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

APPLICATION OF MATRIX NEW MEXICO HOLDINGS, LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

PRE-HEARING STATEMENT

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

APPEARENCES OF THE PARTIES

APPLICANT

ATTORNEY

Martix New Mexico Holdings, LLC

OPPONENTS

Chesapeake Operating, Inc. Chesapeake Permian, L.P. Concho Resources, Inc. Steve W. Horn 6100 N. Western Ave Oklahoma City, OK 73118 Attn: Lynda Townsend 405-879-9414

ATTORNEY

Thomas Kellahin, Esq. P.O. Box 2265 Santa Fe, New Mexico 87501 505-982-4285

Paul Owen, Esq.

CASE 13357

Land Services, Inc. Cogent Exploration, Ltd. James Bruce, Esq.

STATEMENT OF THE CASE

OPPONENTS:

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Chesapeake Operating, Inc. will submit evidence to demonstrate that Matrix has failed to comply with Division's rules and procedures has more fully set forth in Chesapeake's Motion to Dismiss, attached here to and incorporated by reference.

PROPOSED EVIDENCE

APPLICANT

WITNESSES

EST. TIME EST. EXHIBITS 20-30 min about 8

Lynda Townsend (landman)

PROCEDURAL MATTERS

Chesapeake's Motion to Dismiss, filed concurrently with this Pre-Hearing Statement

KELLAH N & KELLAHIN

W. Thomas Kellahin P.O. Box 2265 Santa Fe, New Mexico 87504 Phone 505-982-4285 Fax 505-982-2047 E-mail: <u>tkellahin@aol</u>. Com

CERTIFICATE OF SERVICE

I certify that on October 15, 2004, I served a copy of the foregoing documents by:

[] US Mail, postage prepaid [] Hand Delivery

[XX] Facsimile

to the following:

half of

Paul Owen, Esq. Fax 505-982-4289 James Bruce, Esq. Fax 982-2151

M. C. W. Thomas Kellahin

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