

## NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARINGSANTA FE, NEW MEXICOHearing Date SEPTEMBER 17, 1986 Time: 8:15 A.M.

NAME	REPRESENTING	LOCATION
Chad Dickerson Jim Ball	Dickerson, Paul & Vandiver Yates Petroleum	Artesia ARTESIA
Leslie Bentz	Yates Petroleum	ARTESIA
Bob Huber	Byrum	Santa Fe
Dan Currens	Amoco Prod. Co.	Houston
R.P. Zinsmeister	Amoco Prod Co	HOUSTON
Harold Carter	OCC	SF
R.P. Bobe Kendrick	El Paso Natural Gas	El Paso
William L. Jam	Sampbell and Shelt, J.A.	Santa Fe
Tommy Roberts	Merrion Oil & Gas Corp.	Farmington
"	A.L. Dawsey, Jr.	Farmington
STEVEN DUNN	MERRION OIL & GAS CORP	FARMINGTON
Brad Simmons	AL Dawsey	Denver
MIKE PIPPIN	UNION TEXAS	FARMINGTON
AK Kendrick	CINCO LTD	ACTEC
Ken Bateman	Whitcomb Kirk & McCarty PA	Santa Fe.
Eddie Matzford	Yates Petroleum	Artesia

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NAME	REPRESENTING	LOCATION
<i>W Kellockin</i>	<i>Kellockin &amp; Kellockin</i>	<i>Santa Fe</i>

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO

17 September 1986

EXAMINER HEARING

IN THE MATTER OF:

Application of Yates Petroleum Cor- CASE  
poration for a unit agreement, Chaves 8987  
County, New Mexico.

BEFORE: David R. Catanach, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Division:

Jeff Taylor  
Legal Counsel for the Division  
Oil Conservation Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

For the Applicant:

Chad Dickerson  
Attorney at Law  
DICKERSON, FISK, & VANDIVER  
Seventh & Mahone/Suite E  
Artesia, New Mexico 88210

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## I N D E X

## JIM BALL

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2

MR. CATANACH: Call next Case

3

8987.

4

MR. TAYLOR: Application of

5

Yates Petroleum Corporation for a unit agreement, Chaves

6

County, New Mexico.

7

MR. DICKERSON: Mr. Examiner,

8

I'm Chad Dickerson of Artesia, New Mexico, on behalf of the

9

applicant and I have two witnesses.

10

MR. CATANACH: Are there other

11

appearances in this case?

12

Will the witnesses please stand

13

and be sworn in?

14

15

(Witnesses sworn.)

16

17

JIM BALL,

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. DICKERSON:

23

Q

Will you state your name, your occupa-

24

tion, and by whom you're employed, please?

25

A

My name is Jim Ball. I'm employed by

1 Yates Petroleum Corporation in Artesia, and I'm a landman.

2 Q Mr. Ball, have you previously testified  
3 before this division as a landman and had your qualifica-  
4 tions accepted?

5 A Yes, I have.

6 Q And are you familiar with the facts and  
7 circumstances underlying the Yates application in Case 8987?

8 A Yes, I am.

9 MR. DICKERSON: Mr. Examiner,  
10 tender Mr. Ball as an expert landman.

11 MR. CATANACH: Mr. Ball is con-  
12 sidered qualified.

13 Q Mr. Ball, what is the purpose of Yates'  
14 application in this case?

15 A It's to adequately test the Abo formation  
16 and establish a State unit.

17 Q Refer to what we have submitted as Appli-  
18 cant's Exhibit Number One, Mr. Ball, and state what that is.

19 A This is the unit agreement that is in the  
20 form of a State and Federal Land.

21 Q And this is a standard form for State and  
22 Federal --

23 A Right.

24 Q -- approved units in this state?

25 A That's correct.

1           Q           Refer the Examiner to Exhibit A of that  
2 unit unit agreement, being the land plat, and orient him to  
3 the location of your proposed unit.

4           A           Okay, the proposed location is in the  
5 Section 11 of 7, 24, Chaves County, and it's 660 out of the  
6 south and east corner.

7                       The plat shows the lease numbers, the ex-  
8 piration dates, and who owns the leases.

9           Q           Turn to Exhibit B of your unit agreement.

10          A           Okay. That helps further explain the  
11 plat and it's just our exhibit of all the leases that are in  
12 here. It details out the royalties and several other facts  
13 pertaining to the leases.

14          Q           The ownership of each separate lease is  
15 shown by Exhibit B?

16          A           That's correct.

17          Q           What percentage of State lands and what  
18 percentage of Federal lands are included within the bound-  
19 aries of your unit?

