

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 ENERGY, INC. FOR  
COMPULSORY POOLING, EDDY COUNTY, NEW  
MEXICO.

No. 13,449

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by applicant as required by  
the Oil Conservation Division.

APPEARANCES

APPLICANT

Chi Energy, Inc.  
Post Office Box 1799  
Midland, Texas 79702

Attention: John W. Qualls  
(915) 685-5001

APPLICANT'S ATTORNEY

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

OPPONENT

OPPONENT'S ATTORNEY

STATEMENT OF THE CASE

APPLICANT

Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the NW $\frac{1}{4}$  of Section 25, Township 19 South, Range 29 East, NMDM, to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing. The unit is to be dedicated to applicant's Peacekeeper State Com. Well No. 1, to be located at an orthodox location in the NE $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 25. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Chi Operating, Inc. as operator of the well, and a cost plus 200% charge for the risk involved in drilling and completing the well.

OPPONENT

WJB  
3/15/05

**PROPOSED EVIDENCE****APPLICANT****WITNESSES**Randall Fort  
(landman)**EST. TIME**

15 min.

**EXHIBITS**

Approx. 5

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

-None-

Respectfully submitted,

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James Bruce  
Post Office Box 1036  
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(505) 982-2043

Attorney for Chi Energy, Inc.