

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

**APPLICATION OF CHEVRON U.S.A.
INC. FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

Case No. 21125

**KAISER-FRANCIS OIL COMPANY'S
PRE-HEARING STATEMENT**

Kaiser-Francis Oil Company ("Kaiser-Francis") submits its Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

Chevron U.S.A., Inc.

APPLICANT'S ATTORNEYS

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OPPONENT

Kaiser-Francis Oil Company

OPPONENT'S ATTORNEYS

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STATEMENT OF THE CASE

Chevron's application seeks an order pooling all uncommitted mineral interests in the Bone Spring formation in a 320-acre standard horizontal spacing unit comprised of the W/2 W/2 of Sections 25 and 36, Township 23 South, Range 28 East in Eddy County, New Mexico. Chevron proposes to dedicate the horizontal spacing unit to the CB CAL 25 36 State Com 08 #302 Well, which will be horizontally drilled from a surface hole location in Unit D of Section 25 to a bottom hole location in Unit M of Section 36. Chevron's Application for Permit to Drill demonstrates that to complete this well, Chevron proposes to perform significant back-building to the north in Section 24.

Kaiser-Francis is the operator of the Brantley Fee 2419 WC #2H well, which will be completed in the Wolfcamp formation in the S/2 S/2 of Sections 24 and 19, Township 23 South, Range 28 East. Drilling of the well is scheduled to commence this month. The Brantley Fee 2419 WC #2H well is a laydown well that is located directly to the north of Chevron's proposed development, in the area where Chevron intends to back-build. Kaiser-Francis also has plans to complete Bone Spring wells in this area. Chevron's plan to back-build into Section 24 creates a collision risk with Kaiser-Francis's Brantley Fee 2419 WC #2H well and interferes with Kaiser-Francis's development plan. As a result, the granting of Chevron's application would impair Kaiser-Francis's correlative rights and result in waste, and Kaiser-Francis opposes the application.

PROPOSED EVIDENCE

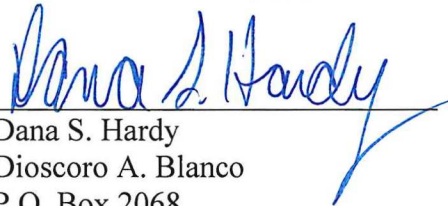
<u>WITNESS</u>	<u>ESTIMATED TIME</u>	<u>EXHIBITS</u>
Michael Maxey (Landman)	15 minutes	Approx. 4
Lee Lindman (Geologist)	15 minutes	Approx. 5
Jake Crissup (Engineer)	15 minutes	Approx. 5
David Zerger (Engineer)	15 minutes	Approx. 5
David Basden (Engineer)	15 minutes	Approx. 5

PROCEDURAL MATTERS

Kaiser-Francis is not aware of any procedural matters to be resolved prior to the hearing.

Respectfully submitted,

HINKLE SHANOR, LLP



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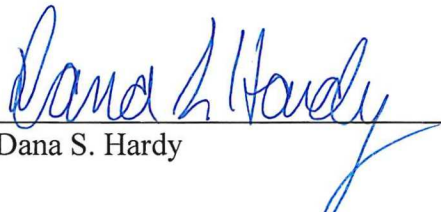
Counsel for Kaiser-Francis Oil Company

CERTIFICATE OF SERVICE

I hereby certify that on this 27th day of February, 2020, I sent a true and correct copy of Kaiser-Francis Oil Company's Pre-Hearing Statement via email to:

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