

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: )  
APPLICATION OF YATES PETROLEUM )  
CORPORATION FOR APPROVAL OF A UNIT )  
AGREEMENT, CHAVES COUNTY, NEW MEXICO )

CASE NO. 13,414

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID R. CATANACH, Hearing Examiner

February 17th, 2005

Santa Fe, New Mexico

2005 MAR 3 AM 8 07

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID R. CATANACH, Hearing Examiner, on Thursday, February 17th, 2005, 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

February 17th, 2005  
 Examiner Hearing  
 CASE NO. 13,414

|                        | PAGE |
|------------------------|------|
| REPORTER'S CERTIFICATE | 7    |

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## E X H I B I T S

| Applicant's  | Identified | Admitted |
|--------------|------------|----------|
| Exhibit 1    | 3          | 5        |
| Attachment A | 4          | 5        |
| Attachment B | 4          | 5        |
| Attachment C | 4          | 5        |
| Attachment D | 4          | 5        |
| Attachment E | 5          | 5        |
| Attachment F | 5          | 5        |
| Exhibit 2    | 5          | 5        |

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## 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: OCEAN MUNDS-DRY

\* \* \*

STEVEN T. BRENNER, CCR  
 (505) 989-9317

1           WHEREUPON, the following proceedings were had at  
2 8:20 a.m.:

3           EXAMINER CATANACH: At this time I'll call Case  
4 13,414, the Application of Yates Petroleum Corporation for  
5 approval of a unit agreement, Chaves County, New Mexico.

6           I will call for appearances at this time.

7           MS. MUNDS-DRY: Good morning, Mr. Hearing  
8 Examiner. My name is Ocean Munds-Dry. I'm here on behalf  
9 of Yates Petroleum Corporation.

10          EXAMINER CATANACH: Okay, is there any other  
11 appearances in this case?

12          Okay, you may proceed.

13          MS. MUNDS-DRY: Mr. Hearing Examiner, Yates seeks  
14 approval of the Brick State Exploratory Unit. It's  
15 comprised of 2520 acres of State of New Mexico lands and is  
16 located approximately 17 miles east of Roswell.

17          100 percent of the working interest in these  
18 lands is owned by Yates and its affiliated companies, and  
19 Yates proposes to test all formations from the surface to  
20 the Siluro-Devonian formation. Yates seeks approval of  
21 this proposed unit by affidavit, pursuant to Division  
22 policy.

23          Mr. Hearing Examiner, Yates Exhibit Number 1 is  
24 the affidavit of Mr. Tim Miller who's the petroleum  
25 geologist identifying the project.

1 Attachment A to the affidavit is a copy of the  
2 unit agreement. We hope to have a fully executed and  
3 signed agreement to you shortly next week. It does conform  
4 to the State Land Office form. And as I said, we'll get  
5 you a signed copy as soon as possible.

6 EXAMINER CATANACH: Okay.

7 MS. MUNDS-DRY: Attachment B to the affidavit is  
8 a copy of the plat to the unit agreement identifying the  
9 unit boundary, and you'll see on the plat the initial test  
10 well.

11 It's to be located at a standard gas well  
12 location 900 feet from the north line and 660 feet from the  
13 west line of Section 9, and that will test all formations  
14 from the surface to an approximate total depth of 6680  
15 feet.

16 Attachment C to the affidavit is a copy of the  
17 ownership breakdown. You will see that 100 percent of the  
18 working interest is owned by Yates and its affiliated  
19 companies, and 100 percent is voluntarily committed to the  
20 unit.

21 You'll see that the first lease expires March  
22 1st. This will mean that Yates will have complete control  
23 of the operations.

24 Attachment D to the affidavit is a letter from  
25 the Commissioner of Public Lands giving preliminary

1 approval to the formation of this unit.

2 And Attachment E to the affidavit is a seismic  
3 time-structure map, and it shows that the proposed well  
4 location is in a structural high. It also shows you that  
5 the initial unit well is 350 feet higher than the Fawn  
6 well, which is in Section 17, and 200 feet higher than the  
7 Acme well in Section 4.

8 Attachment F to the affidavit is a structural  
9 cross-section, and it also shows the Fawn and the Acme  
10 wells are downdip from the proposed initial unit well.

11 Mr. Miller testifies that the development of this  
12 unit area is pursuant to unit plan, is in the best  
13 interests of conservation, the prevention of waste and the  
14 protection of correlative rights.

15 You'll also see that Yates Exhibit Number 2 is  
16 the notice of publication.

17 If there are no questions, we would ask that  
18 Yates Exhibits Number 1 and its attachments and Exhibit  
19 Number 2 be admitted into evidence.

20 EXAMINER CATANACH: I have no questions.

21 Exhibits 1 and 2 will be admitted as evidence in  
22 this case.

23 MS. MUNDS-DRY: We ask that this matter be taken  
24 under advisement.

25 EXAMINER CATANACH: Okay, there being nothing

1 further in this case, Case 13,414 will be taken under  
2 advisement.

3 MS. MUNDS-DRY: Thank you.

4 EXAMINER CATANACH: Thank you.

5 (Thereupon, these proceedings were concluded at  
6 8:24 a.m.)

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I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 13414,  
heard by me on February 17, 2005.

David R. Catanach, 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 February 17th, 2005.



STEVEN T. BRENNER  
 CCR No. 7

My commission expires: October 16th, 2006