

CASE 9725: (Continued from October 18, 1989, Examiner Hearing.)

Application of Yates Petroleum Corporation for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location for its Red Rock "NB" Federal Well No. 2 to be drilled 330 feet from the South line and 1980 feet from the West line (Unit N) of Section 28, Township 6 South, Range 25 East, Pecos Slope-Abo Gas Pool, the SW/4 of said Section 25 to be dedicated to said well forming a standard 160-acre gas spacing and proration unit for said pool. Said well location is approximately 13.25 miles north by west of the Pecos River Bridge on U.S. Highway 70.

CASE 9796: Application of Santa Fe Energy Operating Partners, L.P. for compulsory pooling and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E/2 of Section 22, Township 19 South, Range 33 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools being developed on 320-acre spacing (which presently includes but is not necessarily limited to the Undesignated Gem-Morrow Gas Pool and the Undesignated East Gem-Morrow Gas Pool). Said unit is to be dedicated to a well to be drilled at an unorthodox gas well location 660 feet from the North and East lines (Unit A) of said Section 22. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant an operator of the well and a charge for risk involved in drilling said well. Said well location is approximately 4.5 miles north of Mile Post No. 73 located on U.S. Highway 62/190.

CASE 9797: Application of Santa Fe Energy Operating Partners, L.P. for compulsory pooling and a non-standard gas proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying Lots 1 through 7 and the NW/4 NE/4 (N/2 equivalent) of Section 20, Township 23 South, Range 25 East, forming a non-standard 301.37-acre gas spacing and proration unit for any and all formations developed on 320-acre spacing within said vertical extent, said unit to be dedicated to a well to be drilled at a standard gas well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant an operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 5 miles south by east of Riverside, New Mexico.

CASE 9790: (Continued from October 18, 1989, Examiner Hearing.)

Application of John H. Hendrix Corporation for an unorthodox gas well location and non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 960 feet from the North line and 2100 feet from the East line (Unit B) of Section 11, Township 21 South, Range 36 East, Eumont Gas Pool, the N/2 NE/4 of said Section 11 to be dedicated to said well forming a non-standard 80-acre gas spacing and proration unit for said pool. Said location is approximately 1.6 miles east of Oil Center, New Mexico.

CASE 9798: Application of El Paso Natural Gas Company for amendment of Division Order No. R-6175, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-6175, which order authorized the Washington Ranch Gas Storage Project, by allowing the measurement of the total volume of input gas into the storage area through a single meter and to meter only the total volume of gas being withdrawn from the storage area through a second single meter. Said project area is located in an area 5 miles south of the Carlsbad Caverns National Park.

CASE 9799: Application of Bannon Energy Incorporated for an unorthodox oil well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location for its Grace Federal "24" Well No. 1-R to be drilled 330 feet from the North line and 2130 feet from the West line (Unit C) of Section 24, Township 24 North, Range 7 West, Devil's Fork-Gallup Associated Pool, said well to be simultaneously dedicated to an existing standard 160-acre oil spacing and proration unit comprising the NW/4 of said Section 24 along with the Grace Federal "24" Wells Nos. 1 and 2 located 950 feet from the North line and 1640 feet from the West line (Unit C) and 1450 feet from the North line and 1820 feet from the West line (Unit F) of said Section 24, respectively. Said unit is located approximately 5 miles north by east of the Southern Union Gas Company Lybrook Plant.

Dockets Nos. 33-89 and 34-89 are tentatively set for November 15 and November 29, 1989. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 1, 1989  
8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO

The following cases will be heard before Victor T. Lyon, Examiner, or Michael E. Stogner or David R. Catanach. Alternate Examiners:

CASE 9712: (Continued from October 18, 1989, Examiner Hearing.)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Tom L. Ingram, American Employers' Insurance Company, and all other interested parties to appear and show cause why the Chappell "5" Well No. 1 located 2310 feet from the North line and 990 feet from the West line (Unit E) of Section 5, Township 12 North, Range 30 East, as projected into the unsurveyed Baca Location No. 2 Grant, San Miguel County, New Mexico (which is located approximately 9.25 miles north-northwest of Tucumcari, New Mexico), should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 9713: (Continued from October 18, 1989, Examiner Hearing.)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Tom L. Ingram, American Employers' Insurance Company, and all other interested parties to appear and show cause why the Gihon "31" Well No. 1 located 2970 feet from the South line and 1814 feet from the East line (Unit G) of Section 31, Township 13 North, Range 30 East, as projected into the unsurveyed Baca Location No. 2 Grant/Pablo Montoya Land Grant, San Miguel County, New Mexico (which is located approximately 10.5 miles north-northwest of Tucumcari, New Mexico), should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 9794: Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Remuda State Unit Agreement for an area comprising 2,962.61 acres, more or less, of State lands in all or portions of Sections 5, 7, 8, 9, 16, and 17, Township 10 South, Range 33 East. Said area is located approximately 8 miles northeast by east of Caprock, New Mexico.

