

**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 CHESAPEAKE OPERATING, INC.  
FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO**

2006 NOV 22 PM 12:15  
CASE 13821

**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**

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

**ATTORNEY**

**Thomas Kellahin, Esq.  
706 Gonzales Road  
Santa Fe, New Mexico 87501  
505-982-4285**

**OPPONENT**

**None**

**ATTORNEY**

## STATEMENT OF THE CASE

### APPLICANT:

Chesapeake Operating, Inc., in accordance with Section 70-1-17.C seeks an order pooling all mineral interests in the Upper Pennsylvanian formations underlying the S/2SE/4 of Section 29, T16S, R37E, NMPM, Lea County, New Mexico, forming a standard 80-acre oil spacing and proration unit for any production from these formations, including but not limited to the Northeast Lovington-(Upper) Pennsylvanian Pool. This unit is to be dedicated to its Lawrence "29" Well No. 1 which is to be drilled and completed at a standard well location in Unit P of this section. Also to be considered will be the costs of the drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a risk charge of 200% for the risk involved in this well in accordance with Commission Order R-11992, effective August 15, 2003. This unit is located approximately 6 miles southeast from Lovington, New Mexico.

## PROPOSED EVIDENCE

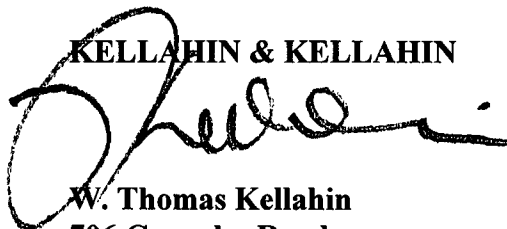
### APPLICANT

WITNESSES	EST. TIME	EST. EXHIBITS
Lynda Townsend (land)	20 minutes	@ 8 exhibits

## PROCEDURAL MATTERS

None

**KELLAHIN & KELLAHIN**



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