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2	STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION
3	STATE LAND OFFICE BUILDING SANTA FE, NEW MEXICO
4	13 March 1985
5	EXAMINER HEARING
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8	IN THE MATTER OF:
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10	Application of Yates Petroleum Cor- CASE poration for compulsory pooling, 8522 Roosevelt County, New Mexico.
11	ROODEVELL Country New Mexico.
12	
13	
14	BEFORE: Gilbert P. Quintana, Examiner
15	
16	TRANSCRIPT OF HEARING
17	
18	APPEARANCES
19	For the Oil Conservation Jeff Taylor
20	Eivision: Attorney at Law Legal Counsel to the Division
21	State Land Office Bldg. Santa Fe, New Mexico 87501
22	For the Applicant, William E Comm
23	For the Applicant: William F. Carr Attorney at Law CAMPBELL & BLACK P.A.
24	P. O. Box 2208 Santa Fe, New Mexico 87501
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5	WILLIAM JAMES BALL, JR.		
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3	MR. QUINTANA: We'll call next
4	Case Number 8522.
-	MR. TAYLOR: Application of
5	Yates Petroleum Corporation for compulsory pooling, Roose-
6	velt County, New Mexico.
7	MR. CARR. May it please the
8	Examiner, I'm William F. Carr, with the law firm Campbell
9	and Black, P. A., of Santa Fe, appearing on behalf of Yates
10	Fetroleum Corporation.
11	I have one witness who needs to
12	he sworn.
13	MR. QUINTANA: Are there fur-
14	ther appearances in this case?
	If not, sir, would you please
15	stand up and be sworn in at this time?
16	
17	(Witness sworn.)
18	
19	WILLIAM JAMES BALL, JUNIOR,
20	being called as a witness and being duly sworn upon his
21	oath, testified as follows, to-wit:
22	DIRECT EXAMINATION
23	BY MR. CARR:
24	Q Will you state your full name and place
25	of residence?

1			4
2		A	William James Ball, Junior. That's Ball,
,	B-A-L-L.	Artesia,	New Mexico.
3		Q	Mr. Ball, by whom are you employed and in
4	what capa	acity?	
5		A	Yates Petroleum as a landman.
6		Q	Have you previously testified before this
7	Commissio	on or one	of its examiners?
8		A	No, I haven't.
9		Q	Would you briefly summarize for Mr. Quin-
_	tana you	r educatio	nal background and your work experience?
10		A	Okay. I have Associates in Agriculture
11	from Nev	w Mexico M	ilitary Institute and a Bachelor's in pet-
12	roleum la	and manage	ment at the University of Oklahoma.
13		Q	And since you graduated by whom have you
14	been emp		
15	_	A	I've been employed by Ward Petroleum out
16	of Enid,	Oklahoma	, for three years and Yates Petroleum for
17		rt of one	
	-		I've been doing land work since 1976.
18	: -	Q	And in both in all in your prior
19	∈mployme		ow with Yates you've been employed as a
20	landman?		
21		A	Yes.
22		Q	Are you familiar with the application
23	filed in		on behalf of Yates Petroleum Corporation?
24		A	Yes.
25		Q	Are you familiar with the subject area

and proposed well?

A Yes, I am.

MR. CARR: Are the witness' qualifications as a petroleum landman acceptable?

MR. QUINTANA: Yes, they are.

Q Mr. Ball, would you briefly state what Yates is seeking with this application?

A We are seeking to pool all the mineral interest from the surface to the top of the PreCambrian formation underlying the south half of Section 33, Township 3 South, Range 30 East, Roosevelt County, New Mexico.

MR. CARR: Mr. Examiner, the order that would result from this hearing would have to provide that it would be all of the acreage underneath the southwest quarter of Section 33 down to the top of the Wolfcamp and then the south half below that.

We filed an amended application but the legal advertisement is broad enough to cover all of that.

Q Have you prepared certain exhibits for introduction in this case?

A Yes, I have.

Q Would you refer to what has been marked for identification as Yates Petroleum Corporation Exhibit Number One and review this with the examiner?

A Okay, those are the nine townships showing Yates' leasehold, the colored yellow areas, which is

1 either through farmouts or actual purchase of leases. 2 Q Now the subject spacing unit would be 3 either the south half of 33 or the southwest quarter of 33, 4 depending on the ultimate producing horizon, is that cor-5 rect? 6 Α That's correct. 7 And is the subject well indicated on this plat? Is the well --8 Α Yes. 9 And where is that? Q 10 It is in the southeast of the southwest of Α 11 Section 33. 12 And that is indicated by a red circle? 0 13 Α That's correct. 14 Q What is the primary objective in this 15 well? The primary objective is -- it's really Α 16 unknown; however, we feel like there is -- the strongest po-17 tential is in the Cisco formation, possibly some San Andres 18 potential and Canyon and Strawn. 19 Would you now identify Exhibit Number Two Q 20 For Mr. Quintana? 21 Α Exhibit Number Two is the operating 22 agreement under which this well will be drilled. 23 Q And who -- what parties have voluntarily executed and joined in this operating agreement? 24 Α Depco and Nycor. 25

