

OIL CONSERVATION DIV

93 NOV 4 AM 7:10

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 AMENDMENT OF DIVISION )  
 ORDER NO. R-11,061, LEA COUNTY, )  
 NEW MEXICO )

CASE NO. 12,269

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MARK ASHLEY, Hearing Examiner

October 21st, 1999

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, MARK ASHLEY, Hearing Examiner, on Thursday, October 21st, 1999, at the New Mexico Energy, Minerals and Natural Resources Department, Porter Hall, 2040 South Pacheco, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

\* \* \*

## I N D E X

October 21st, 1999  
 Examiner Hearing  
 CASE NO. 12,269

	PAGE
STATEMENT BY MR. CARR	3
REPORTER'S CERTIFICATE	7

\* \* \*

## E X H I B I T

Applicant's	Identified	Admitted
Exhibit 1	5	-

\* \* \*

## A P P E A R A N C E S

## FOR THE DIVISION:

CHRIS SCHATZMAN  
 Assistant General Counsel  
 Energy, Minerals and Natural Resources Department  
 2040 South Pacheco  
 Santa Fe, New Mexico 87505

## FOR THE APPLICANT:

CAMPBELL, CARR, BERGE and SHERIDAN, P.A.  
 Suite 1 - 110 N. Guadalupe  
 P.O. Box 2208  
 Santa Fe, New Mexico 87504-2208  
 By: WILLIAM F. CARR

\* \* \*

1           WHEREUPON, the following proceedings were had at  
2 11:09 a.m.:

3           EXAMINER ASHLEY: The Division now calls Case  
4 12,269, Application of Yates Petroleum Corporation for  
5 amendment of Division Order Number R-11,061, Lea County,  
6 New Mexico.

7           Call for appearances.

8           MR. CARR: May it please the Examiner, my name is  
9 William F. Carr. I'm with the Santa Fe law firm Campbell,  
10 Carr, Berge and Sheridan. We represent Yates Petroleum in  
11 this matter, and I have a statement.

12           EXAMINER ASHLEY: Any additional appearances?

13           Mr. Carr?

14           MR. CARR: Mr. Examiner, as you will note, this  
15 case is styled that in the absence of objection it can be  
16 taken under advisement.

17           Yates in this matter is seeking the amendment of  
18 a compulsory pooling order. It was entered in Case 11,934  
19 on September 16, 1998, and this order pooled lots 11, 12,  
20 13 and 14 in the southwest quarter of irregular Section 2  
21 in Township 16 South, Range 35 East. The acreage was  
22 dedicated to the Field APK State Com Well Number 3, and the  
23 well was originally proposed at and approved to be drilled  
24 at a standard location 1300 feet from the south line and  
25 760 feet from the west line of Irregular Section 2.

1           This Application was opposed by Ocean Energy,  
2           Inc., and Ocean filed two competing compulsory pooling  
3           applications seeking orders pooling other spacing units for  
4           wells at different locations in Irregular Section 2.

5           Following the entry of the order, a *de novo*  
6           application was timely filed by Ocean, and several months  
7           thereafter the parties reached an agreement for the  
8           development of this section. And among the provisions in  
9           that agreement, it was agreed that Yates would operate this  
10          pooled unit, that it would be dedicated to the Field APK  
11          Number 3 well, but the well would be moved to a different  
12          standard location, the new location being 1880 feet from  
13          the south line and 1650 feet from the west line.

14          The well was drilled, and Yates needs to amend  
15          the order to reflect the agreement of the parties to move  
16          the well.

17          We met with Mr. Stogner, discussed the matter,  
18          and it was agreed that it would be placed on the docket as  
19          a case for amendment of the order, that Yates would provide  
20          notice to a number of very small interest owners who had  
21          not agreed to participate in the well, advising them of the  
22          hearing.

23          And I have a notice affidavit that confirms that,  
24          in fact, notice has been given to all nonparticipating  
25          interest owners advising them of this hearing.

1                   And we would therefore request that Yates Exhibit  
2 Number 1 be admitted into evidence, that the case be taken  
3 under advisement, and that Order Number 11,061 be amended  
4 to reflect the actual well location for the Yates Field APD  
5 Number 3 well.

6                   EXAMINER ASHLEY: Mr. Carr, Exhibit A, are those  
7 parties that have not committed?

8                   MR. CARR: That is correct, they didn't commit in  
9 the initial well, and have been therefore notified of the  
10 change in well location proposed in this matter.

11                   EXAMINER ASHLEY: Do you know why the location  
12 was moved?

13                   MR. CARR: At the time of the original hearing,  
14 Yates and Ocean were talking about how to most effectively  
15 drain this tract in Irregular Section 2. Yates was  
16 proposing to drill a well, I believe it was farther to the  
17 north. They own the offsetting property to the south.  
18 Accordingly, Ocean filed other pooling applications that  
19 had, instead of a standup, two laydown units, wells more  
20 closely offsetting Yates.

21                   In the course of their negotiations, Yates agreed  
22 to move its well closer to its own well offsetting the  
23 tract to the south, at which time Ocean accepted that and  
24 did not go forward with the --

25                   EXAMINER ASHLEY: Okay.

1 MR. CARR: And it was just to actually assure, I  
2 think, that -- the move in location was, Ocean wanted to be  
3 certain that it was in a counterdrainage position with the  
4 Yates well to the south.

5 EXAMINER ASHLEY: And this new location is  
6 standard pursuant to the --

7 MR. CARR: Yes --

8 EXAMINER ASHLEY: -- Rule 104?

9 MR. CARR: Yes, it is.

10 EXAMINER ASHLEY: There being nothing further in  
11 this case, Case 12,269 will be taken under advisement.

12 (Thereupon, the witnesses were sworn.)

13 (Thereupon, these proceedings were concluded at  
14 11:15 a.m.)

15 \* \* \*

16  
17  
18  
19  
20 I do hereby certify that the foregoing is a true and correct copy of the proceedings  
21 & constitute the record of the proceedings of the Examiner hearing of Case 12269  
22 heard by me on 10-21-99  
23 Mark Kelly  
24 Off Conservation Division  
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 November 1st, 1999.



STEVEN T. BRENNER  
CCR No. 7

My commission expires: October 14, 2002