

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:

APPLICATION OF CHI ENERGY, INC. FOR
COMPULSORY POOLING, EDDY COUNTY, NEW
MEXICO.

No. 13,449

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by applicant as required by
the Oil Conservation Division.

APPEARANCES

APPLICANT
Chi Energy, Inc.
Post Office Box 1799
Midland, Texas 79702

APPLICANT'S ATTORNEY
James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attention: John W. Qualls
(915) 685-5001

OPPONENT

OPPONENT'S ATTORNEY

STATEMENT OF THE CASE

APPLICANT

Applicant seeks an order pooling all mineral interests from the
surface to the base of the Morrow formation underlying the N $\frac{1}{4}$ of
Section 25, Township 19 South, Range 29 East, NMDM, to form a
standard 320-acre gas spacing and proration unit for any and all
formations and/or pools developed on 320-acre spacing. The unit is
to be dedicated to applicant's Peacekeeper State Com. Well No. 1,
to be located at an orthodox location in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 25.
Also to be considered will be the cost of drilling and completing
the well and the allocation of the cost thereof, as well as actual
operating costs and charges for supervision, designation of Chi
Operating, Inc. as operator of the well, and a cost plus 200%
charge for the risk involved in drilling and completing the well.

OPPONENT

WJB
3/15/05

PROPOSED EVIDENCE

APPLICANT

WITNESSES

EST. TIME

EXHIBITS

Randall Fort
(landman)

15 min.

Approx. 5

OPPONENT

WITNESSES

EST. TIME

EXHIBITS

PROCEDURAL MATTERS

-None-

Respectfully submitted,

James Bruce
Post Office Box 1036
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Chi Energy, Inc.