

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSRVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
27 February 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Harvey E. Yates Company) CASE
for a unit agreement, Lea County, New) 6814
Mexico.)
)

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division: Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant: Robert Strand, Esq.
HARVEY E. YATES COMPANY
Roswell, New Mexico 88201

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I N D E X

RANDOLPH C. SMITH

Direct Examination by Mr. Strand 3

E X H I B I T S

Applicant Exhibit One, Unit Agreement 5
Applicant Exhibit Two, 6
Applicant Exhibit Three, Cross Section 6

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MR. STAMETS: We'll call next Case 6814.

MR. PADILLA: Application of Harvey E. Yates Company for a unit agreement, Lea County, New Mexico.

MR. STRAND: Mr. Examiner, Robert H. Strand, attorney for Harvey E. Yates Company, appearing on behalf of the applicant.

We have one witness, Mr. Randolph Smith.

(Witness sworn.)

RANDOLPH C. SMITH

being called as a witness and having been duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. STRAND:

Q Mr. Smith, state your name, please.

A My name is Randolph C. Smith.

Q What is your employment, Mr. Smith?

A I'm an exploration geologist for Harvey E. Yates Company.

Q Mr. Smith, have you testified before the Division in the past and are your qualifications a matter of record?

A Yes, I have.

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MR. STRAND: Mr. Examiner, are Mr. Smith's qualifications acceptable?

MR. STAMETS: They are.

Q. Mr. Smith, will you state the purpose of Harvey E. Yates Company's application in Case Number 6814?

A. The purpose of this application is for Harvey E. Yates Company to seek approval of its Betenbough State Unit in Lea County, New Mexico.

Q. Mr. Smith, would you please state for the record what lands are covered by this proposed unit?

A. The lands that are covered in this unit consist of inside of Township 13 South, Range 36 East, all of Section 29, all of Section 30, the north half of 31, and the north half of 32, containing 1,922.53 acres.

MR. STRAND: Mr. Examiner, I would state for the record that the application we filed stated 1921.23 acres. We have recalculated that since, and the correct acreage is 1,922.53 acres.

MR. STAMETS: Okay, thank you.

Q. Mr. Smith, will you state for the record the ownership of the mineral interests under the proposed unit area?

A. Yes. The State of New Mexico has 961.64 acres, or 50.019 percent; and the fee ownership consists of 960.89 acres, or 49.981 percent.

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1 Q Referring to Exhibit Number One, Mr.
2 Smith, will you please describe that exhibit?
3 A That is the unit agreement for the pro-
4 posed unit.
5 Q Under the terms of that agreement is
6 Harvey E. Yates Company designated as operator of the unit
7 agreement -- under the unit agreement?
8 A Yes, they are, considered the operator
9 for the unit agreement.
10 Q Mr. Smith, in regard to commitment by
11 other interest owners under the unit, have all the working
12 interest owners committed their interests?
13 A Yes, they have.
14 Q Do you have commitment from all the in-
15 terest owners in writing?
16 A Yes, we do. Excuse me, not at this time
17 but verbal agreement has been made.
18 Q From some of the --
19 A Yes,
20 Q -- interest owners.
21 What is the status of commitment of the
22 fee royalty owners?
23 A The fee royalty owners have committed
24 by unitization clause contained in the leases.
25

1 Q Mr. Smith, have we requested the Commis-
2 sioner of Public Lands of the State of New Mexico to give
3 preliminary approval to this unit agreement?

4 A Yes, we have.

5 Q Referring to Exhibit Number Two, is this
6 a copy of a preliminary approval of the unit agreement signed
7 by the Commissioner of Public Lands, or his representative?

8 A Yes, it is.

9 Q Referring to Exhibit Number Three, Mr.
10 Smith, will you please explain that exhibit?

11 A Yes, I will. Would you like me to hang
12 this up for you, or you can set one out there?

13 MR. STAMETS: Let me see what this looks
14 like.

15 A This is a one-log cross section with
16 the unit outlined on the index map.

17 This is the well in which Harvey E. Yates
18 Company proposes to re-enter, the Betenbough No. 1. The
19 lower lefthand corner of this shows the index map, a region-
20 al index map, with the proposed unit outlined in its rela-
21 tionship to the Tatum Basin and surrounding fields.

22 Above that is a recent ownership map
23 with the unit outlined and consisting -- showing the well
24 we plan to re-enter in Section 32 of 13 South, 36 East, Lea
25 County, New Mexico.

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1 Q Mr. Smith, is that the well that Harvey
2 E. Yates Company proposes to re-enter, the initial well to
3 be drilled under the terms of the unit agreement?

4 A Yes, it is.

5 Q What is the projected total depth of the
6 re-entry attempt?

7 A It is 13,900 feet.

8 Q Mr. Smith, is Harvey E. Yates Company's
9 intention to directionally drill as a part of this re-entry?

10 A Yes, that is true.

11 MR. STRAND: And, Mr. Examiner, I would
12 state for the record that that directional drilling is the
13 subject of an application which will be heard March 12th.

14 A Mr. Examiner, would you like me to explain
15 any portion of this log to you, or the purpose of our re-
16 entry?

17 MR. STAMETS: Yes, what would you be
18 looking for in this particular area?

19 A All right. Down at the lower portion of
20 the log, colored in blue, is a proposed Mississippian-Austin
21 Zone. The red color is porosity. We propose to drill down
22 through this zone and run a drill stem test to evaluate
23 this Mississippian-Austin zone, as well as up the hole there
24 are several Atoka Sands, which encountered fairly good drill
25 stem tests in the original well, which we would want to also

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1 try to further evaluate and produce, if possible.

2 The two DST's, the two best particular
3 sands are at the top, which we have a DST #4, and then the
4 two sands in the lower portion of the Atoka section, which
5 are and include the interval of DST #5.

6 A Are there any further questions?

7 Q Mr. Smith, is it your opinion that ap-
8 proval of the proposed unit agreement would tend to maximize
9 recovery of unitized substances and otherwise promote con-
10 servation and prevent waste?

11 A Yes, it would.

12 MR. STRAND: Mr. Examiner, I move the
13 admission of Exhibits One through Three.

14 MR. STAMETS: These exhibits will be ad-
15 mitted.

16 MR. STRAND: And I have nothing further
17 on direct.

18 MR. STAMETS: Looking at the unit agree-
19 ment, I don't see any indication of a requirement for appro-
20 val from the Division of any plan of operation after dis-
21 covery.

22 MR. STRAND: I -- if I might answer that,
23 Mr. Examiner, I believe that's correct. There is a require-
24 ment that the Commissioner of Public Lands approve the de-
25

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1 velopment plan, and if you desire that a provision be put
2 in here that the Oil Conservation Division also approve
3 that, we'd be happy to insert that.

4 MR. STAMETS: Okay.

5 Any other questions of this witness? He
6 may be excused.

7 Anything further in this case?

8 The case will be taken under advisement.

9
10 (Hearing concluded.)

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REPORTER'S CERTIFICATE

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd C.S.R.

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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. 6814 heard by me on 2-27 1980.

Richard L. Stem, Examiner
Oil Conservation Division