

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. 13,915

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID R. CATANACH, Hearing Examiner

May 10th, 2007

Santa Fe, New Mexico

2007 MAY 24 PM 11 34

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID R. CATANACH, Hearing Examiner, on Thursday, May 10th, 2007, 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:

DAVID K. BROOKS, JR.  
Assistant General Counsel  
Energy, Minerals and Natural Resources Department  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

## 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

\* \* \*

1           WHEREUPON, the following proceedings were had at  
2 10:20 a.m.:

3           EXAMINER CATANACH: Okay, call the hearing back  
4 to order, and at this time I'll call Case 13,995, the  
5 Application of Yates Petroleum Corporation for approval of  
6 a unit agreement, Chaves County, New Mexico.

7           Call for appearances.

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

12           EXAMINER CATANACH: Any additional appearances?  
13 There being none, you may proceed, Ms. Munds-Dry.

14           MS. MUNDS-DRY: Thank, you Mr. Examiner. Yates  
15 seeks approval of the Pigskin State Exploratory Unit. It  
16 is comprised of 1280 acres of State of New Mexico lands,  
17 and it is located approximately 20 miles southeast of  
18 Roswell, New Mexico.

19           Yates Exhibit Number 1 is the affidavit of Tim  
20 Miller, who's the petroleum geologist for this project.

21           Attachment A to the affidavit is the state unit  
22 agreement. It conforms to State Land Office form.

23           Attachment B, which is right behind, is Exhibit A  
24 to the unit agreement, which is a copy of the plat to the  
25 unit agreement identifying the unit boundary. You'll see

1 it consists of all of Sections 13 and 14, I believe it is,  
2 in Township 12 South, Range 26 East.

3 Attachment C to the affidavit is a list of all of  
4 the interest owners. A hundred percent of the working  
5 interest ownership is committed to the unit, and a hundred  
6 percent of the royalty is owned by the State. And of  
7 course all of the Yates interest, which is all Yates  
8 companies, is committed to the unit.

9 Yates seeks to test all formations from the  
10 surface -- this is sort of funny -- to the base of the  
11 Precambrian. I don't think they literally mean that, but  
12 way down.

13 The initial test well is to be located at a  
14 standard location 660 feet from the north line and 1650  
15 feet from the east line in Section 14, to an approximate  
16 total depth of 6760 feet. Shows you they don't really mean  
17 to the base of the Precambrian.

18 EXAMINER CATANACH: Okay.

19 MR. BROOKS: Should have said to the center of  
20 the earth.

21 MS. MUNDS-DRY: Yeah, to China.

22 Attachment D to the affidavit is a letter from  
23 the Commissioner of Public Lands giving preliminary  
24 approval to the formation of this unit.

25 Attachment E to the affidavit is a seismic

1 Wolfcamp time-structure map. The map shows the proposed  
2 well location in Section 14. It's on a northeast-to-  
3 southwest-trending buildup. Yates believes that the well  
4 has similar production to two wells to the north of this  
5 unit, called the Basketball Well and the Football Well. So  
6 they have a sports theme going on, yes.

7           Attachments F and G are both cross-sections.  
8 Attachment F is a cross-section A-A', and Attachment G is  
9 cross-section B-B'. They're similar cross-sections. Both  
10 cross-sections show the Wolfcamp dolomite, which is their  
11 primary objective. That's highlighted in lavender. I like  
12 the colors that Mr. Miller used in the cross-section.

13           The two wells I mentioned to the north, the  
14 Basketball and the Football, have good Wolfcamp dolomite  
15 production, which is shown on the cross-section. Yates  
16 believes that both of these wells have good production  
17 because they overlay a thick carbonate buildup shown in  
18 pink on both cross-sections, and this thickening shows up  
19 again on the proposed well location and the unit.

20           They also have a secondary objective of basal Abo  
21 dolomite, which is shown in turquoise on both of the cross-  
22 sections at the top there.

23           Yates Exhibit Number 2 is an affidavit of  
24 publication showing proper notice of this Application was  
25 given. Mr. Miller testifies that the development of this

1 unit area is pursuant to a unit plan and is in the best  
2 interests of conservation, the prevention of waste and the  
3 protection of correlative rights.

4 And with that, I would ask that Yates Exhibits  
5 Number 1 and all its attachments and Exhibit Number 2 be  
6 admitted into evidence.

7 EXAMINER CATANACH: Exhibits Number 1 with all  
8 attachments and Exhibit Number 2 will be admitted as  
9 evidence in this case.

10 MS. MUNDS-DRY: And I have nothing further.

11 EXAMINER CATANACH: Okay, there being nothing  
12 further, Case 13,915 will be taken under advisement.

13 (Thereupon, these proceedings were concluded at  
14 10:25 a.m.)

15 \* \* \*

16  
17  
18 I do hereby certify that the foregoing is  
19 a complete record of the proceedings in  
20 the Examiner hearing of Case No. 3915,  
21 heard by me on May 10 2007  
22 David H. Catnach, Examiner  
23 Oil Conservation Division  
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 May 14th, 2007.



STEVEN T. BRENNER  
 CCR No. 7

My commission expires: October 16th, 2010