

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)
 FOR AN UNORTHODOX GAS WELL LOCATION,)
 LEA COUNTY, NEW MEXICO)

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID R. CATANACH, Hearing Examiner

October 19th, 2000

Santa Fe, New Mexico

OCT 32 PM 9:10

OIL CONSERVATION DIV

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID R. CATANACH, Hearing Examiner on Thursday, October 19th, 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.

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I N D E X

October 19th, 2000
Examiner Hearing
CASE NO. 12,448

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Submissions by Mr. Kellahin, not offered or admitted:
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A P P E A R A N C E S

FOR THE APPLICANT:

KELLAHIN & KELLAHIN
117 N. Guadalupe
P.O. Box 2265
Santa Fe, New Mexico 87504-2265
By: W. THOMAS KELLAHIN

* * *

1 WHEREUPON, the following proceedings were had at
2 9:38 a.m.:

3 EXAMINER CATANACH: Call the hearing back to
4 order, and at this time I'll call Case 12,448, which is the
5 Application of Chesapeake Operating, Incorporated, to
6 reopen Case 12,448 and amend Division Order Number R-11,432
7 which provided for an unorthodox gas well location, Lea
8 County, 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 EXAMINER CATANACH: Any additional appearances?
14 Mr. Kellahin?

15 MR. KELLAHIN: Mr. Examiner, Chesapeake seeks
16 Division approval to recomplete the Boyce "15" Number 3
17 well at an unorthodox location in what we have described in
18 previous hearings as the Brunson interval of the Atoka
19 formation, currently within the North Shoe Bar-Atoka Gas
20 Pool.

21 This case and this subject matter was presented
22 to you in a different case. That case was 12,482. It was
23 heard by you on September 7th and an order was issued on
24 September 28th. It's Order Number R-11,460.

25 Case 12,482 dealt with Chesapeake Operating's

1 request to subdivide the Atoka formation so that there
2 would be an upper and lower Atoka. You as Division
3 Examiner declined to do that in this Order.

4 But also in this Order, you expressed an
5 opportunity for Chesapeake to seek Division approval for
6 the simultaneous dedication of this well in that pool, with
7 a well also located in the northeast quarter of this
8 section, which is the Boyce "15" Well Number 1.

9 For purposes of presenting that issue to you for
10 decision, we're asking that you take under consideration
11 and by reference the transcript and exhibit, including the
12 testimony, in that prior case on pool separation and apply
13 it to this case. The reason we say that is, the technical
14 case presented to you which you heard is the complete fact
15 situation that we have.

16 I have given you this morning another set of the
17 exhibits from the pool-separation case, and I will make
18 available to you another copy of the transcript.

19 The case is currently docketed before you this
20 morning for the request of adding the Brunson interval at
21 an unorthodox location. This well was originally drilled
22 as a Strawn well. It was not successful in that formation.

23 The Division approved the opportunity to produce
24 this well in the Morrow Gas Pool, it's in the Townsend-
25 Morrow Gas Pool. Order R-11,432 approved that activity.

1 That's in Case 12,448.

2 In order to properly permit this well for
3 production from the Brunson, we must now also seek an
4 exception from Rule 104 for the simultaneous dedication of
5 two gas wells in the same pool, in the same quarter
6 section. In order to accomplish that, we have filed an
7 amended Application which is docketed for any objection to
8 appear at a hearing on November 16th.

9 We have provided notice to all the offsetting
10 operators and owners to the spacing unit. In addition, the
11 only party towards whom this well encroaches is David H.
12 Arrington Oil and Gas, Inc., and they have signed a waiver
13 of objection.

14 So procedurally, we're asking you to incorporate
15 the record from Case 12,482 into this case and that you
16 would take this case under advisement, pending it being
17 readvertised for November 16th, to add the request for
18 simultaneous dedication. We believe the transcript and
19 record is complete for you to enter an appropriate decision
20 on this request, if we do it in that fashion.

21 At the November 16th hearing, we'll provide you
22 with the appropriate certificate of notification so that
23 you'll have a complete list of those parties to whom notice
24 was sent.

25 EXAMINER CATANACH: I'm sorry, Mr. Kellahin, the

1 readvertisement for this case is necessary for what reason?

2 MR. KELLAHIN: To add into this notice a specific
3 request to simultaneous-dedicate two wells, which is a
4 further exception from Rule 104.

5 As it appears before you now, the public reading
6 the notice would only think about the well location
7 exception and would not be aware that it includes a second
8 well on the 160. I think that correction is appropriate.

9 EXAMINER CATANACH: Okay, at your request the
10 record in Case Number 12,482 will be incorporated into this
11 record, and we will, I assume, continue this case, 12,448,
12 to the November 16th? Is that when it's scheduled?

13 MR. KELLAHIN: Yes, sir.

14 EXAMINER CATANACH: Continue this case to the
15 November 16th docket, at which time, without any additional
16 appearances, it will be taken under advisement, Mr.
17 Kellahin.

18 MR. KELLAHIN: Yes, sir.

19 EXAMINER CATANACH: Okay.

20 (Thereupon, these proceedings were concluded at
21 9:44 a.m.)

22 * * *

23 I do hereby certify that the foregoing is
24 a complete record of the proceedings in
25 the Examiner hearing of Case No. _____
heard by me on _____ 19____

STEVEN M. BRENNER, ECR, Examiner
Conservation Division
(505) 989-9317

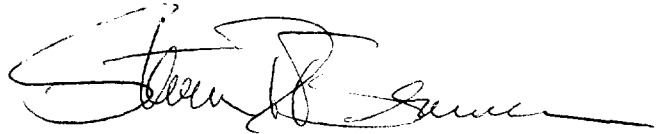
CERTIFICATE OF REPORTER

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 October 20th, 2000.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 14, 2002