

**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:**

**APPLICATION OF CHI OPERATING, INC. FOR
AN UNORTHODOX WELL LOCATION, EDDY
COUNTY, NEW MEXICO.**

Case No. 14,524

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

Applicant seeks an order approving an unorthodox location in the Delaware formation (Benson-Delaware Pool) for its proposed Munchkin Fed. Well No. 22, to be drilled at a surface location 750 feet from the north line and 1805 feet from the west line, to a bottomhole location 750 feet from the north line and 2620 feet from the west line, of Section 12, Township 19 South, Range 30 East, N.M.P.M., Eddy County, New Mexico. The NE/4NW/4 of Section 12 will be dedicated to the well.

OPPONENT

PROPOSED EVIDENCE**APPLICANT****WITNESSES****EST. TIME****EXHIBITS**

John W. Qualls
(landman)

25 min.

Approx. 3

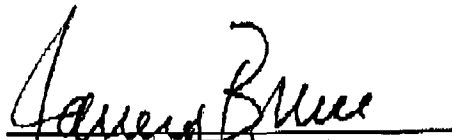
Dave Shatzer
(geologist)

20 min.

Approx. 3

OPPONENT**WITNESSES****EST. TIME****EXHIBITS****PROCEDURAL MATTERS**

Respectfully submitted,



James Bruce
Post Office Box 1056
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(505) 982-2043

Attorney for Chi Operating, Inc.