

**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.**

Case No. 13,565

PRE-HEARING STATEMENT

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

APPEARANCES

APPLICANT

Chi Energy, Inc.
P.O. Box 1799
Midland, Texas 79702
(432) 685 5001

Attention: John W. Qualls

APPLICANT'S ATTORNEY

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

OPPONENT

OPPONENT'S ATTORNEY

STATEMENT OF THE CASE

APPLICANT

Applicant seeks an order pooling all mineral interests from the base of the Wolfcamp formation to the base of the Morrow formation underlying the E/2 of Section 7, Township 19 South, Range 26 East, NMPM, to form a standard 320-acre gas spacing and proration unit for any and all formations or pools developed on 320-acre spacing within that vertical extent, including the Undesignated West Four Mile Draw-Strawn Gas Pool and West Four Mile Draw-Morrow Gas Pool. The unit is to be dedicated to the Bermuda Well No. 1, to be drilled at an orthodox gas well location in the NE/4NE/4 of Section 7. 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 200% charge for the risk involved in drilling and completing the well.

QX 9/30/05

OPPONENT**PROPOSED EVIDENCE**APPLICANTWITNESSES

John W. Qualls
(landman)

EST. TIME

15 min.

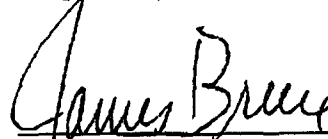
EXHIBITS

Approx. 5

OPPONENTWITNESSESEST. TIMEEXHIBITS**PROCEDURAL MATTERS**

-None-

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
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Attorney for Chi Energy, Inc.