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6-18-99

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

CASE NO. 12186

**APPLICATION OF CHESAPEAKE OPERATING INC.
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

OIL CONSERVATION DIV.
99 JUN 18 AM 8:32

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by CHESAPEAKE OPERATING INC. as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

Chesapeake Operating Inc.
P. O. Box 18496
Oklahoma City, OK 73154
(405) 848-8000
attn: Lynda Townsend

ATTORNEY

W. Thomas Kellahin
KELLAHIN & KELLAHIN
P.O. Box 2265
Santa Fe, NM 87504
(505) 982-4285

OPPONENT

Ameristate Oil and Gas, Inc.

ATTORNEY

William F. Carr, Esq.
P. O. Box 2248
Santa Fe, New Mexico 87504
(505) 988-4421

STATEMENT OF THE CASE

Chesapeake Operating Inc. seeks a compulsory pooling order for the E/2 of Section 15, T16S, R35E, Lea County, New Mexico as a 320-acre gas spacing unit for its proposed Boyce 15 Well No. to be drilled at a standard well location 1650 feet from the north line and 660 feet from the east line of this section.

PROPOSED EVIDENCE

APPLICANT:

WITNESSES	EST. TIME	EXHIBITS
Lynda Townsend (landman)	30 min.	@ 8 exhibits
Robert Hefner (geology)	30 Min.	@ 3 exhibits

PROCEDURAL MATTERS

On April 29, 1999, Chesapeake filed its compulsory pooling application. On May 18, 1999, Ameristate filed its compulsory pooling application. On May 18, 1999, Ameristate obtained a subpoena seeking the production of Chesapeake's 2-D and 3-D seismic data. On May 26, 1999, Chesapeake filed its motion to quash the subpoena and its motion to dismiss the Ameristate compulsory pooling case. On June 3, 1999, Ameristate dismissed its compulsory pooling application.

The seismic data is not relevant to this compulsory pooling case and Ameristate, a business competitor of Chesapeake, is simply using a subpoena as an attempt to acquire Chesapeake's confidential or proprietary documents. Chesapeake requests that the Division enter an order granting Chesapeake's motion to quash the Ameristate subpoena.

KELLAHIN AND KELLAHIN

By: 
W. Thomas Kellahin