

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. 13,529

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID R. CATANACH, Hearing Examiner

July 28th, 2005

Santa Fe, New Mexico

2005 AUG 11 AM 9 59

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID R. CATANACH, Hearing Examiner, on Thursday, July 28th, 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.

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A P P E A R A N C E S

FOR THE DIVISION:

GAIL MacQUESTEN
Deputy General Counsel
Energy, Minerals and Natural Resources Department
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FOR THE APPLICANT:

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P.O. Box 2208
Santa Fe, New Mexico 87504-2208
By: OCEAN MUNDS-DRY

* * *

1 WHEREUPON, the following proceedings were had at
2 8:21. a.m.:

3 EXAMINER CATANACH: And at this time we'll call
4 Case 13,529. That would be the Application of Yates
5 Petroleum Corporation for approval of a unit agreement,
6 Chaves County, New Mexico.

7 We will call for appearances in this case.

8 MS. MUNDS-DRY: Good morning, Mr. Hearing
9 Examiner, my name is Ocean Munds-Dry with the law firm of
10 Holland and Hart, representing Yates Petroleum Corporation
11 this morning.

12 EXAMINER CATANACH: And let the record show there
13 are no additional appearances in this case.

14 You may proceed.

15 MS. MUNDS-DRY: Mr. Hearing, Examiner, Yates
16 seeks approval of the Stadium State Exploratory Unit; it's
17 comprised of 960 acres of State of New Mexico lands and
18 located approximately six miles north of Dexter. Yates
19 seeks approval of this proposed unit by affidavit pursuant
20 to Division policy.

21 If you turn to Yates Exhibit Number 1, Mr.
22 Hearing Examiner, you'll see it's the affidavit of Mr. Tim
23 Miller who is the petroleum geologist identifying the
24 project.

25 Attachment A to the affidavit is a copy of the

1 unit agreement, which you will note conforms to the State
2 Land Office form.

3 Attachment B to the affidavit is a copy of the
4 plat to the unit agreement, identifying the unit boundary.
5 Yates proposes to test all formations from the surface to
6 the top of the Precambrian formation. The initial test
7 well is to be located at a standard location 1980 feet from
8 the north line and 1980 feet from the west line of Section
9 16, Township 12 South, Range 26 East, to test all
10 formations from the surface to an approximate total depth
11 of 6175 feet.

12 Attachment C to the affidavit is a copy of the
13 ownership breakdown. 100 percent of the working interest
14 is owned by Yates and its affiliated companies. You will
15 note that the first expiring lease is October 1st of 2005.

16 Attachment D to the affidavit is a letter from
17 the Commissioner of the Public Lands giving preliminary
18 approval to the formation of this unit.

19 Attachment E to the affidavit is a top of Siluro-
20 Devonian map. It shows that the proposed well location is
21 60 feet higher than the Supron, well which is in Section
22 16, in the southeast quarter.

23 Attachment F is a gross isopach Siluro-Devonian
24 map and shows that the proposed well location would have
25 about 275 feet of dolomite present.

1 Both Attachment G and H are net porosity maps.
2 One is for the Wolfcamp B zone and the other is for the
3 Wolfcamp Spear zone. Both maps show prospective intervals
4 that could be productive. The proposed location should
5 encounter about 10 to 12 feet of net porosity greater than
6 4 percent.

7 Attachment I is a top-of-Wolfcamp structure map
8 and also shows the Supron well is downdip from the Yates
9 proposed location.

10 Finally, Attachment J to the affidavit is a
11 cross-section. It shows both the Aztec well, the Hrubetz
12 well, the Atlantic Richfield and Cities Services well, all
13 tested for oil and gas in the Siluro-Devonian.

14 The Supron well did not test in the Siluro-
15 Devonian but shows 12-percent porosity between 5900 and
16 5910 feet on the neutron density log. And Mr. Miller
17 discusses that in more depth in his affidavit.

18 And then finally, Yates Exhibit Number 2 is an
19 affidavit of publication showing that proper notice was
20 given in this case. Mr. Miller testifies in his affidavit
21 that the development of this unit area is pursuant to unit
22 plan and is in the best interest of conservation, the
23 prevention of waste, and the protection of correlative
24 rights.

25 Mr. Hearing Examiner, if you have no questions,

1 we would ask that Yates Exhibits Number 1 and all of its
2 attachments and 2 be admitted into evidence.

3 EXAMINER CATANACH: Ms. Munds-Dry, do you know if
4 this is 100-percent committed?

5 MS. MUNDS-DRY: Yes, it is 100-percent committed.

6 EXAMINER CATANACH: All right, Exhibits 1 and 2
7 will be admitted as evidence in this case.

8 Anything further?

9 MS. MUNDS-DRY: Nothing further.

10 EXAMINER CATANACH: Okay, there being nothing
11 further, Case 13,529 will be taken under advisement.

12 MS. MUNDS-DRY: Thank you.

13 (Thereupon, these proceedings were concluded at
14 8:27 a.m.)

15 * * *

16
17 I do hereby certify that the foregoing is
18 a complete record of the proceedings in
19 the Examiner hearing of Case No. 13529.
20 heard by me on July 28, 2005
21 David R. Hunt, Examiner
22 Oil Conservation Division
23
24
25

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 July 28th, 2005.



STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 16th, 2006