

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

EXAMINER HEARING

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 )  
 IN THE MATTER OF: )  
 )  
 Application of Harvey E. Yates Com-) CASE  
 pany for a unit agreement, Lea ) 6923  
 County, New Mexico. )  
 )  
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BEFORE: Daniel S. Nutter

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. Harvey E. Yates Company Roswell, New Mexico

## I N D E X

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## E X H I B I T S

Applicant Exhibit One, Plat 4

Applicant Exhibit Two, Unit Agreement 4

Applicant Exhibit Three, Letter 4

Applicant Exhibit Four, Map 7

MR. NUTTER: Call Case Number 6923.

MR. PADILLA: Application of Harvey E. Yates Company for a unit agreement, Lea County, New Mexico.

MR. STRAND: Mr. Examiner, I'm Robert Strand, appearing for the applicant.

ROSEMARY T. AVERY

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

DIRECT EXAMINATION

BY MR. STRAND:

Q State your full name and occupation, please.

A Rosemary T. Avery, a landman for Harvey E. Yates Company in Roswell.

Q In this particular case, Mrs. Avery, Harvey E. Yates seeks approval of a unit agreement for its Cayton-Austin Unit in Township 14 South, Range 36 East of Lea County. Are you familiar with this agreement and the application for its approval?

A Yes, I am.

Q I refer you to what we've marked as Exhibit Number One. Would you briefly describe that exhibit?

A. This is a land plat showing the proposed unit outline, which covers all of Section 9 and the west half of Section 10 in Township 14 South, Range 36 East, Lea County, New Mexico.

Q. Mrs. Avery, what is the mineral ownership under the proposed unit?

A. 16-2/3rds percent of it is State of New Mexico acreage and 83-1/3 percent of it is fee acreage.

Q. Mrs. Avery, referring to Exhibit Number Two, would you describe that exhibit?

A. This is a unit agreement for the development and operation of the Cayton-Austin Unit area, and it covers the lands that I have just described.

Q. Mrs. Avery, referring to Exhibit Number Three, will you please describe that exhibit?

A. Exhibit Number Three is a letter from the State of New Mexico, Commissioner of Public Lands, concerning this unit agreement and approving the form of agreement.

Q. Mrs. Avery, were these exhibits One through Three prepared by you or under your supervision? Or by persons employed by HEYCO?

A. Yes, they were.

MR. STRAND: I believe that's all I

have of Mrs. Avery.

MR. NUTTER: Are there any questions  
of Mrs. Avery?

CROSS EXAMINATION

BY MR. NUTTER:

Q. Mrs. Avery, how many working interest  
owners are there in the unit?

A. Oh, let me see.

Q. Or does Harvey E. Yates Company repre-  
sent all of the working interest in it?

A. We represent all of them, sir.

Q. So all the working interest is commit-  
ted to the unit?

A. Yes, sir.

Q. And the State has agreed to committing  
of its lands to the unit.

How about those remaining royalty owners  
other than the State? Have they agreed to communitization?

MR. STRAND: If I may --

MR. NUTTER: Or what percent of them  
have?

MR. STRAND: If I may.

Mrs. Avery, to your knowledge do the

majority of the leases involved in this proposed unit, other than the State of New Mexico lease, contain unitization clauses which automatically commit those leases to the unit? Upon approval by the Commissioner of Public Lands?

A. Yes, I think they do.

MR. STRAND: Mr. Examiner, if I might, sir.

MR. STRAND: Mr. Examiner, If I might, there are a number of leases, fee leases, which do have unitization clauses which will automatically commit them. The remaining royalty owners have not been contacted as of this time.

MR. NUTTER: I see. Are there any further questions of Mrs. Avery? She may be excused.

RANDOLPH C. SMITH

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

DIRECT EXAMINATION

BY MR. STRAND:

Q. State your name, occupation, and who you're employed by for the record, please.

A. Randolph C. Smith, exploration geologist

for Harvey E. Yates Company in Midland, Texas.

Q. Mr. Smith, are you familiar with the application in Case Number 6923 for approval of the Cayton-Austin Unit?

A. Yes, I am.

Q. I refer you to what we've marked as Exhibit Number Four. Would you describe that exhibit please, and how it relates to the proposed unit?

A. Yes, sir. Exhibit Number Four is a structure contour map on top of the Mississippian-Austin, or Lower Morrow interval; both of them are equivalent in names; showing the proposed unit outline, consisting of all of Section 9, the west half of Section 10, 14, 36, Lea County, New Mexico.

It is anticipated that a well in the southwest quarter of Section 9, drilled to encounter the Mississippian-Austin zone, will be productive and equivalent pay to the Austin-Monteith No. 1, which is in Section 8 of 14, 36.

Q. Mr. Smith, is it your opinion that approval of this unit will maximize the recovery of unitized substances and will otherwise promote conservation, prevent waste, and protect correlative rights?

A. Yes, it will.

Q. Mr. Smith, was Exhibit Number Four prepared by you?

A. Yes, it was.

MR. STRAND: Mr. Examiner, I would move the admission of Exhibits One through Four.

MR. NUTTER: Exhibits One through Four will be admitted in evidence.

#### CROSS EXAMINATION

BY MR. NUTTER:

Q. Mr. Smith, this Exhibit Number Four is a contour at the top of the Lower Morrow, yet you're talking about a Mississippian test, I believe, but I don't see any Mississippian structure.

Is there a Mississippian structure here that this unit boundary conforms to or what is the purpose of the boundary as outlined on -- by the unit?

A. Okay. First I must explain that within our office we call the top of the Mississippian-Austin the same as the Lower Morrow, and this was actually a drafting mistake. Instead of being the top of the Lower Morrow it should be stated the top of the Austin-Mississippian.

Q. Okay, it's the base of the Lower Morrow and the top of the Mississippian, then.



A. Yes, sir. It's very similar to what one calls the Upper Silurian and the Devonian in southeast New Mexico.

Q. But I still don't see the structure on the thing. Where is the well going to be drilled?

A. Okay. The proposed well location at this time is in Section 9, 1980 from the south and 660 from the west.

Q. So that would be just about on the contour line that cuts across through there.

A. Yes, sir, on the flank of this feature.

Q. But it's still on the north flank of the structure which centers back down here in Sections 19 and 20.

A. Well, that is correct, sir, but the best well so far to this date is the Austin-Monteith No. 1, which is in Section 8, which is down the flank.

Q. And that's the well that's shown here with a depth of -9372?

A. That is correct, sir.

Q. Uh-huh.

A. Presently --

Q. It's a Mississippian well?

A. Yes, sir. Presently there is a well drilling where you see the little circle there 1980 from

south, 660 from the east.

Q. In Section 8?

A. In Section 8. That's the Austin-Mississippi No. 2, and it's presently at a depth of 12 --

Q. And your proposed location you're talking about today would be a direct offset to that.

A. That's correct.

MR. NUTTER: Are there further questions of Mr. Smith? He may be excused.

Do you have anything further, Mr.

Strand?

MR. STRAND: Nothing further, Mr. Examiner.

MR. NUTTER: Does anyone have anything they wish to offer in Case Number 6923?

We'll take the case 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 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.

I do hereby certify that the foregoing is  
a complete and correct transcript of the  
the Examination of 6923  
heard by me on 6/4 1980.  
[Signature], Examiner  
Oil Conservation Division