

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. 13193

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 Oualls  
(915) 685-5001

APPLICANT'S ATTORNEY

James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87501  
(505) 982-2043

OPPONENTOPPONENT'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 following described acreage in Section 3, Township 22 South, Range 26 East, NMPM, and in the following manner: The S $\frac{1}{4}$  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 Undesignated Happy Valley-Strawn Gas Pool, Undesignated Happy Valley-Atoka Gas Pool, and Undesignated Happy Valley-Morrow Gas Pool; the SW $\frac{1}{4}$  to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within that vertical extent; and the SW $\frac{1}{4}$ SW $\frac{1}{4}$  to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within that vertical extent. The units are to be dedicated to applicant's West Carlsbad 3 Well No. 2, to be located at an orthodox location in the SW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 3. 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

KJT 12/15/03

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. The units are located approximately 3 miles west of Carlsbad, New Mexico.

OPPONENT

**PROPOSED EVIDENCE**

APPLICANT

WITNESSES  
John Qualls  
(landman)

EST. TIME  
15 Min.

EXHIBITS  
Approx. 4

OPPONENT

WITNESSES

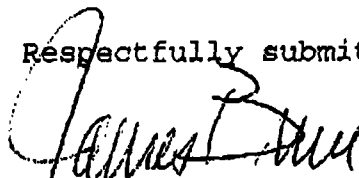
EST. TIME

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.