

**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:**

**APPLICATION OF CHESAPEAKE EXPLORATION LLC DOING BUSINESS
AS CHESAPEAKE OPERATING, INC. FOR APPROVAL OF A WATERFLOOD
PROJECT AND QUALIFICATION OF THE PROJECT AREA OF THE
CARTER-SHIPPI STRAWN UNIT FOR THE RECOVERED OIL TAX RATE
PURSUANT TO THE ENHANCED OIL RECOVERY ACT, LEA COUNTY, NEW
MEXICO.**

PRE-HEARING STATEMENT

This Prehearing Statement is submitted by Holland & Hart LLP as required by Oil
Conservation Division Rule 19.15.4.13.B NMAC:

APPEARANCES OF PARTIES

APPLICANT

Chesapeake Exploration LLC doing
business as Chesapeake Operating, Inc.
Attn: Terry Frohnapfel
6100 N. Western
Post Office Box 18496
Oklahoma City, OK 73154-0496
(405) 810-2727

ATTORNEY

William F. Carr, Esq.
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Santa Fe, New Mexico 87504
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STATEMENT OF CASE

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

TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM

Section 21:	SE/4 SE/4
Section 27:	NW/4
Section 28:	NE/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

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hearings and the adoption of any provisions necessary for such other matters as may be appropriate for said waterflood operations. Applicant further seeks to qualify the project area for the Recovered Oil Tax Rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). Said Area is located approximately 1.5 miles Southwest of Lovington, New Mexico.

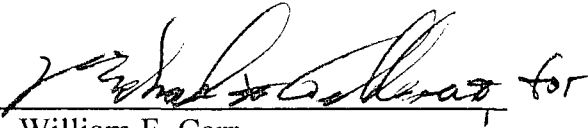
PROPOSED EVIDENCE

APPLICANT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Terry Frohnapfel (Land)	Approx. 20 Min.	Approx. 11
Chima Nzewunwah (Geology)	Approx. 15 Min.	Approx. 4
Everett Bradley (Engineer)	Approx. 20 Min.	Approx. 8

PROCEDURAL MATTERS

Chesapeake Operating, Inc., will request that this case be consolidated for the purposes of hearing with Case 14477.

By  for
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**ATTORNEY FOR CHESAPEAKE
EXPLORATION LLC DOING BUSINESS AS
CHESAPEAKE OPERATING, INC.**