CASE 9795: Application of Yates Petroleum Corporation for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 2, Township 10 South, Range 26 East, to test the Undesignated Poor Ranch-PrePermian Gas Pool, the S/2 of said Section 2 to be dedicated to said well to form a standard 320-acre gas spacing and proration unit for said pool. Said unit is located approximately 6 miles east by south of the Pecos River Bridge on U.S. Highway 70.

CASE 9788: (Continued from October 18, 1989, Examiner Hearing.)

Application of Yates Petroleum Corporation for directional drilling and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authorization to directionally drill a well from a surface location of 563 feet from the South line and 2125 feet from the East line (Unit O) of Section 11, Township 20 South, Range 29 East, to an unorthodox bottomhole gas well location in the Morrow formation within 50 feet of a point 2480 feet from the North line and 1990 feet from the East line (Unit G) of Section 14, Township 20 South, Range 29 East, the E/2 of said Section 14 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for the Undesignated East Burton Flat-Morrow Gas Pool. This well location is approximately 4 miles north-northwest of the junction of U.S. Highway 62/180 and New Mexico State Highway 31.

1 STATE OF NEW MEXICO  
2 ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
3 OIL CONSERVATION DIVISION  
4  
5  
6

7 EXAMINER HEARING  
8

9 IN THE MATTER OF:  
10  
11

12 Application of Yates Petroleum Case 9795  
13 Corporation for an unorthodox gas  
14 well location, Chaves County, New Mexico.  
15  
16  
17  
18

19 TRANSCRIPT OF PROCEEDINGS  
20

21 BEFORE: VICTOR T. LYON, EXAMINER  
22

23 STATE LAND OFFICE BUILDING

24 SANTA FE, NEW MEXICO

25 November 1, 1989

CUMBRE COURT REPORTING  
(505) 984-2244

**ORIGINAL**

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

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## I N D E X

## Page Number

## Appearances

2

## CY COWEN

Direct Examination by Mr. Vandiver

5

Examination by Hearing Examiner

9

Examination by Mr. Stovall

9

Further Examination by

Hearing Examiner

10

Further Examination by Mr. Stovall

11

## LESLIE BENTZ

Direct Examination by Mr. Vandiver

12

## Certificate of Reporter

21

## E X H I B I T S

## Admitted

(Cowen)

1. Land Plat	9
2. Letter, 10/5/89	9
3. Letter, 10/5/89	9

(Bentz)

4. Map	19
5. Isopach Map	19
6. Cross-Section A-A'	19

1 HEARING EXAMINER: We call the next case,  
2 9795.

3 MR. STOVALL: Application of Yates  
4 Petroleum Corporation for an unorthodox gas well  
5 location Chaves County, New Mexico.

6 HEARING EXAMINER: Appearances?

7 MR. VANDIVER: Mr. Examiner, I'm David  
8 Vandiver. I'm with the firm of Fisk & Vandiver in  
9 Artesia, appearing on behalf of the Applicant, Yates  
10 Petroleum Corporation, and I have two witnesses to be  
11 sworn in this case, and one of which was previously  
12 sworn.

13 MR. LYON: Are there other appearances?

14 MR. KELLAHIN: Mr. Examiner, I'm Tom  
15 Kellahin of the Santa Fe law firm of Kellahin,  
16 Kellahin & Aubrey, appearing on behalf of Pacific  
17 Enterprises Oil Company.

18 HEARING EXAMINER: Would the witnesses  
19 stand to be sworn.

20 (Witnesses sworn.)