20          A           It's just -- well, it's 12.492 percent is  
21 Federal lands and State lands is 87.508 percent.

22          Q           Mr. Ball, refer to what we have submitted  
23 as Exhibit Number Two and tell us what that is.

24          A           That's our operating agreement form  
25 pertaining to this unit.

1 Q Where in that operating agreement is con-  
2 tained the provision regarding drilling date for the initial  
3 test well?

4 A I believe it's page 4. On or before  
5 November 1st is when we plan to drill this.

6 Q And you anticipate drilling that well to  
7 a depth sufficient to test the Abo, or 4000 feet?

8 A That's correct.

9 Q Mr. Ball, refer us to Exhibit A to the  
10 unit operating agreement and tell us what the respective  
11 ownership of the acreage committed this proposed unit is as  
12 far as the parties' ownership.

13 A The first segment just describes all the  
14 lands. It's been platted out on the Exhibit A of the unit  
15 agreement, and then it breaks down the acreage as it's  
16 owned, basically, by the four Yates companies and Read and  
17 Stevens.

18 Percentages are set out as well as the  
19 net acres.

20 Q I note that there is no depth restriction  
21 in this unit operating agreement and there's also none under  
22 the unit agreement, and therefore all lands committed will  
23 be unitized as to all formations, is that correct?

24 A That's correct. And that was, I notice  
25 you said Exhibit A. I guess that would be Exhibit A. One

1 would be the plat.

2 Q Turn to what we have submitted as Exhibit  
3 Number Three, Mr. Ball. What are those three -- or four  
4 documents, or five documents, I guess, marked Exhibit Number  
5 Three.

6 A Okay. Those are the ratifications of  
7 unit operating agreement.

8 Q And so you have executed ratifications  
9 already at this time by all parties to the proposed unit  
10 agreement and unit operating agreement?

11 A That's correct.

12 Q What is Exhibit Number Four?

13 A Exhibit Number Four is the approval let-  
14 ter from the Bureau of Land Management for this unit.

15 Q Designating it as logically subject to  
16 unit development under the Federal regulations?

17 A That's correct.

18 Q And what is Exhibit Number Five?

19 A Exhibit Number Five is the approved pre-  
20 liminary approval from the Commissioner of Public Lands.

21 Q Mr. Ball, were Exhibits One through Five  
22 compiled by you or under your direction and supervision?

23 A Yes, they were.

24 MR. DICKERSON: Mr. Examiner,  
25 move admission of Yates Exhibits One through Five at this

1 time and I have no further questions of this witness.

2 MR. CATANACH: Exhibits One  
3 through Five will be admitted as evidence.

4

5

CROSS EXAMINATION

6 BY MR. CATANACH:

7 Q Mr. Ball, you're unitizing all formations

8 --

9 A Yes.

10 Q -- within the unit? And did you say you  
11 had 100 percent voluntary joinder?

12 A That -- that's correct. All of the par-  
13 ties that are on there, which is the four Yates entities and  
14 Read and Stevens, have all signed ratifications and agreed  
15 to join this.

16 MR. CATANACH: I have no fur-  
17 ther questions.

18 You may go ahead and be ex-  
19 cused.

20

21

LESLIE BENTZ,

22 being called as a witness and being duly sworn upon her  
23 oath, testified as follows, to-wit:

24

25

## 1 DIRECT EXAMINATION

2 BY MR. DICKERSON:

3 Q Mrs. Bentz, will you state your name,  
4 your occupation, by whom you're employed?5 A Yes. My name is Leslie Bentz. I'm em-  
6 ployed by Yates Petroleum Corporation of Artesia and I'm a  
7 geologist.8 Q And you have previously testified before  
9 this Division as a geologist on several occasions and your  
10 credentials are a matter of record, are they not?

11 A Yes, they are.

12 Q And are you familiar with the geological  
13 data underlying the proposed unit boundaries in this case?

14 A Yes, sir, I am.

15 MR. DICKERSON: Mr. Examiner, I  
16 tender Mrs. Bentz as an expert geologist.17 MR. CATANACH: I'm sorry, how  
18 do you spell your last name?

19 A B-E-N-T-Z.

20 MR. CATANACH: Mrs. Bentz is  
21 considered qualified.22 Q Mrs. Bentz, will you orient the Examiner  
23 to the geological basis for the proposed Red Bluff Unit?24 A The proposed Red Bluff Unit comprises the  
25 following lands: Sections 35 and 36 of Township 6 South,

1 Range 24 East; Sections 1, 2, 3, 10, 11, 12, 13, 14, 15, 22,  
2 23, and 24 of Township 7 South, Range 24 East.

3 The proposed unit is located on the west  
4 edges of the Pecos Slope Abo Pool which produces gas from as  
5 sequence of alluvial channel sandstones.

