

**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 CHI ENERGY, INC.  
FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.

CASE NO. 12157

OIL CONSERVATION DIV.  
99 APR 13 PM 2:12

**PRE-HEARING STATEMENT**

This Prehearing Statement is submitted by Campbell, Carr & Berge & Sheridan, P.A.,  
as required by the Oil Conservation Division.

**APPEARANCES OF PARTIES**

**APPLICANT**

**ATTORNEY**

Chi Energy, Inc.  
c/o John Qualls  
212 N. Main Street, Suite 200  
Midland, TX 79701  
(915) 685-5001

William F. Carr, Esq.  
Campbell, Carr, Berge & Sheridan, P.A.  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
(505) 988-4421

name, address, phone and  
contact person

**OTHER PARTY**

**ATTORNEY**

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name, address, phone and  
contact person

**STATEMENT OF CASE**

**APPLICANT**

(Please make a concise statement of what is being sought with this application and the reasons therefore.)

Chi Energy, Inc., applicant in the above-captioned case, seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying the E/2 of Section 19, Township 20 South, Range 34 East, to form a standard 320-acre spacing and proration unit for any formation and/or pools developed on 320-acre gas spacing within that vertical extent, including the Undesignated Quail Ridge-Morrow Gas Pool. The unit is to be dedicated to the Greenstone Fed. Com. Well No. 1, located at an unorthodox surface/bottomhole location 480 feet from the South line and 1650 feet from the East line (Unit O), or in the alternative, directionally drilled from the above surface location to an unorthodox gas well bottomhole location 760 feet from the South line and 1650 feet from the East line (Unit O). Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling and completing said well.

**OTHER PARTY**

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

**PROPOSED EVIDENCE**

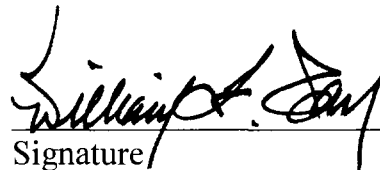
**APPLICANT**

<b>WITNESSES</b> (Name and expertise)	<b>EST. TIME</b>	<b>EXHIBITS</b>
John Qualls, Land	15 Min.	Approximately 6
Kurt Anderson, Geologist	10 Min.	Approximately 3

<b>WITNESSES</b> (Name and expertise)	<b>EST. TIME</b>	<b>EXHIBITS</b>
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**PROCEDURAL MATTERS**

(Please identify any procedural matters which need to be resolved prior to hearing)

  
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Signature