

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. 13078

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 Qualls
(915) 685-5001

APPLICANT'S ATTORNEY

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

OTHER PARTY

OTHER PARTY'S ATTORNEY

STATEMENT OF THE CASE

APPLICANT

Applicant seeks an order pooling all mineral interests from the base of the Queen formation to the base of the Morrow formation underlying the following described acreage in Section 32, Township 18 South, Range 31 East, NMPM, and in the following manner: The NW¼ to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent, including the Undesignated North Shugart-Atoka Gas Pool and Undesignated North Shugart-Morrow Gas Pool; and the NE¼ to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within that vertical extent. The units are to be dedicated to applicant's Porter House 32 State Com. Well No. 1, located at an orthodox location in the NE¼NE¼ of Section 32. Also to be considered will be designation of Chi Operating, Inc. as operator of the well. AT THIS TIME, APPLICANT SEEKS TO POOL ONLY THE RECORD TITLE OWNER OF A STATE OIL AND GAS LEASE.

OTHER PARTY

PROPOSED EVIDENCE**APPLICANT****WITNESSES**

John Qualls
(landman)

EST. TIME

10 Min.

EXHIBITS

- (a) Land plat
- (b) Correspondence
- (c) Notice affidavit

OTHER PARTY**WITNESSES****EST. TIME****EXHIBITS****PROCEDURAL MATTERS**

-None-

Respectfully submitted,



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

Attorney for Chi Energy, Inc.