6 The primary objective of the test well  
7 within the Red Bluff Unit is the Abo formation, a clastic  
8 fluvial system. The Abo formation is Lower Permian Leonard  
9 in age.

10 Q Refer to what we have submitted as Exhi-  
11 bit G-1 and tell the Examiner what you've shown by that map.

12 A Exhibit G-1 is a structural map contoured  
13 on top of the Abo formation. The contour interval is 100  
14 feet.

15 The Red Bluff Unit outline is marked by a  
16 dashed line and the proposed location of the test well is  
17 shown. Wells providing datum points are circled with the  
18 appropriate subsea datum listed.

19 The proposed Red Bluff Unit is located on  
20 a broad, regional structural nose. Structure is not impera-  
21 tive in the trapping mechanism, but this nosing may aid in  
22 enhancing the porosity and permeability of the channel sand-  
23 stones.

24 The termination of this nose to the north  
25

1 to the north and northwest provides boundaries in those re-  
2 spective directions.

3                   The southern boundary is also delineated  
4 by the termination of this structural nose into a trough.

5           Q           Okay, now refer to your Exhibit G-2 and  
6 tell us what you've shown on that instrument.

7           A           Exhibit G-2 is a regional Isolith map of  
8 gross Abo sandstones. Sandstone is defined by 70 API gamma  
9 ray cutoff. The contour interval is 20 feet. The shaded  
10 contours indicate areas in which 40 feet or more feet of  
11 sandstone can be found.

12                   The contour style of this regional map is  
13 corroborated by the currently accepted model of the deposi-  
14 tional environment, that is, fluvial channels.

15           Q           Refer us now to your Exhibit G-3, Mrs.  
16 Bentz, and tell us what it shows and compare it to your Ex-  
17 hibit G-2.

18           A           Exhibit G-3 is an Abo Isolith map of  
19 gross sandstones following the same parameters as Exhibit G-  
20 2. Structural contours have been added. The red circles  
21 denote Abo gas producers. The area encompassed by the pro-  
22 posed unit is in a strategic location to penetrate several  
23 of the stacked channel sandstones.

24                   The 40 foot contour line provides the  
25 east and west boundaries of the proposed unit. Generally

1 poorer production and noncommercial wells are located in  
2 areas having less than 40 feet of gross sands.

3 Q And what have you shown us by your Exhi-  
4 bit G-4?

5 A G-4 is a mostly north to south strati-  
6 graphic cross section which splits the proposed unit.

7 The well on the left is to the northeast  
8 and the well to the right is to the southwest.

9 The yellow color indicates the sandstones  
10 and the producing perforations are noted by red.

11 The cross section further illustrates  
12 that the proposed unit well is located to maximize the chan-  
13 ces of the wellbore penetrating a number of channel sand-  
14 stones.

15 Q Mrs. Bentz, in your opinion is the avail-  
16 able geologic data in support of the unit boundaries as pro-  
17 posed for this Red Bluff Unit?

18 A Yes, it is.

19 Q And in your opinion will the approval of  
20 this unit be in the interest of conservation, the prevention  
21 of waste, and the protection of correlative rights?

22 A Yes, it will.

23 Q And were Exhibits G-1 through G-4 pre-  
24 pared by you?

25 A Yes, they were.

1 MR. DICKERSON: Mr. Examiner, I  
2 tender admission of Exhibits G-1 through G-4 at this time.

3 MR. CATANACH: Exhibits G-1  
4 through G-4 will be admitted into evidence.

5 MR. DICKERSON: I have no fur-  
6 ther questions.

7

8

CROSS EXAMINATION

9 BY MR. CATANACH:

10 Q Mrs. Bentz, do you know how close your  
11 unit area lies to the Pecos Slope -- Pecos Slope Abo Gas  
12 Pool that you're close to?

13 A Yes, it is.

14 Q How close is it?

15 A If you look at Exhibit G-2 you can see  
16 that I'm not sure exactly where they've defined the bound-  
17 aries of the exact pool, but the wells to the immediate east  
18 are in the Pecos Slope Gas Pool. So it's about a mile away.

19 Q Has the Abo been tested in the proposed  
20 unit at all?

21 A No.

22 MR. CATANACH: I have no fur-  
23 ther questions of Mrs. Bentz. She may be excused.

24 Is there anything further in  
25 Case 8987?

If not, it will be taken under  
advisement.

(Hearing concluded.)

## C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY  
CERTIFY 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. 8987  
heard by me on Sept. 13 1986.

David R. Catanah, Examiner  
Oil Conservation Division