

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

APPLICATION OF CHESAPEAKE EXPLORATION, LLC, TO REINSTATE ORDER NOS. R-13303 AND R-13303-A APPROVING STATUTORY UNITIZATION OF THE CHAMBERS STRAWN UNIT AREA, THE CORRESPONDING CHAMBERS STRAWN UNIT WATERFLOOD PROJECT, AND CERTIFICATION OF THE WATERFLOOD PROJECT AS AN ENHANCED OIL RECOVERY PROJECT PURSUANT TO THE ENHANCED OIL RECOVERY ACT, LEA COUNTY, NEW MEXICO.

CASE NO. 14762

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APPLICANT'S PRE-HEARING STATEMENT

Chesapeake Exploration, LLC ("Chesapeake"), submits this Pre-Hearing Statement for the above referenced case pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

Chesapeake Exploration, LLC.
Post Office Box 18496
Oklahoma City, Oklahoma 73154-0496

ATTORNEY

Michael H. Feldewert, Esq.
Holland & Hart, LLP
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421

11/23/11 JMM

OPPONENT

NONE at this time

ATTORNEY

APPLICANT'S STATEMENT OF CASE

Chesapeake seeks an order from the Division reinstating Order Nos. R-13303 and R-13303-A that approved (1) statutory unitization of the Chambers Strawn Unit Area, (2) approved the corresponding waterflood project, and (3) approved certification of the waterflood project as an enhanced oil recovery project. The vertical limits of the previously approved Unitized

Formation comprise that stratigraphic interval occurring from the base of the Strawn Carbonate formation to 100 feet above the top of the Strawn Carbonate formation, as further defined by the logs referenced in paragraph 2 of Order R-13303.

Order paragraph 19 of Order No. R-13303 provided that the injection authority approved by Division “shall terminate one year after the date of this order if the unit operator has not commenced injection operations into the well...” Chesapeake was unable to obtain sufficient produced water and sufficient surface rights of way to commence injection operations in the approved wells within the time frame provided by Order No. R-13303. That authority has therefore terminated. Chesapeake intends to provide a witness to inform the Division that it anticipates that by January of 2012, it will have secured sufficient produced water to commence injection operations in the Chambers Strawn Unit Waterflood Project under the terms and conditions of Order Nos. R-13303 and R-13303-A. Chesapeake’s witness will further inform the Division that it has provided notice of this application to all interested parties of record.

APPLICANT’S PROPOSED EVIDENCE

WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Terry Fronhnapfel – Landman	Approx. 15 minutes	Approx. 5

PROCEDURAL MATTERS

None at this time.

Respectfully submitted,

HOLLAND & HART, LLP

A handwritten signature in black ink, appearing to read "M. Feldewert for".

Michael H. Feldewert
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile
mfeldewert@hollandhart.com

**ATTORNEYS FOR
CHESAPEAKE EXPLORATION, LLC**