

**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. 21113

**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 Wolfcamp formation in a 640-acre standard horizontal spacing unit comprised of the 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 following wells: (1) the CB Cal 25 36 State Com 08 #401H well, which will be horizontally drilled from a surface location in Unit D of Section 25 to a bottom hole location in Unit M of Section 36; (2) the CB Cal 25 36 State Com 08 #402H well, which will be horizontally drilled from a surface location in Unit D of Section 25 to a bottom hole location in Unit N of Section 36; and (3) the CB Cal 25 36 State Com 08 #403H well, which will be horizontally drilled from a surface location in Unit D of Section 25 to a bottom hole location in Unit N of Section 36. Chevron's Applications for Permits to Drill demonstrate that to complete these wells, 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

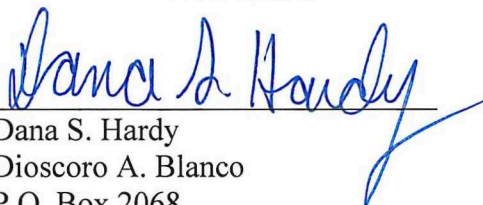
<u>WITNESS</u>	<u>ESTIMATED TIME</u>	<u>EXHIBITS</u>
Michael Maxey (Landman)	15 minutes	Approx. 4
Lee Lindman (Geologist)	15 minutes	Approx. 5
Jake Crissup (Engineer)	15 minutes	Approx. 5
David Zerger (Engineer)	15 minutes	Approx. 5
David Basden (Engineer)	15 minutes	Approx. 5

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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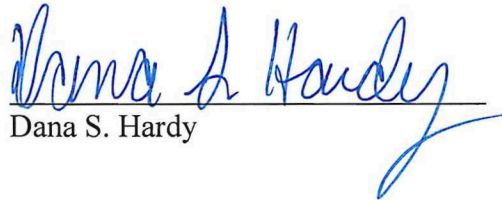
Counsel for Kaiser-Francis Oil Company

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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