

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: ) CASE NO. 12,310  
)  
APPLICATION OF YATES PETROLEUM )  
CORPORATION FOR AN ORDER CONFORMING )  
THE SPECIAL POOL RULES AND REGULATIONS ) ORIGINAL  
FOR THE BURTON FLAT-MORROW GAS POOL TO )  
DIVISION RULE 104, EDDY COUNTY, )  
NEW MEXICO )  
\_\_\_\_\_ )

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID R. CATANACH, Hearing Examiner

December 16th, 1999

Santa Fe, New Mexico

OIL CONSERVATION DIV.  
00 JAN - 6 PM 9:49

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID R. CATANACH, Hearing Examiner, on Thursday, December 16th, 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.

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## I N D E X

December 16th, 1999  
 Examiner Hearing  
 CASE NO. 12,310

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## E X H I B I T S

Applicant's	Identified	Admitted
Exhibit 1	5	5

\* \* \*

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

## FOR THE DIVISION:

RAND L. CARROLL  
 Attorney at Law  
 Legal Counsel to the Division  
 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   10:43 a.m.:

3           EXAMINER CATANACH: At this time we'll call Case  
4   12,310.

5           MR. CARROLL: Application of Yates Petroleum  
6   Corporation for an order conforming the special pool rules  
7   and regulations for the Burton Flat-Morrow Gas Pool to  
8   Division Rule 104, Eddy County, New Mexico.

9           EXAMINER CATANACH: Call for appearances in this  
10   case.

11          MR. CARR: May it please the Examiner, my name is  
12   William F. Carr with the Santa Fe law firm Campbell, Carr,  
13   Berge and Sheridan. I have a statement and a notice  
14   affidavit to offer in this case.

15          EXAMINER CATANACH: Okay. I'll call for  
16   additional appearances.

17          Mr. Carr?

18          MR. CARR: Mr. Catanach, in this case Yates  
19   Petroleum Corporation seeks an order conforming the special  
20   rules and regulations for the Burton Flat-Morrow Gas Pool,  
21   the order conforming these to the recently adopted OCD Rule  
22   104. We're seeking a change in the pool rules to continue  
23   to provide for 320-acre spacing units, but to change the  
24   setbacks to the 660-foot setback from the outer boundary  
25   now authorized by statewide rule. And also we seek to

1 conform the rules to provide for an infill well on the 160  
2 on which the original well is not located.

3 Briefly, Burton Flat-Morrow Gas Pool has operated  
4 under special pool rules which were adopted in the early  
5 1970s, and these rules include provisions that wells shall  
6 be located 660 from the end line -- or from the side  
7 boundary and 1980 from the end line of a spacing unit and  
8 proration unit.

9 Several months ago, Yates Petroleum Corporation  
10 proposed to drill two wells in this pool at standard  
11 locations, and the BLM required that the wells be moved to  
12 a location 1650 from the end line of the spacing units, and  
13 we filed applications seeking administrative approval of  
14 those unorthodox well locations.

15 We met with Mr. Stogner, and at his  
16 recommendation, instead of seeking unorthodox locations, he  
17 recommended that we bring this case to you today to conform  
18 the pool rules to the new statewide rules.

19 We considered simply abolishing the pool rules,  
20 but these rules also prorate the pool, and even though  
21 prorationing is temporarily suspended, it was Mr. Stogner's  
22 wish that we leave that portion of the rules in place. And  
23 so that's what we've done. We seek to conform the pool  
24 rules to the new 104 rules.

25 And what we did was, we provided notice of this

1 Application as required by OCD rules to all the Division-  
 2 designated operators in the pool and Division-designated  
 3 operators of wells in the Morrow formation within a mile of  
 4 the outer pool boundary, if those wells were not included  
 5 in another pool.

6 I have offered our notice affidavit as our  
 7 Exhibit 1, and it confirms that this notice has been  
 8 provided, and therefore we would move that the affidavit be  
 9 admitted as our Exhibit 1 and that the case be taken under  
 10 advisement.

11 EXAMINER CATANACH: Exhibit 1 will be admitted as  
 12 evidence.

13 Anything further?

14 MR. CARR: That's all I have.

15 EXAMINER CATANACH: There being nothing further,  
 16 Case 12,310 will be taken under advisement.

17 (Thereupon, these proceedings were concluded at  
 18 10:46 a.m.)

19 \* \* \*

20 I do hereby certify that the foregoing is  
 21 a complete record of the proceedings at  
 the Examiner hearing of Case No. 12310  
 22 heard by me on December 16, 1999  
 23 David J. Catanach, Examiner  
 Oil Conservation Division

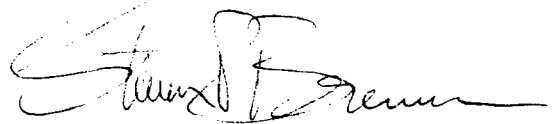
CERTIFICATE OF REPORTER

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 December 21st, 1999.




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STEVEN T. BRENNER  
 CCR No. 7

My commission expires: October 14, 2002