STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION 2008 MAR 13 PM 5 03

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

APPLICATION OF CHESAPEAKE OPERATING, INC. FOR AN ORDER AUTHORIZING THE DRILLING OF A WELL IN THE POTASH AREA, LEA COUNTY, NEW MEXICO.

CASE NO. 14101

PRE-HEARING STATEMENT

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

APPEARANCES OF PARTIES

APPLICANT

ATTORNEY

Ed Birdshead Chesapeake Energy Corporation P.O. Box 18496 Oklahoma City, Ok 73154 (405) 879-8409 Ocean Munds-Dry, Esq. Holland & Hart LLP Post Office Box 2208 Santa Fe, New Mexico 87504 (505) 988-4421

STATEMENT OF CASE

APPLICANT

Applicant seeks an order approving the drilling of its proposed Lost Tank 16 State Well No. 4 to test the Lower Brushy Canyon Formation, Lost Tank Delaware Pool within the Potash Area at a location 330 feet from the North and West lines (Unit D) of Section 16, Township 21 South, Range 32 East, NMPM, Lea County, New Mexico. This well will be drilled to an approximate depth of 8,700 to test the Lower Brushy Canyon formation. Said location is within the Potash Area and approximately 36.1 miles east of Eunice, New Mexico.

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PROPOSED EVIDENCE

WITNESSES	ESTIMATED TIME	EXHIBITS
Ed Birdshead Landman	30	10
Lee Wescott or	30	10
David Gosey Geologist	30	10

PROCEDURAL MATTERS

Chesapeake Energy Corporation has none at this time.

So Ocean Munds-Dry

Attorney for Chesapeake Energy Corporation.