

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. 13156

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

Attention: John Qualls  
(915) 685-5001

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 surface to the base of the Morrow formation underlying the S¼ of Section 30, Township 22 South, Range 27 East, NMPM, to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent, including the South Carlsbad-Morrow Gas Pool and South Carlsbad-Strawn Gas Pool. The unit is to be dedicated to applicant's Spencer A Well No. 2, to be located at an orthodox well location in the NW¼SW¼ of Section 30. 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 charge for the risk involved in drilling and completing the well.

OPPONENT

**PROPOSED EVIDENCE****APPLICANT****WITNESSES**

John Qualls  
(landman)

**EST. TIME**

10 Min.

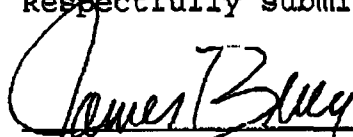
**EXHIBITS**

Approx. 4

**OPPONENT****WITNESSES****EST. TIME****EXHIBITS****PROCEDURAL MATTERS**

-None-

Respectfully submitted,



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

Attorney for Chi Energy, Inc.