

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 A
WATERFLOOD PROJECT AND QUALIFICATION OF THE PROJECT AREA
OF THE CARTER-SHIPPI STRAWN UNIT FOR THE RECOVERED OIL TAX
RATE PURSUANT TO THE ENHANCED OIL RECOVERY ACT, LEA
COUNTY, NEW MEXICO.

CASE NO. 14363

PRE-HEARING STATEMENT

This Prehearing Statement is submitted by Holland & Hart LLP as required by the
Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Chesapeake Operating, Inc.
Attn: Terry Frohnepfel
6100 N. Western
Post Office Box 18496
Oklahoma City, OK 73154-0496
(405) 810-2727

ATTORNEY

William F. Carr, Esq.
Holland & Hart LLP
Post Office Box 2208
Santa Fe, New Mexico 87504
(505) 988-4421

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STATEMENT OF CASE

Applicant in the above-styled cause, seeks approval of its Carter-Shipp Strawn Unit
Waterflood Project by injection of water into the Strawn formation through two injection
wells located in the following described area:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM

Section 21: SE/4 SE/4
Section 27: NW/4
Section 28: NE/4

The applicant requests that the Division establish procedures for the administrative
approval of additional injection wells within the unit area without the necessity of further
hearings and the adoption of any provisions necessary for such other matters as may be
appropriate for said waterflood operations. Applicant further seeks to qualify the project

area for the Recovered Oil Tax Rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5).

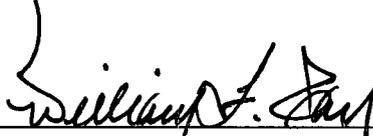
PROPOSED EVIDENCE

APPLICANT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Terry Frohnapfel (Land)	Approx. 20 Min.	Approx. 12
Robert Martin (Geology)	Approx. 15 Min.	Approx. 6
Everett Bradley (Engineer)	Approx. 20 Min.	Approx. 7

PROCEDURAL MATTERS

Chesapeake Operating, Inc., will request that this case be consolidated for the purposes of hearing with Case 14362.



William F. Carr
Attorney for Chesapeake Operating,
Inc.