

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

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

APPLICATION OF CHI OPERATING, INC. FOR
COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO.

Case No. 15,521

PRE-HEARING STATEMENT

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

APPEARANCES

APPLICANT

Chi Operating, Inc.
P.O. Box 1799
Midland, Texas 79702

Attention: John W. Qualls
(432) 685-5001

APPLICANT'S ATTORNEY

James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

OPPONENT

OPPONENT'S ATTORNEY

STATEMENT OF THE CASE

APPLICANT

Operating, Inc. seeks an order pooling all mineral interests from the surface to 5000 feet subsurface underlying the SW/4SE/4 of Section 13, Township 18 South, Range 30 East, NMPM, to form a standard 40 acre oil spacing and proration unit for all pools or formations developed on 40 acre spacing within that vertical extent. The unit is dedicated to the Shugart West 13 Fed. Well No. 1, located at an orthodox location in the SW/4SE/4 of Section 13. Also to be considered will be the cost of drilling and completing, or recompleting, the well and the allocation of the cost thereof, actual operating costs and charges for supervision, designation of applicant as operator of the well, and setting a 200% charge for the risk involved in drilling and completing, or recompleting, the well.

OPPONENT

PROPOSED EVIDENCE

APPLICANT

| <u>WITNESSES</u> | <u>EST. TIME</u> | <u>EXHIBITS</u> |
|-----------------------------|------------------|-----------------|
| John W. Qualls (landman) | 10 min. | Approx. 3 |

OPPONENT

| <u>WITNESSES</u> | <u>EST. TIME</u> | <u>EXHIBITS</u> |
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PROCEDURAL MATTERS

IF THERE IS NO OPPOSITION APPLICANT INTENDS TO PRESENT THIS CASE BY AFFIDAVIT.

Respectfully submitted,



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

Attorney for Chi Operating, Inc.