

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 CHESAPEAKE OPERATING, INC. FOR STATUTORY
UNITIZATION OF THE CARTER-SHIPPI STRAWN UNIT AREA, LEA
COUNTY, NEW MEXICO.**

CASE NO. 14362

PRE-HEARING STATEMENT

This Prehearing Statement is submitted by Holland & Hart LLP as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Chesapeake Operating, Inc.
Attn: Terry Frohnapfel
6100 N. Western
Post Office Box 18496
Oklahoma City, OK 73154-0496
(405) 810-2727

ATTORNEY

William F. Carr, Esq.
Holland & Hart LLP
Post Office Box 2208
Santa Fe, New Mexico 87504
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STATEMENT OF CASE

Applicant in the above-styled cause, seeks an order unitizing, for the purpose of establishing an enhanced recovery project, all mineral interest in the Strawn formation, Quail-Queen Pool, underlying 840 acres, more or less, of State and Fee lands in the following acreage:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM

Section 21:	SE/4 SE/4
Section 27:	NW/4
Section 28:	NE/4

Said unit to be designated the Carter-Shipp Strawn Unit. Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the designation of horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of

production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment and such other matters as may be necessary and appropriate for carrying on efficient unit operations; including but not limited to, unit voting procedures, selection, removal or substitution of unit operator, and time of commencement and termination of unit operations. Applicant also requests that any such order issued in this case include a non-consent penalty for risk to be charged against carried working interests within the unit area upon such terms and conditions to be determined by the Division as just and reasonable.

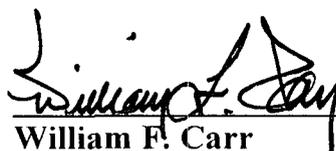
PROPOSED EVIDENCE

APPLICANT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Terry Frohnapfel (Land)	Approx. 20 Min.	Approx. 12
Robert Martin (Geology)	Approx. 15 Min.	Approx. 6
Everett Bradley (Engineer)	Approx. 20 Min.	Approx. 7

PROCEDURAL MATTERS

Chesapeake Operating, Inc., will request that this case be consolidated for the purposes of hearing with Case 14363.



William F. Carr
Attorney for Chesapeake Operating,
Inc.