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2008 SEP 4 PM 3 07

September 4, 2008

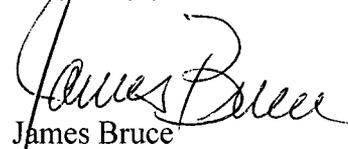
Mark E. Fesmire, P.E.  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Re: Case Nos. 14001 and 14002 *de novo*/Chesapeake unitization & waterflood

Dear Mr. Fesmire:

Enclosed are 6 copies of Pintails' pre-hearing statement.

Very truly yours,



James Bruce

Attorney for Pintail Production Company, Inc.

cc: William F. Carr  
Gail MacQuesten

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

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

APPLICATION OF CHESAPEAKE EXPLORATION,  
L.L.C. FOR STATUTORY UNITIZATION OF THE  
QUAIL-QUEEN UNIT AREA, LEA COUNTY, NEW  
MEXICO.

Case No. 14,001

APPLICATION OF CHEASAPEAKE EXPLORATION,  
L.L.C. FOR APPROVAL OF A WATERFLOOD  
PROJECT AND QUALIFICATION OF THE PROJECT  
AREA OF THE QUAIL-QUEEN UNIT AREA FOR THE  
RECOVERED OIL TAX RATE PURSUANT TO THE  
ENHANCED OIL RECOVERY ACT, LEA COUNTY,  
NEW MEXICO.

Case No. 14,002

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Pintail Production Company, Inc. as required by the Oil Conservation Division.

**APPEARANCES**

APPLICANT

Chesapeake Exploration, L.L.C.

APPLICANT'S ATTORNEY

William F. Carr

OPPONENT

Pintail Production Company, Inc.  
6467 Southwest Boulevard  
Forth Worth, Texas 76132

OPPONENT'S ATTORNEY

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

Attention: Harvey Mueller  
hhmpintail@yahoo.com

**STATEMENT OF THE CASE**

APPLICANT

OPPONENT

Pintail Production Company, Inc. does not object to unitization. However, it objects to the participation formula devised by the Division, in particular the increase of the pore volume factor in the formula from 10% to 40%. Pintail's well in the unit will have approximately 20% of EUR, but shows only 2.5% of pore volume under the formula. That is statistically invalid.

**PROPOSED EVIDENCE**

APPLICANT

WITNESSES

EST. TIME

EXHIBITS

Harvey H. Mueller  
(engineer)

25 min.

Four

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 Pintail Production Company,  
Inc.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 4<sup>th</sup> day of September, 2008:

Via facsimile transmission

William F. Carr  
Holland & Hart LLP  
P.O. Box 2208  
Santa Fe, New Mexico 87504  
(505) 983-6043

Via hand delivery

Gail MacQuesten  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

  
James Bruce