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1		7
2	Q	What percent of the acreage under the
3		tion 33 has been voluntarily committed to
4	the proposed well?	
	А	99 percent has been voluntarily commit-
5	ced.	
6	Q	And who has not consented as of this
7	:ime?	
8	Α	One person, Wayne Miller.
9	Q	And they hold a less than one percent in-
10	cerest?	
11	A	That's correct.
	Q	Would you refer to what's been marked as
12	Exhibit Three and	identify that, please?
13	A	Okay, this is our Authority for Expendi-
14	ure.	
15	Q	And what are the total costs, dry hole
16	and completed well	costs?
17	Α	The dry hole cost is \$386,000 even, and
18	the completion cos	ts would for a completed well would be
19	3625,000 even.	
	Q	And are these costs in line with what
20	other operators ar	e charging?
21	Α	Yes, they are.
22	Q	And how how have these figures actual-
23	.y been set, Mr. B	all?
24	A	How they've been set?
25	Q	Have the other parties, Depco and Nycor,

Q

joinder of Mr. Miller in this well?

A Definitely so.

Q Now I think you indicated there was no other production in the area. How close, really, is the rearest production? Do you know?

A I know of no producing wells in any of -well, the township itself that this well is in, as well as
the eight surrounding townships, there's no production.

Q Are there any wells producing oil or gas from any horizon within three miles of this proposed --

A No.

Q -- location? Are you prepared to make a recommendation on behalf of Yates Petroleum Corporation to the Examiner concerning the penalty that should be assessed against the Miller interest if it doesn't participate?

A Yes, I am.

Q And what is that recommendation?

A 200 percent.

Q And again, what do you base that on?

A Oh, that's based on that we have no technical data to really evaluate what we're going to find here, plus I believe there's only been five wells drilled in those nine townships that I talked about, all of which are dry holes.

It's just about as rank as a rank wildcat can be.

You don't have anything that you could

10 1 even prepare any Isopachs or cross sections --2 Α No, sir. 3 Q -- or structure maps on? Have you esti-4 mated, have you made an estimate of the overhead and admini-5 strative costs while drilling this well and also while pro-6 ducing it, if in fact it is a successful well? 7 Yes, I have. Α 0 And what are those figures? 8 Α The drilling well rate would be \$4000 and 9 the -- I'm sorry, \$3000, and the producing well rate, \$400. 10 And these are again rates that have been Q 11 agreed to by Depco and Nycor? 12 That's correct. Α 13 And they're contained in the operating 0 14 agreement, which has been marked as Exhibit Number Two? 15 That's right. Α Do you recommend that these figures be 16 .ncorporated into any order which results from this hearing? 17 Α Yes, I do. 18 Do you -- does Yates Petroleum Corpora-0 19 tion seek to be designated operator of the well? 20 Α Yes, we do. 21 In your opinion will granting this appli-22 cation be in the best interest of conservation, the preven-23 tion of waste, and the protection of correlative rights? Α Yes, sir. 24 Q Were Exhibits One through Five compiled 25

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2	under your direction	on?	
3	А	Yes, they were.	
4	Q	And can you testify as to their accuracy?	
	A	Yes, I can.	
5		MR. CARR: At this time, Mr.	
6	Quintana, we woul	ld offer Yates Petroleum Corporation Exhi-	
7	pits One through Fi	ive.	
8		MR. QUINTANA: Exhibits One	
9	through Five will be accepted in evidence.		
10		MR. CARR: That concludes my	
	direct examination	of Mr. Hall.	
11			
12		CROSS EXAMINATION	
13	BY MR. QUINTANA:		
14	Q	Mr. Hall, would you repeat those drilling	
15	and producing costs	s again?	
16	А	Yes, sir. It's \$3000 for the drilling	
17	vell rate and \$400	for the producing well rate.	
	Q	Thank you.	
18			
19		CROSS EXAMINATION	
20	BY MR. TAYLOR:		
21	Q	Is the only person you're attempting to	
22	pool here Mr. Wayne		
23	A	Yes, it is.	
24	Ω	What is this letter that's addressed to	
		Ralph E. Miller, Dorothy McCoy	
25	Modere nee miliet,	Marph B. Milici, boldeny meety	

1	12		
2	A Okay, those people have all leased and		
	Q Okay.		
3	A I've		
4	MR. CARR: It also went to him		
5	and so it was included, but Miller, Wayne Miller, is the on-		
6	ly outstanding interest at this time.		
7	MR. QUINTANA: Do you antici-		
8	pate him joining in on the well later and you're not sure		
9	now?		
10	A Well, in my conversations with him he		
11	kept on telling me that he would put it in the mail, and		
12	ne'd put it in the mail, and he never would put it in the		
	mail, so it's really hard to say.		
13	MR. QUINTANA: I see. I have		
14	no further questions of the witness.		
15	Are there other questions of		
16	the witness from somebody else?		
17	If not, Mr. Ball, you may be		
18	excused.		
19	Case 8522 will be taken under		
20	advisement.		
21			
22	(Hearing concluded.)		
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I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Dil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd Cor

I do hereby carried all the foregoing is a complete near the proceedings in the Examiner is added of Case to 8523.

Silvet D. Question Examiner

Oil Conservation Division