

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. 12,448
)	
APPLICATION OF CHESAPEAKE OPERATING,)	
INC., TO REOPEN CASE 12,448 AND AMEND)	
DIVISION ORDER R-11,432 WHICH PROVIDED)	ORIGINAL
FOR AN UNORTHODOX GAS WELL LOCATION,)	
LEA COUNTY, NEW MEXICO)	
)	

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID R. CATANACH, Hearing Examiner

November 16th, 2000

Santa Fe, New Mexico

OIL CONSERVATION DIV.
NOV 30 PM 10:57

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID R. CATANACH, Hearing Examiner, on Thursday, November 16th, 2000, at the New Mexico Energy, Minerals and Natural Resources Department, Porter Hall, 2040 South Pacheco, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

* * *

I N D E X

November 16th, 2000
Examiner Hearing
CASE NO. 12,448

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A P P E A R A N C E S

FOR THE DIVISION:

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FOR THE APPLICANT:

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Santa Fe, New Mexico 87504-2265
By: W. THOMAS KELLAHIN

FOR TMBR/SHARP DRILLING, INC.:

MONTGOMERY & ANDREWS, P.A.
Attorneys at Law
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P.O. Box 2307
Santa Fe, New Mexico 87504-2307
By: PAUL R. OWEN

* * *

1 WHEREUPON, the following proceedings were had at
2 1:45 p.m.:

3 EXAMINER CATANACH: Call the hearing back to
4 order, and at this time I'm going to call Case 12,448,
5 which is the Application of Chesapeake Operating, Inc., to
6 reopen Case 12,448 and amend Division Order R-11,432, which
7 provided for an unorthodox gas well location, Lea County,
8 New Mexico.

9 Call for appearances in this case.

10 MR. KELLAHIN: Mr. Examiner, I'm Tom Kellahin of
11 the Santa Fe law firm of Kellahin and Kellahin, appearing
12 on behalf of the Applicant.

13 MR. OWEN: Mr. Examiner, my name is Paul R. Owen,
14 appearing with the Santa Fe Law Firm of Montgomery and
15 Andrews, on behalf of TMBR/Sharp Drilling, Inc.

16 EXAMINER CATANACH: Any additional appearances?
17 Okay, Mr. Kellahin?

18 MR. KELLAHIN: Mr. Examiner, if you recall, we
19 presented this case to you at a prior hearing. It involved
20 the request to take Chesapeake's existing Boyce "15" 3 well
21 and recomplete it into the lower Atoka member of the pool.

22 The case advertised at that point had included an
23 unorthodox location for that pool. It did not correctly
24 advertise the need to simultaneously dedicate the spacing
25 unit to the Boyce Number 1 well. That change was made in

1 the advertisement, and it was scheduled back on today's
2 docket to satisfy that notice readvertisement obligation.

3 I have a certificate of mailing in compliance
4 with the notification requirements of the Division, and we
5 have renotified everybody around the spacing unit, those
6 operators that are adjoining or contiguous with the spacing
7 unit. So if you'll allow me, I'll present that as Exhibit
8 A.

9 If you care, I can identify where those operators
10 are. But at this point that completes our presentation,
11 with the introduction of the notice certificate.

12 EXAMINER CATANACH: Okay, the notice will be
13 admitted as evidence in this case.

14 Mr. Owen?

15 MR. OWEN: May it please the Examiner, you will
16 recall that this case was originally presented by
17 Chesapeake as a request that the Atoka formation be split
18 into two separate pools and a new pool be created for what
19 is being called the Brunson interval of the Atoka
20 formation.

21 This area has been the subject of intense
22 exploration and intense interest on behalf of several
23 operators seeking to exploit the Brunson interval. On
24 behalf of TMBR/Sharp, I am not here today to object to the
25 Application in this case. I do not make objection to the

1 notice provided to TMBR/Sharp in this case or, in fact, in
2 the merits of the case presented by Chesapeake.

3 However, Mr. Examiner, as this Brunson interval
4 continues to be explored and produced, TMBR/Sharp urges the
5 Division to closely examine the technical evidence
6 presented by Chesapeake and by subsequent operators who
7 present cases dealing with this particular interval, to
8 ensure that, in fact, the Brunson interval is part of the
9 Atoka formation and not, in fact, part of some other
10 formation, thereby affecting correlative rights of other
11 offset operators.

12 Whether this case is used to justify in the
13 future the formation of a secondary pool for the Brunson
14 interval or whether some other case standing alone is used
15 as justification for the creation of such pool, we urge the
16 Division to closely examine the evidence presented by any
17 such operator requesting the formation of such pool, to
18 ensure that the correlative rights of not only those with
19 interests in the Atoka but other formations are protected,
20 as is the Division's statutory duty.

21 Furthermore, Mr. Examiner, as Mr. Kellahin and I
22 have discussed, it was TMBR/Sharp's concern that because
23 these two wells are located on the same 160-acre spacing
24 unit, that perhaps there would be some effort to contract
25 the unit boundaries so that this would be a 160-acre unit,

1 rather than a 320-acre. TMBR/Sharp would like to urge the
2 Division to continue its long-standing practice not to
3 contract any pool boundaries for this particular depth
4 beyond or under the 320-acre spacing unit.

5 That concludes my presentation, Mr. Examiner.

6 EXAMINER CATANACH: Thank you, Mr. Owen.

7 Anything further, gentlemen?

8 MR. KELLAHIN: No, sir.

9 EXAMINER CATANACH: All right, there being
10 nothing further, Case 12,448 will be taken under
11 advisement.

12 (Thereupon, these proceedings were concluded at
13 1:50 p.m.)

14 * * *

15
16
17 I do hereby certify that the foregoing is
18 a complete record of the proceedings in
the Examiner hearing of Case No. 12448,
19 heard by me on March 16, 192000.
20 David R. Catnach, Examiner
Off Conservation Division
21
22
23
24
25

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 November 23rd, 2000.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 14, 2002