

1 STATE OF NEW MEXICO
2 ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
3 OIL CONSERVATION DIVISION
4 STATE LAND OFFICE BUILDING
5 SANTA FE, NEW MEXICO

6 18 January 1989

7 EXAMINER HEARING

8 IN THE MATTER OF:

9 Application of Harvey E. Yates Com- CASE
10 pany for an unorthodox oil well lo- 9581
11 cation, Lea County, New Mexico.

12 BEFORE: Victor T. Lyon, Examiner

13 TRANSCRIPT OF HEARING

14 A P P E A R A N C E S

15 For the Division: Robert G. Stovall
16 Attorney at Law
17 Legal Counsel to the Division
18 State Land Office Bldg.
19 Santa Fe, New Mexico

20 For Harvey E. Yates William F. Carr
21 Company: Attorney at Law
22 CAMPBELL and BLACK, P. A.
23 P. O. Box 2208
24 Santa Fe, New Mexico 87501
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I N D E X

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1 MR. LYON: We'll call next
2 Case 9581.

3 MR. STOVALL: Application of
4 Harvey E. Yates Company for an unorthodox oil well loca-
5 tion, Lea County, New Mexico.

6 MR. CARR: May it please the
7 Examiner, my name is William F. Carr, with the law firm
8 Campbell & Black, P. A., of Santa Fe. We represent Harvey
9 E. Yates Company and have two witnesses.

10 MR. LYON: Let's swear both of
11 them at the same time. Any other appearances in the case?

12
13 (Witnesses sworn.)

14
15 MR. LYON: Proceed, Mr. Carr.

16
17 ROBERT H, BELL,
18 being called as a witness and being duly sworn upon his
19 oath, testified as follows, to-wit:

20
21 DIRECT EXAMINATION

22 BY MR. CARR:

23 Q Will you state your full name for the
24 record, please?

25 A Robert H. Bell.

1 Q Mr. Bell, where do you reside?

2 A Roswell, New Mexico.

3 Q By whom are you employed and in what
4 capacity?

5 A Harvey E. Yates Company as a landman.

6 Q Have you previously testified before
7 this Division and had your credentials as a landman ac-
8 cepted and made a matter of record?

9 A Yes, I have, and yes, they have.

10 Q Are you familiar with the application
11 filed in this case on behalf of Harvey E. Yates Company?

12 A Yes, sir.

13 Q Are you familiar with the subject area
14 and the proposed well?

15 A Yes, sir.

16 MR. CARR: Are the witness'
17 qualifications acceptable?

18 MR. LYON: Yes, they are.

19 Q Mr. Bell, would you briefly state what
20 Harvey E. Yates Company seeks with this application?

21 A Harvey E. Yates Company seeks approval
22 for an unorthodox oil well location of 1980 from the north
23 line and 1370 from the west line of Section 17, Township 16
24 South, Range 37 East, of the Northeast Lovington Penn Pool.

25 Q Are you familiar with the rules govern-

1 ing development of the Northeast Lovington Pennsylvanian
2 Pool?

3 A Yes, sir, I am.

4 Q And what are the spacing requirements in
5 this pool?

6 A It's a standard 80-acre spacing.

7 Q Would you refer to what has been marked
8 as Harvey E. Yates Exhibit Number One, identify this for
9 Mr. Lyon, and then review the information contained on this
10 exhibit?

11 A The Exhibit One is a land plat showing
12 our acreage position in Section 17, which is highlighted in
13 yellow. The south half of the northwest quarter will be
14 dedicated to the proposed well.

15 Q In the south half of the northwest quar-
16 ter there a well symbol down in the southwest of the south-
17 west. What is the status of that well?

18 A That is a dry hole that was drilled by
19 Pennzoil in 1964, I believe.

20 Q As to each of the 40 acres in the south
21 half of the northwest, is the ownership common throughout?

22 A Yes, sir, it is.

23 Q Is the royalty interest common as well
24 as the working interest?

25 A That's correct. It's a state lease,

1 royalty (not understood).

2 Q Has notice of today's hearing been given
3 to offset operators?

4 A Yes, sir, it has.

5 Q And has the notice of -- copies of the
6 notice letters what has been marked as Yates Exhibit Number
7 Two?

8 A That's correct.

9 Q Does Yates intend to call a geological
10 witness that will explain the reasons for this particular
11 location?

12 A Yes, sir.

13 Q Were Exhibits One and Two prepared by
14 you or under your direction and supervision?

15 A Yes, they were.

16 MR. CARR: We have nothing
17 else of Mr. Bell.

18 MR. LYON: I have no questions
19 of the witness.

20 MR. CARR: At this time we'd
21 call Mr. Yahney.

22 MR. LYON: Proceed, Mr. Carr.

23

24

GORDON H. YAHNEY,

25 being called as a witness and being duly sworn upon his

1 oath, testified as follows, to-wit:

2

3

DIRECT EXAMINATION

4

BY MR. CARR:

5

Q

Will you state your full name and place

6

of residence?

7

A

Gordon K. Yahney.

8

Q

And where do you reside?

9

A

I reside in Roswell, New Mexico.

