

**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 CHESAPEAKE OPERATING,
INC. FOR APPROVAL OF AN UNORTHODOX
WELL LOCATION, EDDY COUNTY, NEW MEXICO.**

Case No. 14,825

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Devon Energy Production Company, L.P. ("Devon") as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Chesapeake Operating, Inc.

APPLICANT'S ATTORNEY

Michael Feldewert

OPPONENT

Devon Energy Production Company, L.P.
P.O. Box 108838
Oklahoma City, Oklahoma 73101

OPPONENT'S ATTORNEY

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

Attention: Sam McCurdy
(405) 228-2406

STATEMENT OF THE CASE

APPLICANT

OPPONENT

Applicant requests approval of a severely unorthodox oil well location for a well it has already drilled. Devon objects to approval of the location, for the following reasons:

1. The well will drain offsetting leases owned by Devon.
2. Applicant's well is on state land, while Devon's offsetting leases are federal land. If the location is approved Devon may be subject to a development demand by the

Bureau of Land Management. However, Devon has no plans to drill an offset well at this time and thus would incur liability, at a minimum, in the payment of compensating royalties.

Devon requests that the application be denied.

PROPOSED EVIDENCE

APPLICANT

OPPONENT

Devon may present one or more of the following witnesses:

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Sam McCurdy (landman)	10 min.	Approx. 2
Carl Burdick (geologist)	15 min.	Approx. 3
Adam Kline (reservoir engineer)	15 min.	Approx. 3

PROCEDURAL MATTERS

-None-

Respectfully submitted,



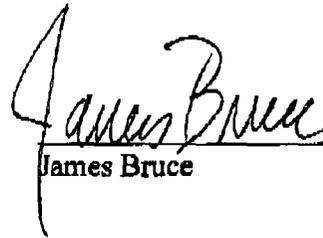
James Bruce
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Attorney for Devon Energy Production
Company, L.P.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 19th day of April, 2012 by facsimile transmission and U.S. Mail:

Michael Feldewert
Adam Rankin
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James Bruce

RECEIVED