

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO  
21 May 1980

EXAMINER HEARING

-----  
IN THE MATTER OF: )

Application of Harvey E. Yates Com- ) CASE  
pany for a unit agreement, Chaves ) 6905  
County, New Mexico. )

-----  
BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division: Ernest L. Padilla, Esq.  
Legal Counsel to the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

For the Applicant: Robert H. Strand, Esq.  
Roswell, New Mexico

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# I N D E X

GEORGE M. YATES

Direct Examination by Mr. Strand 3

Cross Examination by Mr. Padilla 6

RANDOLPH SMITH

Direct Examination by Mr. Strand 7

# E X H I B I T S

Applicant Exhibit One, Plat 4

Applicant Exhibit Two, Application 5

Applicant Exhibit Three, Map 8

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1 MR. STAMETS: Call Case 6905.

2 MR. PADILLA: Application of Harvey E.  
3 Yates for a unit agreement, Chaves County, New Mexico.

4 MR. STRAND: Mr. Examiner, Robert H.  
5 Strand, Attorney, from Roswell, New Mexico, appearing for  
6 the applicant. We have two witnesses, one of which is Mr.  
7 George Yates, who has been sworn.

8  
9 (Witnesses sworn.)

10  
11  
12 GEORGE M. YATES  
13 being called as a witness and having been duly sworn upon  
14 his oath, testified as follows, to-wit:

15  
16 DIRECT EXAMINATION

17 BY ME. STRAND:

18 Q State your full name for the record,  
19 please.

20 A George M. Yates.

21 Q Mr. Yates, what is your position with the  
22 applicant and your duties?

23 A Vice President. My duties include over-  
24 seeing land and exploration operations.  
25

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1 Q Mr. Yates, what is the purpose of the  
2 application in Case Number 6905?

3 A The purpose of the application is approval  
4 of a four-section unit in Chaves County, New Mexico.

5 Q Is Harvey E. Yates Company designated  
6 the operator of the proposed unit agreement?

7 A Yes, we are.

8 Q Mr. Yates, will you state specifically  
9 what lands are included in the proposed unit?

10 A Yes. The Buffalo Lake Unit is a unit  
11 composed of 200 -- pardon me, 2556.8 acres. Now the break-  
12 down of ownership of the acreage within the unit is as  
13 follows: 599.07 Federal acres; 320 State owned acres; the  
14 balance of 1637.73 acres is fee.

15 Q Mr. Yates, is the legal description of  
16 the lands included in the unit Sections 7, 8, 17, and 18  
17 of Township 15 South, Range 27 East?

18 A Yes.

19 Q Referring to Exhibit Number One, would  
20 you briefly describe that exhibit?

21 A Exhibit Number One is an ownership plat  
22 of the unit.

23 Q Mr. Yates, is that particular plat we  
24 designated as Exhibit Number One also an exhibit to the  
25 proposed unit agreement?

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1 A. Yes, it is. It is Exhibit A to the unit  
2 agreement.

3 Q. Referring to Exhibit Number Two, would  
4 you please describe that exhibit?

5 A. Exhibit Number Two is an application for  
6 designation of the Buffalo Lake Unit to the USGS, an appli-  
7 cation for preliminary approval of the proposed unit agree-  
8 ment.

9 Q. And has that application been filed with  
10 the USGS?

11 A. Yes, it has. The geology has been pre-  
12 liminarily approved by the USGS verbally, and we have sub-  
13 mitted this unit agreement and this unit agreement is in  
14 process.

15 Q. Mr. Yates, have we also submitted a copy  
16 of this application for designation of unit agreement with  
17 attachments, including the proposed unit agreement, exhibits,  
18 and geological summary to the Commissioner of Public Lands  
19 for his approval?

20 A. Yes, we have.

21 Q. Referring to the unit agreement, or the  
22 proposed unit agreement itself, is this the standard Federal  
23 unit agreement with appropriate revisions relating to ap-  
24 proval by the Commissioner of Public Lands and the Oil  
25 Conservation Division?

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1 A. Yes, it is.

2 Q. Mr. Yates, what is the status of commit-  
3 ment of interest owners under this proposed unit?

4 A. The majority of owners, the majority of  
5 acreage within the unit has been committed to the unit.

6 Q. Does the applicant, Harvey E. Yates Com-  
7 pany own a majority --

8 A. Yes.

9 Q. -- interest in the unit?

10 A. Yes, we do.

11 Q. Mr. Yates, were Exhibits Number One and  
12 Two prepared under your direction and supervision?

13 A. Yes, they were.

14 MR. STRAND: That's all I have for Mr.  
15 Yates.

16 MR. STAMETS: Any questions of this wit-  
17 ness?

18 CROSS EXAMINATION

19 BY MR. PADILLA:

20 Q. Mr. Yates, have you received preliminary  
21 approval from the Land Commissioner?  
22

23 A. We have not. We submitted it only last  
24 Friday for their approval.

25 MR. PADILLA: No other questions.

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MR. STAMETS: The witness may be excused.

RANDOLPH C. SMITH

being called as a witness and having been duly sworn upon  
his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. STRAND:

Q State your full name for the record,  
please.

A My name is Randolph C. Smith.

Q Mr. Smith, what is your occupation?

A I'm an Exploration Geologist for Harvey  
E. Yates Company in Midland, Texas.

Q Mr. Smith, have you testified before the  
Division in the past and are your qualifications a matter  
of record?

A Yes, I have and yes, they are.

MR. STRAND: We tender Mr. Smith as an  
expert witness.

MR. STAMETS: The witness is considered  
qualified.

Q Mr. Smith, are you familiar with the  
application in Case Number 6905 for the approval of the  
Buffalo Lake Unit?

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1 A. Yes, I am.

2 Q. Please refer to Exhibit Number Three and  
3 explain that.

4 A. Mr. Examiner, Exhibit Number Three is an  
5 integrated seismic subsurface Atoka map, made on the top of  
6 the Atoka structure, with the unit outlined, the four sections  
7 and the proposed location with a red circle.

8 Q. Mr. Smith, is the justification for the  
9 four-section unit set out on the exhibit and testified to  
10 previously the structure you have drawn basically in the  
11 center of the unit outline?

12 A. Yes, it is.

13 Q. And that is -- could be designated as a  
14 -4300 foot contour?

15 A. That's correct.

16 Q. Mr. Smith, was Exhibit Number Three pre-  
17 pared by you or under your supervision?

18 A. Yes, it was.

19 Q. Is it your opinion that the proposed  
20 unit covers all or substantially all of the geological  
21 feature described on Exhibit Number Three?

22 A. Yes, it does.

23 Q. Is it further your opinion that approval  
24 of this unit application will maximize production of unitized  
25 substances and otherwise promote conservation and prevent

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1 waste?

2 A. Yes.

3 MR. STRAND: That's all I have, Mr. Exa-  
4 miner.

5 MR. STAMETS: Any questions of this wit-  
6 ness? He may be excused.

7 MR. STRAND: Mr. Examiner, I move the  
8 admission of Exhibits One through Three.

9 MR. STAMETS: These exhibits will be ad-  
10 mitted.

11 Anything further in this case?

12 The case will be taken under advisement.

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14 (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 C.S.R.

SALLY W. BOYD, C.S.R.

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12-21 6905-80  
Richard H. Stamm