

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, EDDY COUNTY, NEW
MEXICO.

80
No. 12978

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by applicant as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Chi Energy, Inc.
Post Office Box 1799
Midland, Texas 79702

Attention: John Qualls
(915) 685-5001

APPLICANT'S ATTORNEY

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

OTHER PARTY

OTHER PARTY'S ATTORNEY

STATEMENT OF THE CASE

APPLICANT

Applicant seeks an order pooling all mineral interests from the base of the Wolfcamp formation to the base of the Morrow formation underlying the S½ of Section 32, Township 18 South, Range 31 East, NMPM, to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent, including the Undesignated North Shugart-Atoka Gas Pool and Undesignated Shugart-Morrow Gas Pool. The unit is to be dedicated to applicant's KC Strip State Com. Well No. 1, to be located at an orthodox gas well location in the S½ of Section 32. Also to be considered will be the designation of Chi Operating, Inc. as operator of the well. Only record title interests are being pooled, in order to obtain approval of a communitization agreement by the State Land Office. **DUE TO AN EXPIRING LEASE, APPLICANT REQUESTS THAT AN ORDER BE ENTERED BEFORE CHRISTMAS.**

OTHER PARTY

PROPOSED EVIDENCE**APPLICANT**

WITNESSES
John Qualls
(landman)

EST. TIME
10 Min.

EXHIBITS
(a) Land plat
(b) Correspondence
(c) Com agreement
(d) Notice affidavit

OTHER PARTY

WITNESSES

EST. TIME

EXHIBITS

PROCEDURAL MATTERS

-None-

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Chi Energy, Inc.