21 HEARING EXAMINER: Proceed, Mr. Vandiver.

22 DIRECT EXAMINATION

23 BY MR. VANDIVER:

24 Q. State your name and your occupation and by  
25 whom you're employed, please, sir.

1           A.       My name is Cy Cowen. I'm a landman for  
2 Yates Petroleum Corporation in Artesia, New Mexico.

3           Q.       You previously were sworn and had your  
4 qualifications accepted in case 9794 this morning?

5           A.       Yes.

6           Q.       Are you familiar with the title to the land  
7 within the Sunny Side State Unit area and surrounding  
8 the proposed Yates Petroleum Corporation's Sunny Side  
9 State Unit No. 3 well?

10          A.       Yes, I am.

11          Q.       Briefly summarize the purpose of Yates  
12 Petroleum Corporation's application in case, No. 9795.

13          A.       Yates Petroleum Corporation is seeking  
14 approval of an unorthodox location located in the  
15 South 1/2 of Section 2, Township 10 South, Range 26  
16 East, in Chaves County, New Mexico, to test the  
17 Ordovician formation.

18          Q.       If you would identify what's been marked as  
19 Applicant's Exhibit 1 in this case and describe the  
20 information contained on that exhibit.

21          A.       Exhibit 1 is a land plat that's color coded  
22 for Township 10 South, 26 East. This plat is showing  
23 in the blue portions the Sunny Side State Unit.

24                   In the green it is showing acreage around  
25 the -- offsetting the Sunny Side State Unit which is



1 owned in partnership with Pacific Enterprises Oil  
2 Company and Yates Petroleum Corporation.

3 The yellow surrounding the unit are leases  
4 owned by Yates Petroleum Corporation. In the South  
5 1/2 of Section 2, it is outlined in yellow showing the  
6 320-acre proration unit for the proposed well.

7 The red dot in the Northeast of the  
8 Southeast in Section 2 is a proposed location for the  
9 Sunny Side State Unit Well, and that location is 1980  
10 feet from the South line and 660 feet from the East  
11 line.

12 Q. Now, the area marked in blue on that  
13 exhibit is within the Sunny Side State Unit, but that  
14 doesn't represent the entire unit area, does it?

15 A. That's correct.

16 Q. That's just the area surrounding the well?

17 A. That's correct.

18 Q. Now, if I could refer you to Applicant's  
19 Exhibits 2 and 3 in this case and ask you to describe  
20 what those are.

21 A. Exhibits 2 and 3 are letters dated  
22 October 5, 1989, from Fisk & Vandiver to -- this  
23 particular letter is to NICOR Exploration Production  
24 Company --

25 Q. Just briefly --

1           A.       -- letting them know that we have an  
2 application in for an unorthodox well location in  
3 Chaves County, New Mexico, and when the hearing date  
4 will be for this hearing.

5           Q.       Exhibits 2 and 3 just briefly --

6           A.       Exhibit 3 is also the same letter notifying  
7 all the offset operators under the Sunny Side State  
8 Unit that there will be an unorthodox hearing on  
9 November 1st, 1989, and notifying them of it.

10          Q.       Now, Mr. Cowen, the working interest  
11 ownership throughout the Sunny Side State Unit is  
12 owned by the parties according to the Unit Agreement  
13 and the Unit Operating Agreement, and the share of  
14 costs and production for all wells within the unit is  
15 spread among the working interest owners, is it not?

16          A.       Yes, it is.

17          Q.       Based upon the acreage of each working  
18 interest owner committed to the unit?

19          A.       That is correct.

20          Q.       In other words, it's common ownership  
21 throughout the unit?

22          A.       Yes.

23          Q.       Were Exhibits 1 through 3 prepared by you  
24 or under your direction or supervision?

25          A.       Yes, they were.

1 MR. VANDIVER: Mr. Examiner, I move the  
2 admission of Applicant's Exhibits 1 through 3, and I  
3 have no further questions of this witness.

4 HEARING EXAMINER: Is there objection?  
5 Exhibits 1 through 3 will be admitted.

6 EXAMINATION

7 BY HEARING EXAMINER:

8 Q. Mr. Cowen, did you select the location of  
9 the well?

10 A. No, sir, I didn't.

11 HEARING EXAMINER: Do you have a witness  
12 that will testify as to that?

13 MR. VANDIVER: Yes, sir.

14 THE WITNESS: Yes, sir.

15 HEARING EXAMINER: I have no further  
16 questions.

17 MR. STOVALL: Mr. Examiner, I would like to  
18 clarify.

19 EXAMINATION

20 BY MR. STOVALL:

21 Q. Now, the notices contained in  
22 Exhibits No. 2 and 3, Mr. Cowen, are both to the  
23 interest owners in the unit and to offset operating or  
24 working interest owners outside the unit; is that  
25 correct?

