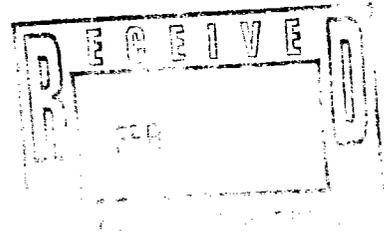


STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION



**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

CASE NO. 10556(Reopened)

**IN THE MATTER OF CASE 10556 BEING REOPENED
PURSUANT TO ORDER R-5353-M, WHICH RECLASSIFIED
OLD MILLMAN RANCH-BONE SPRINGS POOL, AS AN
"ASSOCIATED POOL", EDDY COUNTY, NEW MEXICO.**

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by CHI ENERGY INC. as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

Chi Energy Inc.
P. O. Box 1799
Midland, Texas 79702-1799
Attn: Bill Bergman
(915) 685-5001

ATTORNEY

W. Thomas Kellahin
KELLAHIN AND KELLAHIN
P.O. Box 2265
Santa Fe, NM 87504
(505) 982-4285

OTHER PARTY

Oxy USA Inc.

ATTORNEY

William F. Carr, Esq.

STATEMENT OF CASE

APPLICANT

Chi Energy Inc. was the original applicant and obtained Order R-5353-M issued August 31, 1993, which reclassified the Oil Millman Ranch-Bone Springs Pool as an "Associated Pool" governed by Order R-5353 with special provisions including 80-acre oil and 160-acre gas spacing and proration units with a provision for a 5,000 to 1 GOR.

Based upon subsequent data, Chi Energy Inc. now seeks to have this pool designated as an "associated" oil and gas pool on a permanent basis subject to Division Order R-5353-M **BUT** to reduce spacing to 80-acre gas well spacing and 40-acre oil well spacing with continuation of the 5,000 to 1 GOR limitation.

PROPOSED EVIDENCE

APPLICANT

WITNESSES	EST. TIME	EXHIBITS
Mike Hays (geology)	20 Min.	@ 2 exhibits
David Myers (PE)	30-40 Min	@ 10 exhibits

PROCEDURAL MATTERS

None applicable at this time.

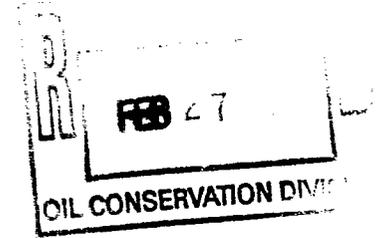
~~KELLAHIN AND KELLAHIN~~

By: 

W. Thomas Kellahin
P.O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285

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:



IN THE MATTER OF CASE NO. 10556
BEING REOPENED PURSUANT TO THE
PROVISIONS OF DIVISION ORDER NO.
R-5353-M, WHICH ORDER RECLASSIFIED
THE OLD MILLMAN RANCH-BONE SPRING
POOL IN TOWNSHIPS 19 AND 20 SOUTH,
RANGE 28 EAST,
EDDY COUNTY, NEW MEXICO.

No. 10556

PRE-HEARING STATEMENT

This Prehearing Statement is submitted by Campbell, Carr, Berge & Sheridan, P.A.,
as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

OXY USA INC.
c/o Rick Foppiano
Post Office Box 50250
Midland, TX 79710
(915) 685-5913

name, address, phone and
contact person

ATTORNEY

William F. Carr, Esq.
Campbell, Carr, Berge & Sheridan, P.A.
Post Office Box 2208
Santa Fe, New Mexico 87504
(505) 988-4421

OTHER PARTY

name, address, phone and
contact person

ATTORNEY

STATEMENT OF CASE

APPLICANT

(Please make a concise statement of what is being sought with this application and the reasons therefore.)

OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

FOR OXY USA INC.

OXY USA INC., will present geological and engineering testimony in support of adoption of the Temporary Pool Rules for the Oil Millman Ranch - Bone Spring Pool on a permanent basis.

PROPOSED EVIDENCE

APPLICANT

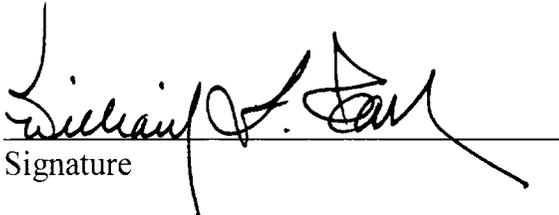
WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
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OTHER PARTY - FOR OXY USA INC.

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Tom Tinney, Geologist	30 Min.	Approximately 7
Raj Prasad, Reservoir Engineer	30 Min.	Approximately 7

PROCEDURAL MATTERS

(Please identify any procedural matters which need to be resolved prior to hearing)


Signature