location 1650 from the end line of the spacing units, and
13 we filed applications seeking administrative approval of
14 those unorthodox well locations.

15 We met with Mr. Stogner, and at his
16 recommendation, instead of seeking unorthodox locations, he
17 recommended that we bring this case to you today to conform
18 the pool rules to the new statewide rules.

19 We considered simply abolishing the pool rules,
20 but these rules also prorate the pool, and even though
21 prorationing is temporarily suspended, it was Mr. Stogner's
22 wish that we leave that portion of the rules in place. And
23 so that's what we've done. We seek to conform the pool
24 rules to the new 104 rules.

25 And what we did was, we provided notice of this

1 Application as required by OCD rules to all the Division-
2 designated operators in the pool and Division-designated
3 operators of wells in the Morrow formation within a mile of
4 the outer pool boundary, if those wells were not included
5 in another pool.

6 I have offered our notice affidavit as our
7 Exhibit 1, and it confirms that this notice has been
8 provided, and therefore we would move that the affidavit be
9 admitted as our Exhibit 1 and that the case be taken under
10 advisement.

11 EXAMINER CATANACH: Exhibit 1 will be admitted as
12 evidence.

13 Anything further?

14 MR. CARR: That's all I have.

15 EXAMINER CATANACH: There being nothing further,
16 Case 12,310 will be taken under advisement.

17 (Thereupon, these proceedings were concluded at
18 10:46 a.m.)

19 * * *

20 I do hereby certify that the foregoing is
21 a complete record of the proceedings at
22 the Examiner hearing of Case No. 12310
23 heard by me on December 16 1999
24 David J. Catanach, Examiner
25 Oil Conservation Division

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 December 21st, 1999.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 14, 2002