

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
21 May 1980

EXAMINER HEARING

IN THE MATTER OF:)

Application of Harvey E. Yates Com-) CASE
pany for a unit agreement, Chaves) 6905
County, New Mexico.)

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division: Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant: Robert H. Strand, Esq.
Roswell, New Mexico

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I N D E X

GEORGE M. YATES

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RANDOLPH SMITH

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E X H I B I T S

Applicant Exhibit One, Plat 4

Applicant Exhibit Two, Application 5

Applicant Exhibit Three, Map 8

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MR. STAMETS: Call Case 6905.

MR. PADILLA: Application of Harvey E. Yates for a unit agreement, Chaves County, New Mexico.

MR. STRAND: Mr. Examiner, Robert H. Strand, Attorney, from Roswell, New Mexico, appearing for the applicant. We have two witnesses, one of which is Mr. George Yates, who has been sworn.

(Witnesses sworn.)

GEORGE M. YATES

being called as a witness and having been duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. STRAND:

Q. State your full name for the record, please.

A. George M. Yates.

Q. Mr. Yates, what is your position with the applicant and your duties?

A. Vice President. My duties include overseeing land and exploration operations.

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Q. Mr. Yates, what is the purpose of the application in Case Number 6905?

A. The purpose of the application is approval of a four-section unit in Chaves County, New Mexico.

Q. Is Harvey E. Yates Company designated the operator of the proposed unit agreement?

A. Yes, we are.

Q. Mr. Yates, will you state specifically what lands are included in the proposed unit?

A. Yes. The Buffalo Lake Unit is a unit composed of 200 -- pardon me, 2556.8 acres. Now the breakdown of ownership of the acreage within the unit is as follows: 599.07 Federal acres; 320 State owned acres; the balance of 1637.73 acres is fee.

Q. Mr. Yates, is the legal description of the lands included in the unit Sections 7, 8, 17, and 18 of Township 15 South, Range 27 East?

A. Yes.

Q. Referring to Exhibit Number One, would you briefly describe that exhibit?

A. Exhibit Number One is an ownership plat of the unit.

Q. Mr. Yates, is that particular plat we designated as Exhibit Number One also an exhibit to the proposed unit agreement?

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A. Yes, it is. It is Exhibit A to the unit agreement.

Q. Referring to Exhibit Number Two, would you please describe that exhibit?

A. Exhibit Number Two is an application for designation of the Buffalo Lake Unit to the USGS, an application for preliminary approval of the proposed unit agreement.

Q. And has that application been filed with the USGS?

A. Yes, it has. The geology has been preliminarily approved by the USGS verbally, and we have submitted this unit agreement and this unit agreement is in process.

Q. Mr. Yates, have we also submitted a copy of this application for designation of unit agreement with attachments, including the proposed unit agreement, exhibits, and geological summary to the Commissioner of Public Lands for his approval?

A. Yes, we have.

Q. Referring to the unit agreement, or the proposed unit agreement itself, is this the standard Federal unit agreement with appropriate revisions relating to approval by the Commissioner of Public Lands and the Oil Conservation Division?

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A. Yes, it is.

Q. Mr. Yates, what is the status of commitment of interest owners under this proposed unit?

A. The majority of owners, the majority of acreage within the unit has been committed to the unit.

Q. Does the applicant, Harvey E. Yates Company own a majority --

A. Yes.

Q. -- interest in the unit?

A. Yes, we do.

Q. Mr. Yates, were Exhibits Number One and Two prepared under your direction and supervision?

A. Yes, they were.

MR. STRAND: That's all I have for Mr. Yates.

MR. STAMETS: Any questions of this witness?

CROSS EXAMINATION

BY MR. PADILLA:

Q. Mr. Yates, have you received preliminary approval from the Land Commissioner?

A. We have not. We submitted it only last Friday for their approval.

MR. PADILLA: No other questions.

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MR. STAMETS: The witness may be excused.

RANDOLPH C. SMITH

being called as a witness and having been duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. STRAND:

Q State your full name for the record, please.

A My name is Randolph C. Smith.

Q Mr. Smith, what is your occupation?

A I'm an Exploration Geologist for Harvey E. Yates Company in Midland, Texas.

Q Mr. Smith, have you testified before the Division in the past and are your qualifications a matter of record?

A Yes, I have and yes, they are.

MR. STRAND: We tender Mr. Smith as an expert witness.

MR. STAMETS: The witness is considered qualified.

Q Mr. Smith, are you familiar with the application in Case Number 6905 for the approval of the Buffalo Lake Unit?

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1 A. Yes, I am.

2 Q. Please refer to Exhibit Number Three and
3 explain that.

4 A. Mr. Examiner, Exhibit Number Three is an
5 integrated seismic subsurface Atoka map, made on the top of
6 the Atoka structure, with the unit outlined, the four sections
7 and the proposed location with a red circle.

8 Q. Mr. Smith, is the justification for the
9 four-section unit set out on the exhibit and testified to
10 previously the structure you have drawn basically in the
11 center of the unit outline?

12 A. Yes, it is.

13 Q. And that is -- could be designated as a
14 -4300 foot contour?

15 A. That's correct.

16 Q. Mr. Smith, was Exhibit Number Three pre-
17 pared by you or under your supervision?

18 A. Yes, it was.

19 Q. Is it your opinion that the proposed
20 unit covers all or substantially all of the geological
21 feature described on Exhibit Number Three?

22 A. Yes, it does.

23 Q. Is it further your opinion that approval
24 of this unit application will maximize production of unitized
25 substances and otherwise promote conservation and prevent

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waste?

A. Yes.

MR. STRAND: That's all I have, Mr. Examiner.

MR. STAMETS: Any questions of this witness? He may be excused.

MR. STRAND: Mr. Examiner, I move the admission of Exhibits One through Three.

MR. STAMETS: These exhibits will be admitted.

Anything further in this case?

The case will be taken under advisement.

(Hearing concluded.)

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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil 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 C.S.R.

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