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**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 PURVIS OPERATING CO. CASE NO. 13834
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

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

Purvis Operating Co.

ATTORNEY

James Bruce, Esq.

OPPONENT

**Chesapeake Operating, Inc.
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ATTORNEY

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WJ 12/1/06

STATEMENT OF THE CASE

OPPONENT:

The applicant, Purvis Operating Co. ("Purvis") seeks a compulsory pooling order pooling the interest of Chesapeake Energy Corporation ("Chesapeake") in the SW/4 of Section 8, T15S, R35E, NMPM, Lea County, NM in order to for a 320-acre spacing unit consisting of the S/2 of Sec 8 for Purvis' Armadillo State Well No. 1 to drilled in the SW/4 of Sec. 8 to the base of the Mississippi formation.

On November 12, 2006, Purvis filed its compulsory pooling application without proposing this wellbore to Chesapeake. By failing to sent Chesapeake a written wellbore proposal letter, including an AFE, Purvis 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.

On November 17 and again on November 29, 2006, Chesapeake informed Purvis that Chesapeake would participate voluntary in this wellbore providing that Chesapeake would be the operator.

PROPOSED EVIDENCE

APPLICANT

WITNESSES

EST. TIME

EST. EXHIBITS

Lynda Townsend (land)

@ 20-30 minutes

@ 6

PROCEDURAL MATTERS

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

KELLAHIN & KELLAHIN



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CERTIFICATE OF SERVICE

I certify that on December __, 2006, I served a copy of the foregoing documents by:

- US Mail, postage prepaid
- Hand Delivery
- Facsimile

to the following:

David K. Brooks, Esq. OCD
James Bruce, Esq.



W. Thomas Kellahin