1           A.       Yes, that is correct.

2           MR. STOVALL:   Okay.   I have no further  
3 questions.

4           HEARING EXAMINER:   Oh, let me ask one  
5 further question.

6                       FURTHER EXAMINATION

7 BY HEARING EXAMINER:

8           Q.       What is the relationship of NICOR in this  
9 matter?

10           MR. VANDIVER:   Mr. Examiner, I think the  
11 notice is overkill in this case.   We sent notice to  
12 many more people than we needed to, including working  
13 interest owners in the Hard as Nails Unit to the  
14 northwest of this proposed location.

15           HEARING EXAMINER:   And that's the unit that  
16 is outlined by the heavy dashed line on Exhibit 1?

17           MR. VANDIVER:   That's right.   I believe the  
18 Hard as Nails has expired.

19           HEARING EXAMINER:   Seems like I saw  
20 something the other about the Hard as Nails Unit, and  
21 I can't remember what it was.

22           Q.       (BY THE EXAMINER)   This is which unit that  
23 the well is being drilled on?

24           A.       The Sunny Side State Unit.

25           Q.       Sunny Side State.   And you say it contains

1 lands in addition to that marked in blue?

2 A. Yes, sir, it does, but we didn't include  
3 them in this exhibit.

4 Q. What is the area that's marked in green?

5 A. The area marked in green is acreage owned  
6 together by Yates Petroleum Corporation and Pacific  
7 Enterprises Oil Company.

8 Q. Is it inside the Sunny Side --

9 A. No, sir, it isn't.

10 MR. STOVALL: Mr. Examiner, if I might just  
11 make sure we keep the record bouncing back and forth  
12 between attorneys and questioners.

13 FURTHER EXAMINATION

14 BY MR. STOVALL:

15 Q. I see a faint dotted line marked on  
16 Exhibit 1. Just for general information, is that  
17 pretty much the entire Sunny Side Unit?

18 MR. VANDIVER: Yes.

19 THE WITNESS: Yes.

20 Q. (BY MR. STOVALL) Just to give the Examiner  
21 some sort of concept of the size of the unit and  
22 general location?

23 A. Yes.

24 Q. And Pacific Enterprises is not involved in  
25 that unit; is that correct?

1 A. That is correct.

2 MR. VANDIVER: That's incorrect. I believe  
3 they do have an interest in the unit.

4 MR. STOVALL: They do have an interest in  
5 the unit, but the green acreage is not part of it?

6 MR. VANDIVER: That's right. That's 50  
7 percent by Yates, 50 percent by Pacific Enterprises  
8 Oil Company.

9 HEARING EXAMINER: That's all the questions  
10 I have. Any other questions?

11 The witness may be excused.

12 THE WITNESS: Thank you.

13 MR. VANDIVER: May I proceed, Mr. Examiner?

14 HEARING EXAMINER: Yes, you may proceed.

15 DIRECT EXAMINATION

16 BY MR. VANDIVER:

17 Q. Ms. Bentz, state your name, your  
18 occupation, and by whom you are employed, please.

19 A. My name is Leslie Bentz. I'm employed as a  
20 petroleum geologist by Yates Petroleum Corporation,  
21 Artesia, New Mexico.

22 HEARING EXAMINER: How do you spell your  
23 last name, please.

24 THE WITNESS: B-E-N-T-Z.

25 Q. (BY MR. VANDIVER) Ms. Bentz, you've

1 previously testified on numerous occasions before the  
2 New Mexico Oil Conservation Division as a petroleum  
3 geologist, had your qualifications as a geologist  
4 accepted, and your qualifications are a matter of  
5 record, are they not?

6 A. Yes, they are.

7 Q. Have you made a study of the available  
8 geological data in the area surrounding the proposed  
9 Sunny Side State Unit No. 3 well --

10 A. Yes, I have.

11 Q. -- for the purposes of deciding upon the  
12 best available location of the proposed well?

13 A. Yes, I have. I believe the that proposed  
14 location in the South 1/2 of Section 2 is the best  
15 geological location.

