

Dawson, Scott, EMNRD

From: ed anderson <nightlightning46@yahoo.com>
Sent: Thursday, May 17, 2018 8:54 AM
To: Dawson, Scott, EMNRD
Subject: Appearance at Hearing

Good Morning Scott,

This email is to confirm that I will not be appearing at Chevron's hearing for the forced pooling application.

Regarding Chevron's filing the application prior to following the procedure set forth in the Operating Agreement (OA), Chevron will probably argue that the Operating Agreement does not control because the proposed wells will be drilled in parts of two sections, and the OA only covers Section 15.

That is a rabbit trail and ineffective argument. The OA does not have an exception for wells which are pooled, whether forced or voluntarily formed, covering Section 15 and other lands.

The Operating Agreement controls the relationship between the Operator and Non-Operators, and Chevron is obligated to follow the procedure set forth in the OA. If there was an exception created under the OA for horizontal wells covering more than Section 15, it would be a different case, but that OA was created prior to the advent of horizontal drilling. If Chevron wanted to amend the OA to provide for horizontal wells, it should have done so under the provisions of the OA. It did nothing to amend the OA.

Chevron's predecessor in title made the rules under the OA, and as successor operator, Chevron is obligated to abide by the provisions of the OA covering proposed wells.

Thank you,

Ed Anderson

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