

**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:**

**AMENDED APPLICATION OF CHESAPEAKE OPERATING INC. FOR
APPROVAL OF A WATERFLOOD PROJECT AND QUALIFICATION OF THE
PROJECT AREA OF THE QUAIL QUEEN UNIT FOR THE RECOVERED OIL
TAX RATE PURSUANT TO THE ENHANCED OIL RECOVERY ACT, LEA
COUNTY, NEW MEXICO.**

**CASE NO. 14002
De Novo**

AMENDED PRE-HEARING STATEMENT

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

APPEARANCES OF PARTIES

APPLICANT

Chesapeake Operating Inc.
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OPPOSITION

Pintail Production Company, Inc.

ATTORNEY

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STATEMENT OF CASE

Applicant in the above-styled cause, seeks approval of its Quail-Queen Unit Waterflood Project by injection of water into the Queen formation through six injection wells located in the following described area:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM

Section 11:	S/2, NE/4
Section 13:	W/2 NW/4, NW/4 SW/4

The applicant requests that the Division establish procedures for the administrative approval of additional injection wells within the unit area without the necessity of further hearings and the adoption of any provisions necessary for such other matters as may be appropriate for said waterflood operations.

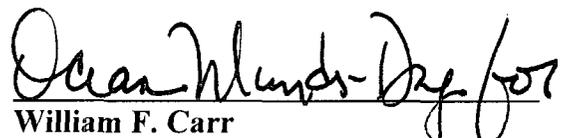
PROPOSED EVIDENCE

APPLICANT:

<u>WITNESSES</u> (Name and Expertise)	<u>ESTIMATED TIME</u>	<u>EXHIBITS</u>
Terry Frohnapfel (Landman)	Approximately 20 Minutes	9
<p>Mr. Frohnapfel will review the status of the lands in the Quail Queen Unit Area and Chesapeake Operating Inc.'s efforts to identify and obtain the voluntary participation of all interest owners in the Quail Queen Unit.</p>		
Robert Martin (Geologist)	Approximately 15 Minutes	5
<p>Mr. Martin will present Chesapeake's geological interpretation of the Quail Queen formation in the Unit Area.</p>		
Greg Adams (Engineer)	Approximately 20 Minutes	10
<p>Mr. Adams will review Chesapeake's engineering data that supports the statutory unitization of this Unit Area and will review the applications of Chesapeake for approval of waterflood operations, its application for authorization to inject into the Queen formation in the Unit Area and Qualification of the Unit Area for the Recovered Tax Rate authorized by the Enhanced Oil Recovery Act.</p>		

PROCEDURAL MATTERS

Chesapeake Operating Inc. will request that this case be consolidated for the purposes of hearing with Case 14001.


William F. Carr
Attorney for Chesapeake Operating Inc.

CASES 14001 AND 14002

**CONSOLIDATED AMENDED APPLICATIONS OF
CHESAPEAKE OPERATING INC.
FOR STATUTORY UNITIZATION AND
APPROVAL OF A WATERFLOOD PROJECT AND QUALIFICATION OF THE
PROJECT AREA OF THE QUAIL QUEEN UNIT
FOR THE RECOVERED OIL TAX RATE PURSUANT TO THE ENHANCED
OIL RECOVERY ACT,
LEA COUNTY, NEW MEXICO.**

LAND:

- EXHIBIT A: Oil Conservation Division Order No. R-12952**
- EXHIBIT 1: Unit Map – Exhibit A to Unit Agreement**
- EXHIBIT 2: Unit Agreement**
- EXHIBIT 3: List of Participation by Unit Tract – Exhibit C to Unit Agreement**
- EXHIBIT 4: List of redesignated well names**
- EXHIBIT 5: Unit Operating Agreement**
- EXHIBIT 6: Correspondence – Shows efforts to reach Voluntary Agreement**
- EXHIBIT 7: Preliminary Approval Letter from the Commissioner of Public Lands**
- EXHIBIT 8: List of Working Interest Owners Working Interest Owner Ratifications**
- EXHIBIT 9: Notice Letters – Waterflood Project**
- EXHIBIT 26: Revised SLO Preliminary Approval Letter**

GEOLOGY:

- EXHIBIT 10: Type Log**
- EXHIBIT 11: Structure Map – Top of Queen**
- EXHIBIT 12: N/S Cross Section**
- EXHIBIT 13: Queen B Sand -Net Porosity Map**
- EXHIBIT 14: Queen C Sand - Net Porosity Map**

ENGINEERING:

- EXHIBIT 15: Revised Executive Summary**
- EXHIBIT 16: 4 Well Montage**
- EXHIBIT 17: West Pearl Queen Locator**
- EXHIBIT 18: Comparison QQU v. WQPU**
- EXHIBIT 19: Tract Participation Factors**
- EXHIBIT 20: First Capital Expenditures – shows conversions**
- EXHIBIT 21: Second Capital Expenditures**
- EXHIBIT 22: Plot – Expected Production**
- EXHIBIT 23: C-108**
- EXHIBIT 24: Application for Incentive Tax Rate**
- EXHIBIT 25: Feasibility Study**

CERTIFICATE OF SERVICE

I certify that on September 4, 2008 I served a copy of the foregoing document to the following by Hand Delivery or by Facsimile:

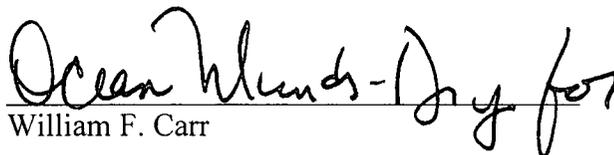
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