16 MR. VANDIVER: Mr. Examiner, I tender  
17 Mrs. Bentz as an expert petroleum geologist.

18 HEARING EXAMINER: Ms. Bentz is considered  
19 qualified.

20 Q. (BY MR. VANDIVER) As previously testified,  
21 the proposed location is 1980 feet from the south line  
22 and 660 from the east line; is that correct?

23 A. Yes, it is.

24 Q. And based upon your study of the available  
25 geological data in the area of the proposed well have

1 you reached an opinion with regard to the best  
2 available location for a well to be drilled in the  
3 South 1/2 of Section 2?

4 A. Yes, I have. It's the chosen location.

5 Q. What are the geological factors which  
6 dictate the necessity of drilling this unorthodox  
7 location?

8 A. Well, if you can refer to Exhibit No. 4. It  
9 is a map depicting the subsurface structure on top the  
10 Pre-Penn Unconformity. The surface is near the  
11 productive interval, the ordovician formation, and it  
12 provides the best seismic reflection. The contour  
13 interval used is 50 feet.

14 Datum points are noted by the large circles  
15 and the appropriate datum is listed beside the well  
16 spot.

17 Seismic datum incorporated into this map is  
18 noted by the sharp points in the solid lines. Well  
19 spots colored in red indicate the ordovician  
20 producers.

21 Production from the ordovician formation in  
22 this area occurs when there is sufficient structural  
23 closure to provide a trapping mechanism. In this case <sup>R</sup>  
24 the structure map shows a north-south trending horst <sup>L</sup>  
25 block. Displacement on the bounding faults averages



1 approximately 150 feet. Wrench faults dissect the  
2 horse~~t~~ block resulting in right lateral displacement of *R*  
3 the structure, as well as creating numerous  
4 compressional type folds on the larger horse~~t~~ block. *R*

5 *R* Ordovician production is confined to the  
6 horse~~t~~ block. Closure into the bounding faults to the  
7 west provides the limits of production in this  
8 direction. A gas/water contact at -2249, plus or  
9 minus 10 feet, defines the production to the east.  
10 The southern edges of production have yet to be  
11 defined.

12 The unorthodox location has been chosen at  
13 or near the high structural position in the South 1/2  
14 of Section 2. And it is anticipated that the  
15 structurally high penetration of ordovician formation  
16 would enhance earlier and greater recovery of the gas  
17 reserves. Risk is also reduced by moving eastward,  
18 away from the west fault scarp where the beds dip  
19 steeply into that fault.

20 Q. This is the third well drilled under the  
21 Sunny Side State Unit?

22 A. Yes, it is.

23 Q. Where was the initial test well?

24 A. The initial test was -- it's off the map  
25 shown here. It was in Section 10, and it was a dry

1 hole. It was unrelated to this particular structure.

2 Q. What is the location of the second well  
3 drilled under the unit?

4 A. The second well is located 1980 feet from  
5 the west -- I mean from the east, 660 feet from the  
6 north line of the Section 1, which would be the offset  
7 section to the proposed location.

8 Q. That's shown on Exhibit 4?

9 A. It's shown and labeled as such.

10 Q. Right. Now, if you could refer to  
11 Applicant's Exhibit 5, which is the Ordovician Gross  
12 Pay Thickness map.

13 A. Exhibit No. 5 is an isopach map, and it was  
14 constructed by stripping away an average of 45 feet of  
15 Mississippian, and then from there into the gas/water  
16 contact was defined as the gross pay interval.

17 The gas/water contact serves as a zero line  
18 to the east, while the zero foot contour to the west  
19 coincides with the bounding fall.

20 The proposed unorthodox location is  
21 expected to have approximately 60 feet of gross pay  
22 above the defined gas/water contact of -2249.

23 A planimeter study of this map shows 191  
24 acres to be productive in the South 1/2 of Section 2.  
25 The same study indicates another 80 acres are

1 productive in the South 1/2 of Section 1. Existing  
2 data indicates there are insufficient reserves,  
3 approximately 200 million cubic feet of gas, to drill  
4 a commercial well in the South 1/2 of Section 1.

5 The alternative to that is to drill the  
6 proposed unorthodox location in Section 2. This well  
7 would be designed to drain 271 productive acres -- of  
8 which 80 of those productive acres are in Section 1 --  
9 and would otherwise not be drained. As Section 1 is  
10 dedicated to the Sunny Side Unit, the ownership is  
11 identical to Section 2, and this in no way jeopardizes  
12 anyone's correlative rights.

