

**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 HEARING:**

**APPLICATION OF MAGNUM HUNTER
PRODUCTION, INC. FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO**

CASE NO. 13642

2006 JAN 24 PM 12 15

1/24/06 am

PRE-HEARING STATEMENT

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

APPEARANCES OF THE PARTIES

APPLICANT

Magnum Hunter Production, Inc.

ATTORNEY

James Bruce, Esq.

OPPONENT

**Chesapeake Operating, Inc.
6100 N. Western Ave
Oklahoma City, OK 73118
Attn: Lynda Townsend
405-879-9414**

ATTORNEY

**Thomas Kellahin, Esq.
P. O. Box 2265
Santa Fe, NM 87504
505-982-4285**

STATEMENT OF THE CASE

OPPONENT:

The applicant, Magnum Hunter Production, Inc. ("Magnum Hunter") seeks a compulsory pooling order pooling the interest of Chesapeake Energy Corporation ("Chesapeake") in the E/2 of Section 33, T17S, R30E, NMPM, Eddy County, NM for a well to drilled to the base of the Morrow formation.

On December 27, 2005, Chesapeake received Magnum Hunter's well proposal. Seven days alter and before Chesapeake could respond to the proposal, Magnum Hunter filed its compulsory pooling application. By doing so, Magnum Hunter prematurely filed this case and failed to comply with the custom and practice of the Division concerning Section 70-2-17.C NMSA 1978 by instituting an application for compulsory pooling prior to conducting good faith efforts to reach a voluntary agreement with Chesapeake.

In addition, on January 23, 2006, Magnum Hunter advised Chesapeake that it was now seeking the pooling of a spacing unit that is different from the one that it had original proposed and upon which the compulsory pooling application is based. Such acts by Mangum Hunter constitute "bad faith" for which the Division should dismiss this case.

PROPOSED EVIDENCE

APPLICANT

WITNESSES

EST. TIME

EST. EXHIBITS

Lynda Townsend (land)

@ 20-30 minutes

@ 6

PROCEDURAL MATTERS

Chesapeake's motion to dismiss Magnum Hunter's application is pending a decision by the Division.

KELLAHIN & KELLAHIN

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CERTIFICATE OF SERVICE

I certify that on January ~~23~~²⁴ 2006, I served a copy of the foregoing documents by:

- ☐ US Mail, postage prepaid
- ☐ Hand Delivery
- ☒ Facsimile

to the following:

Gail McQuesten, Esq. OCD
James Bruce, Esq.



W. Thomas Kellahin