

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

2006 SEP 21 PM 2 27

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 13788

APPLICATION OF CHI OPERATING, INC. FOR
APPROVAL OF OFF-LEASE STORAGE AND
MEASUREMENT, EDDY COUNTY, NEW
MEXICO.

PRE-HEARING STATEMENT

This Pre-Hearing Statement is submitted by Holland & Hart LLP as required by
the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Chi Operating, Inc.
Attn: John W. Qualls
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Midland, TX 79702
(432) 685-5001

ATTORNEY

William F. Carr, Esq.
Holland & Hart LLP
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OPPOSITION

Charles de B. Hagerman
P. O. Box 1327
Santa Fe, NM 87504

STATEMENT OF CASE

Applicant in the above-styled cause seeks an order pursuant to the provisions of Oil Conservation Division Rule 303.B authorizing the Off-Lease Storage and Measurement of Delaware production, South Carlsbad-Delaware Pool, from its Hagerman Well No. 1 located at a point 1650 feet from the South line and 2200 feet from the West line of Section 30, Township 22 South, Range 27 East, NMPM, at the well site of its Allen Well No. 3, which is located at a point 660 feet from the North line and 1980 feet from the East line of Section 31, Township 22 South, Range 27 East, NMPM. The Hagerman well is located 1650 feet inside the Carlsbad, New Mexico, city limits on the southeastern border of the city.

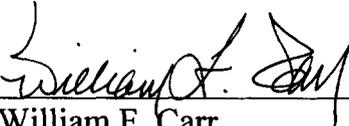
PROPOSED EVIDENCE

APPLICANT

WITNESSES (Name and Expertise)	ESTIMATED TIME	EXHIBITS
John W. Qualls (Vice President)	Approx. 10 Minutes	Approx. 6

PROCEDURAL MATTERS

Chi Operating, Inc. has none at this time.



William F. Carr
Attorney for Chi Operating, Inc.

CERTIFICATE OF SERVICE

I certify that on September 21, 2006, I served a copy of the foregoing document to the following by

- U.S. Mail, postage prepaid
- Hand Delivery
- Fax
- Electronic Service by LexisNexis File & Serve

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