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STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
CASE 10,711

EXAMINER HEARING

IN THE MATTER OF:

In the matter of Case No. 10,711 being reopened upon the application of Yates Petroleum Corporation for new injection well locations in the waterflood project approved for its Creek "AL" Federal Lease by Division Order No. R-9896, issued in Case 10,711 on May 18, 1993

ORIGINAL

TRANSCRIPT OF PROCEEDINGS

BEFORE: DAVID R. CATANACH, EXAMINER

15

STATE LAND OFFICE BUILDING

SANTA FE, NEW MEXICO

September 9, 1993

A P P E A R A N C E S

FOR THE DIVISION:

ROBERT G. STOVALL
Attorney at Law
Legal Counsel to the Division
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Santa Fe, New Mexico 87504

FOR THE APPLICANT:

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1 WHEREUPON, the following proceedings were had
2 at 8:36 a.m.:

3 EXAMINER CATANACH: Okay, at this time let's
4 call Case 10,711, reopened.

5 MR. STOVALL: In the matter of Case No.
6 10,711 being reopened upon the application of Yates
7 Petroleum Corporation for new injection well locations
8 in the waterflood project approved for its Creek "AL"
9 Federal Lease by Division Order No. R-9896, issued in
10 Case 10,711 on May 18, 1993.

11 EXAMINER CATANACH: Are there appearances in
12 this case?

13 MR. CARR: May it please the Examiner, my
14 name is William F. Carr with the Santa Fe law firm
15 Campbell, Carr, Berge and Sheridan.

16 I represent Yates Petroleum Corporation, and
17 I have one witness in this case?

18 EXAMINER CATANACH: Additional appearances?
19 Okay, please swear in the witness.

20 (Thereupon, the witness was sworn.)

21 MR. CARR: May it please the Examiner, in
22 this Application as filed, Yates was seeking approval
23 for three new well locations.

24 At this time I would like to dismiss the
25 request for the new location for the Creek "AL" Number

1 14 well.

2 So the only two wells that are left for
3 consideration today are the Number 12 and the Number
4 13.

5 EXAMINER CATANACH: Okay.

6 MR. CARR: The Application and legal ad in
7 the case provided that we were seeking new locations
8 for injection wells. In fact, these are producing
9 wells.

10 We have received a waiver from Hanson, the
11 offsetting operator who is the only operator who could
12 be affected by these locations, and we will provide a
13 further waiver from Hanson to indicate that they
14 understand that we're talking about producing, not
15 injection wells.

16 And with that, request permission to go
17 forward and present our case here today.

18 EXAMINER CATANACH: You may proceed.

19 THERESA SLOAN,
20 the witness herein, after having been first duly sworn
21 upon her oath, was examined and testified as follows:

22 DIRECT EXAMINATION

23 BY MR. CARR:

24 Q. Would you state your name for the record,
25 please?

1 A. Theresa Sloan.

2 Q. And where do you reside?

3 A. In Artesia, New Mexico.

4 Q. By whom are you employed?

5 A. Yates Petroleum.

6 Q. And in what capacity?

7 A. Petroleum engineer.

8 Q. Ms. Sloan, have you previously testified
9 before this Division?

10 A. Yes, I have.

11 Q. At the time of that testimony were your
12 credentials as a petroleum engineer accepted and made a
13 matter of record?

14 A. Yes.

15 Q. In fact, you were the engineering witness who
16 testified in the case where the Creek "AL" waterflood
17 project was originally approved by this Division?

18 A. That's correct.

19 Q. Are you familiar with the Application filed
20 in this matter on behalf of Yates Petroleum
21 Corporation?

22 A. Yes, I am.

23 Q. And are you familiar with the subject wells?

24 A. Yes.

25 MR. CARR: Are the witness's qualifications

1 acceptable?

2 EXAMINER CATANACH: They are.

3 Q. (By Mr. Carr) Could you briefly state what
4 Yates seeks with this Application?

5 A. Yates is seeking to receive authorization to
6 move their well locations on two of the producing wells
7 that we are going to drill.

8 Q. Could you briefly provide general background
9 information to Mr. Catanach on the history of this
10 waterflood project?

11 A. Hanson and Yates have been negotiating for
12 roughly five, six years to do a waterflood together,
13 and they decided to go ahead and do their own
14 waterfloods.

15 Yates's Creek "AL" Federal Lease waterflood
16 was approved on March 18th of 1993 in Order Number
17 R-9896, and Hanson's Shugart Unit waterflood project
18 was approved on May 19th, 1993, Order Number R-9895.

19 Q. Now, these are two waterfloods being operated
20 as a cooperative effort; is that correct?

21 A. That's correct.

22 Q. There is, however, no formal lease line
23 injection agreement or other lease line agreement
24 between the parties?

25 A. That's correct.

1 Q. And we were advised by the Division that
2 without that agreement this change in plan would have
3 to be approved following the hearing?

