

10

**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 HEARING:**

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

CASE 14069

PRE-HEARING STATEMENT

**Chesapeake Operating, Inc. submits this pre-hearing statement as required by the
New Mexico Oil Conservation Division.**

APPEARANCES OF THE PARTIES

APPLICANT

**Chesapeake Operating, Inc.
6100 N. Western Ave
Oklahoma City, OK 73118
Attn: Lynda Townsend
405-879-9414**

ATTORNEY

**Thomas Kellahin, Esq.
706 Gonzales Road
Santa Fe, New Mexico 87501
505-982-4285**

OPPONENT

none

ATTORNEY

STATEMENT OF THE CASE

APPLICANT:

Chesapeake Operating, Inc., in accordance with Section 70-1-17.C seeks a compulsory order pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the following described acreage in Section 24, T20S, R21E, NMPM, in the following manner: the N/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within that vertical extent. This unit is to be dedicated to its Deer Canyon Federal Well No. 1H (API# pending) which will be located at an unorthodox surface location 1310 feet FNL and 120 feet FWL (Unit D) and deviated so that when the wellbore penetrates the Wolfcamp formation it will be at a standard subsurface location, 1416 feet FNL and 660 feet FWL Unit E) then drilled horizontally in an easterly direction staying within a producing area 660 feet from each of the end and side boundaries of this spacing unit and ending at a standard bottom hole location 1980 feet FNL and 660 feet FEL (Lot 2). Also to be considered will be the costs of drilling and completing this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of the applicant as the operator of the well and a 200% charge for risk involved in this well.

PROPOSED EVIDENCE

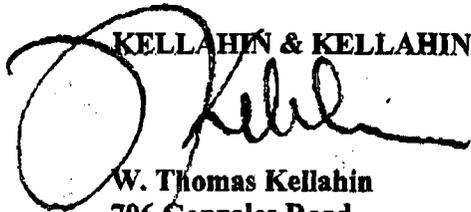
APPLICANT

WITNESSES	EST. TIME	EST. EXHIBITS
Sara Caldwell, landman	15-20 min	about 6-8

PROCEDURAL MATTERS

None

KELLAHIN & KELLAHIN



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