

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY )  
THE OIL CONSERVATION DIVISION FOR THE )  
PURPOSE OF CONSIDERING: ) CASE NO. 13,091  
)  
APPLICATION OF YATES PETROLEUM )  
CORPORATION FOR APPROVAL OF A UNIT )  
AGREEMENT, EDDY COUNTY, NEW MEXICO )  
\_\_\_\_\_ )

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: WILLIAM V. JONES, JR., Hearing Examiner

June 19th, 2003

Santa Fe, New Mexico

**RECEIVED**

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Oil Conservation Division

This matter came on for hearing before the New Mexico Oil Conservation Division, WILLIAM V. JONES, JR., Hearing Examiner, on Thursday, June 19th, 2003, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South Saint Francis Drive, Room 102, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

\* \* \*

## I N D E X

June 19th, 2003  
Examiner Hearing  
CASE NO. 13,091

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\* \* \*

## E X H I B I T S

Applicant's	Identified	Admitted
Exhibit 1	5	7
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Exhibit F	6	7

\* \* \*

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

## FOR THE DIVISION:

DAVID K. BROOKS, JR.  
Attorney at Law  
Energy, Minerals and Natural Resources Department  
Assistant General Counsel  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

## FOR THE APPLICANT:

HOLLAND & HART, L.L.P., and CAMPBELL & CARR  
110 N. Guadalupe, Suite 1  
P.O. Box 2208  
Santa Fe, New Mexico 87504-2208  
By: MICHAEL H. FELDEWERT

\* \* \*

1           WHEREUPON, the following proceedings were had at  
2   8:31 a.m.:

3           EXAMINER JONES: Continuing, we'll call Case  
4   13,091, Application of Yates Petroleum Corporation for  
5   approval of a unit agreement, Eddy County, New Mexico.

6           Call for appearances in this case.

7           MR. FELDEWERT: May it please the Examiner, my  
8   name is Michael Feldewert with the Santa Fe office of  
9   Holland and Hart, appearing on behalf of the Applicant,  
10   Yates Petroleum Corporation, and I have no witnesses here  
11   today.

12          EXAMINER JONES: Any other appearances?

13          There being none, Mr. Feldewert?

14          MR. FELDEWERT: Mr. Examiner, if I may approach,  
15   I have an affidavit.

16          EXAMINER JONES: Okay.

17          MR. FELDEWERT: Mr. Examiner, Yates is here to  
18   present this matter by affidavit in seeking approval of its  
19   proposed Humidor State Exploratory Unit, which is comprised  
20   of 2444 acres in Eddy County, New Mexico. Yates seeks to  
21   be designated the operator of the unit and proposes to test  
22   all formations from the surface to the base of the Morrow,  
23   with the primary objective of the initial test well to be  
24   the middle Morrow sands. This entire unit area is  
25   comprised of state land, and Yates is the only lessee.

1           Now, in support of this Application, they have  
2 marked as Exhibit Number 1 the affidavit of Raymond W.  
3 Podany. He is the geologist at Yates that's responsible  
4 for putting this project in place, and he has attached to  
5 his affidavits a number of exhibits.

6           Exhibit A to his affidavit is the standard state  
7 form unit agreement for this proposed Humidor State  
8 Exploratory Unit.

9           Exhibit B is a copy of the plat to the unit  
10 agreement that shows the boundaries of the unit area and as  
11 well the location of the initial test well.

12           Exhibit C is a copy of the schedule to the unit  
13 agreement that identifies the working interest and then the  
14 State's royalty interest in this area.

15           And then Exhibit D was supposed to be the  
16 approval letter from the State Land Office. I was on the  
17 phone with Pete Martinez yesterday. He indicated that the  
18 State has everything that it needs, that I could represent  
19 that they have given preliminary approval. The only  
20 problem is, Jami Bailey is on vacation and will not be back  
21 until tomorrow. So I hope to have a letter in hand  
22 tomorrow, and with your permission I'd like to supplement  
23 the record tomorrow with that letter.

24           And then Exhibit E is a net sand isopach map for  
25 the middle Morrow sands which project the sand trends

1 throughout this area.

2 And Exhibit F is a north-south cross-section of  
3 the middle Morrow sands.

4 We believe this affidavit and the exhibits  
5 demonstrate that the unit covers an area that can be  
6 reasonably developed under a unit plan, we believe that  
7 approval of this unit will result in the efficient recovery  
8 of hydrocarbons, the prevention of waste and the protection  
9 of correlative rights, so we ask that Exhibit 1 be admitted  
10 into evidence and that the Division allow me to supplement  
11 with the State's letter tomorrow, and then take this matter  
12 under advisement and issue its order approving the unit.

13 EXAMINER JONES: Okay, there's some -- within  
14 Exhibit 1 you have Exhibit E, which shows the unit outline,  
15 and it has a bunch of wells already in the unit. Is that  
16 okay with the State Land Office, that there will be --  
17 their letter will show that these are...

18 MR. FELDEWERT: You're on Exhibit E?

19 EXAMINER JONES: Yes.

20 MR. FELDEWERT: Yeah, I'm not sure the status of  
21 these wells.

22 EXAMINER JONES: Okay.

23 MR. FELDEWERT: I know they were used to develop  
24 the cross-section. I'm not sure of the status of these  
25 wells.

1 EXAMINER JONES: Okay, but Exhibit D will clarify  
2 the land department's position on this --

3 MR. FELDEWERT: State Land Office, yes.

4 EXAMINER JONES: State Land Office.

5 MR. FELDEWERT: See, Yates actually had a meeting  
6 with the State Land Office. They explained the proposed  
7 development, provided the information that the State Land  
8 Office requested, and like I said, I was on the phone  
9 yesterday with Mr. Martinez, who indicated that they had  
10 everything they needed and would be issuing preliminary  
11 approval.

12 EXAMINER JONES: Okay, thank you.

13 Exhibit 1, which includes Exhibits 1 through E  
14 will be admitted into evidence.

15 And I have no further questions.

16 Mr. Brooks?

17 MR. BROOKS: No questions.

18 EXAMINER JONES: Thank you very much.

19 MR. FELDEWERT: Thank you, Mr. Examiner.

20 EXAMINER JONES: With that, Case 13,091 will be  
21 taken under advisement.

22 (Thereupon, these proceedings were concluded at  
23 8:35 a.m.)

24 I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 3011  
heard by me on 6/19 2/5/93

25

*Will Jones*  
\_\_\_\_\_, Examiner  
Oil Conservation Division

## CERTIFICATE OF REPORTER

STATE OF NEW MEXICO    )  
                              )   ss.  
COUNTY OF SANTA FE    )

I, Steven T. Brenner, Certified Court Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I transcribed my notes; 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 June 19th, 2003.



STEVEN T. BRENNER  
CCR No. 7

My commission expires: October 16th, 2006