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I N D E X

WILLIAM JAMES BALL, JR.

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MR. QUINTANA: We'll call next Case Number 8522.

MR. TAYLOR: Application of Yates Petroleum Corporation for compulsory pooling, Roosevelt County, New Mexico.

MR. CARR. May it please the Examiner, I'm William F. Carr, with the law firm Campbell and Black, P. A., of Santa Fe, appearing on behalf of Yates Petroleum Corporation.

I have one witness who needs to be sworn.

MR. QUINTANA: Are there further appearances in this case?

If not, sir, would you please stand up and be sworn in at this time?

(Witness sworn.)

WILLIAM JAMES BALL, JUNIOR,
being called as a witness and being duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. CARR:

Q Will you state your full name and place of residence?

1
2 A William James Ball, Junior. That's Ball,
3 B-A-L-L. Artesia, New Mexico.

4 Q Mr. Ball, by whom are you employed and in
5 what capacity?

6 A Yates Petroleum as a landman.

7 Q Have you previously testified before this
8 Commission or one of its examiners?

9 A No, I haven't.

10 Q Would you briefly summarize for Mr. Quin-
11 tana your educational background and your work experience?

12 A Okay. I have Associates in Agriculture
13 from New Mexico Military Institute and a Bachelor's in pet-
14 roleum land management at the University of Oklahoma.

15 Q And since you graduated by whom have you
16 been employed?

17 A I've been employed by Ward Petroleum out
18 of Enid, Oklahoma, for three years and Yates Petroleum for
19 just short of one year.

20 I've been doing land work since 1976.

21 Q And in both -- in all -- in your prior
22 employment and now with Yates you've been employed as a
23 landman?

24 A Yes.

25 Q Are you familiar with the application
filed in this case on behalf of Yates Petroleum Corporation?

 A Yes.

 Q Are you familiar with the subject area

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and proposed well?

A Yes, I am.

MR. CARR: Are the witness' qualifications as a petroleum landman acceptable?

MR. QUINTANA: Yes, they are.

Q Mr. Ball, would you briefly state what Yates is seeking with this application?

A We are seeking to pool all the mineral interest from the surface to the top of the PreCambrian formation underlying the south half of Section 33, Township 3 South, Range 30 East, Roosevelt County, New Mexico.

MR. CARR: Mr. Examiner, the order that would result from this hearing would have to provide that it would be all of the acreage underneath the southwest quarter of Section 33 down to the top of the Wolfcamp and then the south half below that.

We filed an amended application but the legal advertisement is broad enough to cover all of that.

Q Have you prepared certain exhibits for introduction in this case?

A Yes, I have.

Q Would you refer to what has been marked for identification as Yates Petroleum Corporation Exhibit Number One and review this with the examiner?

A Okay, those are the nine townships showing Yates' leasehold, the colored yellow areas, which is

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Q What percent of the acreage under the south half of Section 33 has been voluntarily committed to the proposed well?

A 99 percent has been voluntarily committed.

Q And who has not consented as of this time?

A One person, Wayne Miller.

Q And they hold a less than one percent interest?

A That's correct.

Q Would you refer to what's been marked as Exhibit Three and identify that, please?

A Okay, this is our Authority for Expenditure.

Q And what are the total costs, dry hole and completed well costs?

A The dry hole cost is \$386,000 even, and the completion costs would -- for a completed well would be \$625,000 even.

Q And are these costs in line with what other operators are charging?

A Yes, they are.

Q And how -- how have these figures actually been set, Mr. Ball?

A How they've been set?

Q Have the other parties, Depco and Nycor,

1
2 agreed to these figures?

3 A Yes, they've agreed to these figures.

4 Q Are there any wells in the immediate
5 area?

6 A There is no wells hardly in the area.

7 Q Could you summarize for Mr. Quintana the
8 efforts made by Yates Petroleum Corporation to obtain the
9 voluntary joinder in this well of Wayne Miller?

10 A Yes. I believe one of the exhibits is a
11 copy of the original lease I sent to him with the cover let-
12 ter, as well as two other letters.

13 Then a follow-up letter referencing a
14 second telephone conversation I had with him.

15 Q These letters are what has been marked
16 for identification as Exhibit Number Four?

17 A That's correct.

18 Q Would you identify for Mr. Quintana what
19 has been marked as Yates Petroleum Corporation Exhibit Num-
20 ber Five?

21 A This is the letter I requested that you
22 send to the -- Mr. Miller, referencing our pooling that we
23 had set.

24 Q And that indicates that the matter will
25 come on for hearing today.

A That's correct.

Q In your opinion has Yates Petroleum Cor-
poration made a good faith effort to obtain the voluntary

1 even prepare any Isopachs or cross sections --

2 A No, sir.

3 Q -- or structure maps on? Have you esti-
4 mated, have you made an estimate of the overhead and admini-
5 strative costs while drilling this well and also while pro-
6 ducing it, if in fact it is a successful well?

7 A Yes, I have.

8 Q And what are those figures?

9 A The drilling well rate would be \$4000 and
10 the -- I'm sorry, \$3000, and the producing well rate, \$400.

11 Q And these are again rates that have been
12 agreed to by Depco and Nycor?

13 A That's correct.

14 Q And they're contained in the operating
15 agreement, which has been marked as Exhibit Number Two?

16 A That's right.

17 Q Do you recommend that these figures be
18 incorporated into any order which results from this hearing?

19 A Yes, I do.

20 Q Do you -- does Yates Petroleum Corpora-
21 tion seek to be designated operator of the well?

22 A Yes, we do.

23 Q In your opinion will granting this appli-
24 cation be in the best interest of conservation, the preven-
25 tion of waste, and the protection of correlative rights?

A Yes, sir.

Q Were Exhibits One through Five compiled

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under your direction?

A Yes, they were.

Q And can you testify as to their accuracy?

A Yes, I can.

MR. CARR: At this time, Mr. Quintana, we would offer Yates Petroleum Corporation Exhibits One through Five.

MR. QUINTANA: Exhibits One through Five will be accepted in evidence.

MR. CARR: That concludes my direct examination of Mr. Hall.

CROSS EXAMINATION

BY MR. QUINTANA:

Q Mr. Hall, would you repeat those drilling and producing costs again?

A Yes, sir. It's \$3000 for the drilling well rate and \$400 for the producing well rate.

Q Thank you.

CROSS EXAMINATION

BY MR. TAYLOR:

Q Is the only person you're attempting to pool here Mr. Wayne Miller?

A Yes, it is.

Q What is this letter that's addressed to Robert Lee Miller, Ralph E. Miller, Dorothy McCoy --

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A Okay, those people have all leased and --

Q Okay.

A -- I've --

MR. CARR: It also went to him and so it was included, but Miller, Wayne Miller, is the only outstanding interest at this time.

MR. QUINTANA: Do you anticipate him joining in on the well later and you're not sure now?

A Well, in my conversations with him he kept on telling me that he would put it in the mail, and he'd put it in the mail, and he never would put it in the mail, so it's really hard to say.

MR. QUINTANA: I see. I have no further questions of the witness.

Are there other questions of the witness from somebody else?

If not, Mr. Ball, you may be excused.

Case 8522 will be taken under advisement.

(Hearing concluded.)

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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 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's office of Case No. 8522 heard by me on MARCH 13 1985.
Silbert P. Quintana Examiner
Oil Conservation Division