10

Q

Mr. Yahney, by whom are you employed and

11

in what capacity?

12

A

I'm employed by Harvey E. Yates Company

13

as a geologist.

14

Q

Have you previously testified before

15

this Division and had your credentials as a geologist ac-

16

cepted and made a matter of record?

17

A

Yes, I have.

18

Q

Are you familiar with the application

19

filed in this case on behalf of HEYCO?

20

A

Yes, I am.

21

Q

Have you studied the subject area and

22

are you familiar with the proposed the proposal to drill a

23

well in the south half of the northwest of Section 1?

24

A

17.

25

Q

17.

1 A Yes, I am.

2 MR. CARR: Are the witness'
3 qualifications acceptable?

4 MR. LYON: Yes.

5 Q Would you refer to what has been marked
6 as HEYCO Exhibit Number Three, identify this exhibit and
7 review the information contained thereon for Mr. Lyon?

8 A HEYCO Exhibit Number Three is a struc-
9 ture map drawn on the top of the Strawn "B" Formation. The
10 Strawn "B" is the producing formation for the northeast
11 Lovington Pool.

12 This map contains a good portion of the
13 Northeast Lovington Pool. The acreage, HEYCO acreage in
14 question, is shaded in yellow in the northwest quarter of
15 Section 17, with the proposed location marked with an
16 arrow.

17 This structure map here shows regional
18 northeast dip and it also shows HEYCO's seismic coverage
19 over the area.

20 HEYCO methodology for exploring for
21 Strawn algal mound reservoirs in this area is through the
22 use of seismic, the stratigraphic interpretation of that
23 seismic, and what we like to do is to locate our wells
24 based upon that seismic interpretation.

25 Q Would you now refer to HEYCO Exhibit

1 Number Four and review that, please?

2 A HEYCO Exhibit Number Four is an isopach
3 map of the producing formation, the Strawn "B". Again the
4 acreage in question is shaded in yellow with the proposed
5 location marked with an arrow.

6 The isopach here shows the discontinu-
7 ous nature of the Strawn "B" formation in the Northeast
8 Lovington Pool. The production from this formation is
9 quite good from the isolated pods but the production is not
10 continuous throughout the pool.

11 MR. STOVALL: Excuse me, Mr.
12 Carr, the exhibits presented to the Examiner do not have
13 yellow markings on it. The record and the exhibits will
14 not be --

15 MR. CARR: Sorry, the acreage
16 that should be shaded on these exhibits includes the north-
17 west of the northwest and the south half of the northwest,
18 that's the Yates acreage in this area.

19 MR. STOVALL: Consistent with
20 the acreage on the --

21 MR. CARR: On Exhibit Number
22 One.

23 MR. STOVALL: Number One,
24 okay.

25 MR. CARR: Okay?

1 Q Now, Mr. Yahney, would you, referring to
2 Exhibits Three and Four, explain to Mr. Lyon why Yates or
3 HEYCO proposes to drill at this particular location?

4 A HEYCO proposes to drill at this parti-
5 cular location for two main reasons. We wish to test the
6 feature that we have identified upon our seismic line,
7 which is Number 311399, cutting across from northwest to
8 southeast across the subject acreage. We feel we have
9 identified a Strawn mound anomaly there and if you look to
10 the Exhibit Four, the isopach map shows a pronounced thick
11 which covers part of the acreage.

12 We wish to be in a position which is up-
13 dip on that specific anomaly which we have mapped in there
14 for -- to get effective drainage of the entire reservoir.
15 In the area here the Strawn is producing from mainly a
16 solution gas drive but it does in a number of these wells,
17 especially to the north, have a water encroachment problem,
18 and we feel that we're in the up dip position, most up dip
19 position located well within this reservoir. We will ef-
20 fectively drain that reservoir.

21 Q And by placing the well on the seismic
22 line you have located it where you have the best picture of
23 the reservoir and therefore think you enhance your chance
24 of making a well at that location.

25 A That is correct.

1 Q Were Exhibits Three and Four prepared by
2 you?

3 A Yes, they were.

4 MR. CARR: At this time, Mr.
5 Lyon, we would move the admission of HEYCO Exhibits Three
6 and Four.

7 MR. LYON: Is there objection?
8 Exhibits Three and Four will
9 be admitted.

10 MR. CARR: And that concludes
11 my direct examination of Mr. Yahney.

12

13

CROSS EXAMINATION

14 BY MR. LYON:

15 Q I note that you're staying close to your
16 'seis' line.

17 A That's correct.

18 Q It's -- it's been my observation over
19 the years that -- that geologists, geophysicists, get
20 quakey in the knees when they get away from their 'seis'
21 lines. I keep wondering why they don't run 'seis' lines
22 through regular locations.

23 As I understand your two exhibits, you
24 -- if you move toward the thicker interpretation, you go
25 down structure.

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C E R T I F I C A T E

I, SALLY W. BOYD, C. S. R. DO HEREBY
CERTIFY that the foregoing Transcript of Hearing before the
Oil Conservation Division (Commission) 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 CSR

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 95810
heard by me on Jan 18 1989.

W. Boyd, Examiner
Oil Conservation Division