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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:

**ORIGINAL**

CASE NO. 14437

APPLICATION OF CHASE OIL  
CORPORATION FOR A NONSTANDARD  
OIL SPACING AND PRORATION UNIT  
AND COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.

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REPORTER'S TRANSCRIPT OF PROCEEDINGS  
EXAMINER HEARING

March 18, 2010  
Santa Fe, New Mexico

BEFORE: TERRY WARNELL: Hearing Examiner  
DAVID BROOKS: Legal Adviser

This matter came for hearing before the New Mexico  
Oil Conservation Division, Terry Warnell, Hearing  
Examiner, on March 18, 2010, at the New Mexico Energy,  
Minerals and Natural Resources Department, 1220 South St.  
Francis Drive, Room 102, Santa Fe, New Mexico.

REPORTED BY: Peggy A. Sedillo, NM CCR No. 88  
Paul Baca Court Reporters  
500 Fourth Street, NW, Suite 105  
Albuquerque, NM 87102

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E X H I B I T S

Page

APPLICANT'S EXHIBITS:

Exhibit No. 4 3

Court Reporter's Certificate 5

A P P E A R A N C E S

FOR THE APPLICANT: JAMES BRUCE, ESQ.  
Attorney at Law  
P. O. Box 1056  
Santa Fe, NM 87504

1 HEARING EXAMINER: We'll call Case No. 14437.  
2 And that's the Application of Chase Oil Corporation for  
3 Nonstandard Oil Spacing and Proration Unit and Compulsory  
4 Pooling, Eddy County, New Mexico. Call for appearances.

5 MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe  
6 representing the applicant. This case was presented two  
7 weeks ago to Mr. Brooks, at which time I had neglected to  
8 have a geologic affidavit handy, and so it was continued  
9 for two weeks to present an affidavit, and that's all I'm  
10 doing today.

11 MR. BROOKS: Okay, is this 14421?

12 HEARING EXAMINER: It's 14437.

13 MR. BROOKS: Okay. That's the other one then.  
14 What happened to 14421? Is it on the docket today?

15 HEARING EXAMINER: I think that was continued.  
16 14421 is Mr. Carr's, and this is the one he wants to  
17 continue to --

18 MR. BROOKS: Okay, that's the one -- Okay, very  
19 good.

20 MR. BRUCE: Both Mr. Examiners, a land affidavit  
21 and notice affidavits were submitted at the last hearing.  
22 Submitted to you today as Exhibit 4 is the affidavit of  
23 Charles Sadler, who is a geologist for Chase Oil.

24 He has attached several attachments to his  
25 affidavit. Exhibit A is a structure map which shows

1 other -- besides the structure, other horizontal wells in  
2 the area and production data from those wells.

3 As you can see, this little four section area  
4 has been rather active for drilling Abo/Wolfcamp wells.  
5 And again, I'd note that the Division has never declared  
6 what it is.

7 Exhibit B to the affidavit is a cross-section  
8 showing the productive interval. And then Exhibit C is  
9 the directional drilling prognosis.

10 Mr. Sadler's affidavit states that the  
11 horizontal wellbore will test for greater reservoir length  
12 and increase the chances for an economic completion, and  
13 that all four quarter quarter sections in the well unit  
14 are prospective in the Wolfcamp. And I think that is  
15 borne out by the production data that you see in  
16 offsetting sections.

17 And so I would move the admission of Exhibit 4.

18 HEARING EXAMINER: Exhibit 4 is admitted. Any  
19 questions, Mr. Brooks?

20 MR. BROOKS: No. I think that's what I was  
21 looking for. So since that sets the case to right, I will  
22 take Case No. 14437 under advisement.

23 (Whereupon, the proceedings concluded.)

24 I do hereby certify that the foregoing is  
25 a complete record of the proceedings in  
the Examiner hearing of Case No. \_\_\_\_\_,  
heard by me on \_\_\_\_\_.

Examiner

1 STATE OF NEW MEXICO )  
 ) ss.  
2 COUNTY OF BERNALILLO )

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REPORTER'S CERTIFICATE

I, PEGGY A. SEDILLO, Certified Court Reporter of the firm Paul Baca Professional Court Reporters do hereby certify that the foregoing transcript is a complete and accurate record of said proceedings as the same were recorded by me or under my supervision.

Dated at Albuquerque, New Mexico this 23rd day of March, 2010.



PEGGY A. SEDILLO, CCR NO. 88  
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