

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. 13,250
APPLICATION OF YATES PETROLEUM)
CORPORATION FOR APPROVAL OF A UNIT)
AGREEMENT, LEA COUNTY, NEW MEXICO)
_____)

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

RECEIVED

APR 29 2004

April 15th, 2004

Santa Fe, New Mexico

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

This matter came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER, Hearing Examiner, on Thursday, April 15th, 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

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* * *

E X H I B I T

Applicant's	Identified	Admitted
Exhibit 1	3	-
Exhibit A	4	-
Exhibit B	4	-
Exhibit C	4	-
Exhibit D	4	-
Exhibit E	4	-
Exhibit F	4	-
Exhibit G	4	-

* * *

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 STOGNER: And I will now call Case
4 Number 13,250, which is the Application of Yates Petroleum
5 Corporation for approval of a unit agreement, Lea County,
6 New Mexico.

7 Call for appearances.

8 MR. CARR: May it please the Examiner, my name is
9 William F. Carr with the Santa Fe office of Holland and
10 Hart, L.L.P. We represent Yates Petroleum Corporation in
11 this matter, and I request permission to present this
12 Application by affidavit.

13 EXAMINER STOGNER: You may do so.

14 MR. CARR: Mr. Examiner, in this case Yates
15 Petroleum Corporation seeks approval of the Oakridge State
16 Exploratory Unit. This is a unit comprised of 4160 acres
17 of State of New Mexico lands. It's located approximately
18 10 miles northwest of Tatum.

19 100 percent of the working interest in the lands
20 in the unit area are owned by Yates and its affiliated
21 companies or by Murchison Oil and Gas. 100 percent of the
22 working interest has been voluntarily committed to the unit
23 agreement. And Yates proposes to test all formations from
24 the surface to the upper Mississippian formation.

25 Attached or presented as Yates Exhibit Number 1

1 is an affidavit from John Amiet, petroleum geologist for
2 Yates.

3 Attached to that is a fully executed copy of the
4 unit agreement, which is on the State Land Office form.
5 And attached to that and also included -- attached to the
6 unit agreement and also included as an exhibit to the
7 affidavit is a plat that identifies the unit boundaries.

8 The initial test well will be the Oakridge Well
9 Number 1. It's going to be drilled at a standard gas well
10 location 680 feet from the north line and 1620 feet from
11 the east line of Section 17.

12 Exhibit C to the affidavit is a copy of Schedule
13 B to the unit agreement which shows all ownership. 100
14 percent of the working interest, as I indicated, has
15 voluntarily committed to the unit agreement.

16 Exhibit D is a letter from the Commissioner of
17 Public Lands giving preliminary approval to the proposed
18 unit.

19 Exhibit E is a structure map on the top of the
20 Austin limestone that illustrates Yates' projection of the
21 sands in this area. And these basal Morrow sands that are
22 shown on this exhibit are the main producing objective in
23 the unit area.

24 Exhibit F is a stratigraphic cross-section of
25 these basal Morrow sands.

1 And Exhibit G is a written geological
2 justification for the Oakridge unit.

3 100 percent of all interests are committed. The
4 State Land Office has approved it, and Mr. Amiet testifies
5 that approval of the unit agreement and the unit area will
6 result, if the first well is successful, in additional
7 development of these basal Morrow sands in this area.

8 We would request that Yates Exhibit 1 be admitted
9 into evidence, and I can advise the Examiner that we have
10 no immediate lease expirations in this particular unit
11 area.

12 EXAMINER STOGNER: Do you have an Exhibit Number
13 1 that you can provide me?

14 MR. CARR: I was afraid you might read it. Yes,
15 sir, there is Exhibit 1.

16 EXAMINER STOGNER: How many tracts of land are
17 involved?

18 MR. CARR: There are 13 tracts.

19 EXAMINER STOGNER: 13 tracts.

20 MR. CARR: There is, Mr. Stogner, in Tract 5, an
21 overriding royalty interest of 6.25 percent held by Elk Oil
22 Company. They have also ratified the unit agreement, so
23 100 percent of the interest is voluntarily committed.

24 EXAMINER STOGNER: Thank you for pointing that
25 out.

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Anything further in Case 13,250?

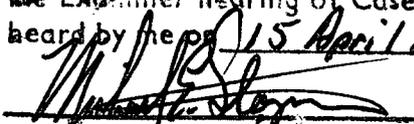
MR. CARR: No, sir.

EXAMINER STOGNER: Then this case will be taken under advisement.

With that, we will recess until 1:30.

(Thereupon, these proceedings were concluded at 9:28 a.m.)

* * *

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 13250 heard by me on 15 April 2009.

Michael P. Stogner, Examiner
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 April 16th, 2004.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 16th, 2006