4 A. That's correct, uh-huh.

5 Q. Let's go to what has been marked as Yates
6 Exhibit Number 1, and would you just identify that for
7 Mr. Catanach, please?

8 A. Yes, Exhibit Number 1 is the Order Number
9 9896 approving the waterflood project.

10 Q. All right. Let's go to Yates Exhibit Number
11 2. Now, using this exhibit could you review for the
12 Examiner exactly the changes that you're proposing?

13 A. On Exhibit Number 2, the yellow, the portion
14 colored in yellow, is Yates's Creek "AL" Lease and the
15 portion which has been approved for waterflood, and the
16 green is Hanson's waterflood area.

17 The injection pattern is shown on the Creek
18 Lease, and it will show that the Number 12 has to be
19 moved to the south, the Number 13 has to be moved to
20 the south.

21 Q. And those are the only changes that are
22 involved in this Application today?

23 A. In this particular Application, that's
24 correct.

25 Q. Okay. Could you identify what has been

1 marked as Yates Exhibit Number 3, please?

2 A. Yates Exhibit Number 3 is notification from
3 the BLM to go ahead and move the locations on the Creek
4 Number 12 and 13, due to archeological problems.

5 Q. Basically, this is the form that you received
6 from the BLM; is that correct?

7 A. That is correct, uh-huh.

8 Q. And what they did was, they sketched on this
9 form what they determined to be the archeological site?

10 A. That is correct.

11 Q. The first page that addresses the Number 13
12 well at the bottom of the form you received directs you
13 to move the well 200 feet to the south; is that
14 correct?

15 A. Yes, that is correct.

16 Q. There is not a similar notation on the plat
17 for the Number 12, correct?

18 A. But it was verbally stated to go ahead and
19 move the Number 12 200 feet to the south, where we had
20 a power line, so we had to move it an additional 50
21 feet. So a total of 250 feet additional to the south.

22 Q. Have these locations been staked?

23 A. Yes, they have.

24 Q. And the only well that is actually closer to
25 the Hanson waterflood project is the Number 13; is that

1 right?

2 A. That is correct.

3 Q. Could you identify what has been marked as
4 Yates Petroleum Corporation Exhibit Number 4?

5 A. Exhibit Number 4 is the notice of the
6 affidavit.

7 Q. And attached to the affidavit are there
8 copies of letters that have been provided to both the
9 Bureau of Land Management and to Hanson?

10 A. That is correct, uh-huh.

11 Q. Could you then identify Yates Exhibit Number
12 5?

13 A. Yates Exhibit Number 5 is the waiver from
14 Hanson Petroleum -- Hanson Operating.

15 Q. And have you personally reviewed these
16 proposed changes with Hanson?

17 A. Yes, I have.

18 Q. In your opinion, will approval of this
19 Application permit Yates to proceed with its efforts to
20 implement a waterflood project on the Creek "AL" lease?

21 A. Yes.

22 Q. Will it otherwise be in the best interest of
23 conservation, the prevention of waste and the
24 protection of correlative rights?

25 A. Yes.

1 Q. Were Exhibits 1 through 5 either prepared by
2 you or compiled under your direction?

3 A. Yes.

4 MR. CARR: At this time, Mr. Catanach, we
5 would move the admission of Yates Petroleum Corporation
6 Exhibits 1 through 5.

7 EXAMINER CATANACH: Exhibits 1 through 5 will
8 be admitted as evidence.

9 MR. CARR: And that concludes my direct
10 examination of Theresa Sloan.

11 EXAMINATION

12 BY EXAMINER CATANACH:

13 Q. Ms. Sloan, if you could, I'd like to just
14 verify the new well locations for the Number 13 and the
15 Number 12.

16 A. Okay.

17 Q. For the Number 12, the new well location
18 would be what?

19 A. It would be 1405 feet from the north line and
20 330 from the west line.

21 Q. Okay, and the Number 12?

22 A. That was the -- I'm sorry, that was Number
23 12.

24 Q. I mean the Number 13, I'm sorry.

25 A. Number 13. The 13 is 2510 from the north

1 line and 330 from the west line.

2 Q. As far as you're aware, the new locations
3 don't have any problems associated with them?

4 A. I don't anticipate any. You know, this is
5 something they told us to go ahead and move, and they
6 have staked them, so we don't really anticipate that
7 problem.

8 EXAMINER CATANACH: Okay. I don't think I
9 have any further questions.

10 Mr. Carr, are you going to get us an amended
11 waiver on that?

12 MR. CARR: Yes, we will. We'll provide that.

13 EXAMINER CATANACH: Okay. Is there anything
14 else?

15 MR. CARR: Nothing further in this case, Mr.
16 Catanach.

17 EXAMINER CATANACH: There being nothing
18 further, Case 10,711 will be taken under advisement.

19 (Thereupon, these proceedings were concluded
20 at 8:46 a.m.)

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