13 Q. If you could refer to Applicant's Exhibit 6  
14 and describe the information contained in the  
15 cross-section, please.

16 A. Exhibit No. 6, Cross-section A-A', shows  
17 the pertinent well tops and intervals picked by  
18 correlation. You can note the Pre-Penn Unconformity  
19 surface is labeled as such. And that is the mapping  
20 horizon for the structure map.

21 It shows the first well in the  
22 cross-section. It's labeled the Harper Oil. It's now  
23 operated by Pacific Enterprises. The South Dallas  
24 No. 1 is located on downthrown side of the fault.

25 The well was perforated in Pennsylvanian

1 Age sand and also in Abo. Production was comingled,  
2 and to date it has made 31 million cubic feet. It was  
3 shut in in July, and I think produced again in  
4 September. And it only produced a total of 382 mcf in  
5 the whole month of September. So it is definitely a  
6 noncommercial well.

7 The stick shows the proposed location of  
8 Sunny Side Unit No. 3. We're trying to put the well  
9 on a structural ridge before it starts dipping into  
10 the bounding fault to the west. There is also a  
11 little structure lobe between this and the Sunny Side  
12 Unit No. 3, which is the last well shown.

13 The Sunny Side No. 3 was completed in the  
14 Ordovician.

15 Q. Excuse me. You mean the No. 2?

16 A. I mean the No. 2. The No. 2 was completed  
17 in the Ordovician. It was put on line toward the  
18 beginning of the summer. It has cum'd 49 million  
19 cubic feet of gas, and it's averaging for the month of  
20 September 413 mcf gas per day. So it is a commercial  
21 well.

22 Q. Anything else with regard to Exhibit 6?

23 A. No.

24 Q. Ms. Bentz, in your opinion, is the drilling  
25 of the proposed Sunny Side State Unit No. 3 the most

1 logical next step in developing the Sunny Side State  
2 Unit?

3 A. Yes, it is. It's the best geological  
4 location. The well is designed not only to drain the  
5 South 1/2 of 2, but also gas located in the South 1/2  
6 of Section 1 that would otherwise not be recovered,  
7 so, therefore, I believe we're preventing waste. As  
8 ownership is common throughout Section 1 and  
9 Section 2, I don't believe that we're infringing on  
10 anyone's correlative rights and we are protecting  
11 correlative rights.

12 Q. Ms. Bentz, were Exhibits 4, 5, and 6  
13 prepared by you or under your direction and  
14 supervision?

15 A. Yes, they were.

16 Q. In your opinion will the granting Yates's  
17 application in this case be in the interest of  
18 conservation of oil and gas, prevention of waste and  
19 the protection of correlative rights?

20 A. Yes, it will.

21 MR. VANDIVER: Mr. Examiner, I would move  
22 the admission of Applicant's Exhibits 4, 5, and 6, and  
23 I have no further questions of this witness.

24 HEARING EXAMINER: Exhibits 4 through 6  
25 will be admitted into the record.

1 I have no questions. The witness may be  
2 excused.

3 MR. VANDIVER: That concludes my  
4 presentation in this case.

5 HEARING EXAMINER: That's all,  
6 Mr. Vandiver?

7 MR. VANDIVER: Yes.

8 HEARING EXAMINER: Are there any  
9 statements?

10 MR. KELLAHIN: For the record,  
11 Mr. Examiner, on behalf of my client, we are in  
12 support of Yates's application in this case. We have  
13 a companion case later on the docket that addresses  
14 the development of the North 1/2 of this Section 2,  
15 and we have a well at an unorthodox location in the  
16 North 1/2 of the section.

17 We believe that the two companies in  
18 companionship with each other have come up with an  
19 appropriate plan for the exploration and development  
20 of the section. Unfortunately, both wells are  
21 required to be in an unorthodox location because of  
22 the geology in the area, but we're here to support  
23 their application.

24 HEARING EXAMINER: Thank you, Mr. Kellahin.  
25 Is there anything else to be entered in this case?

We'll take the case under advisement.

CERTIFICATE OF REPORTER

[illegible]

I, Diana Abeyta, Certified Shorthand Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I caused my notes to be transcribed under my personal supervision; 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 January 3, 1990.  
I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 9795.  
heard by me on November 1 1989.

Victor J. Lyon, Examiner  
Oil Conservation Division

DIANA ABEYTA  
CSR No. 267

My commission expires: May 7, 1993