

NEW MEXICO ENERGY, MINERALS AND  
NATURAL RESOURCES DEPARTMENT

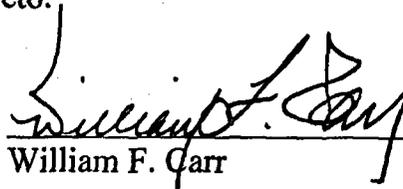
APPLICATION OF CHISOS, LTD. FOR POOL  
CREATION AND CLASSIFICATION OF THIS  
POOL AS A RETROGRADE CONDENSATE GAS  
POOL, EDDY COUNTY, NEW MEXICO.

CASE NO. 13395  
(Readvertised)

AFFIDAVIT

STATE OF NEW MEXICO        )  
) ss.  
COUNTY OF SANTA FE )

William F. Carr, attorney in fact and authorized representative of Chisos, Ltd., the Applicant herein, being first duly sworn, upon oath, states that notice of the above-referenced Application was mailed to the interested parties shown on Exhibit "A" attached hereto in accordance with Oil Conservation Division Rules, and that true and correct copies of the notice letter and proof of notice are attached hereto.

  
\_\_\_\_\_  
William F. Carr

SUBSCRIBED AND SWORN to before me this 2<sup>nd</sup> day of February 2005.

  
\_\_\_\_\_  
Notary Public

My Commission Expires:

Aug 23, 2005

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Case No. 13395 Exhibit No. 3  
Submitted by:  
Chisos, Ltd.  
Hearing Date: February 17, 2005

HOLLAND & HART



William F. Carr  
wcarr@hollandhart.com

January 26, 2005

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

**To Affected Interest Owners**

**Re: Amended Application of Chisos, Ltd. for pool creation and classification of this pool as a retrograde condensate gas pool, Eddy County, New Mexico.**

Ladies and Gentlemen:

This letter is to advise you that Chisos, Ltd. has filed the enclosed amended application seeking seeks an order (i) creating a new pool for the production of natural gas from the Strawn formation to be comprised of the W/2 of Section 6, Township 19 South, Range 30 East, NMPM, Eddy County, New Mexico, (ii) classifying this new Strawn Pool as a retrograde condensate reservoir, and (iii) dedicating the W/2 of said Section 6 to the Chisos, Ltd. Wishbone Federal Com Well No. 1 (API NO. 30-015-30640) at an unorthodox deep gas well location 2000 feet from the South line and 680 feet from the West line of said Section 6. This location was approved by Division Administrative Order NSL-4521-A.

This application has been set for hearing before a Division Examiner on February 17, 2005 at Porter Hall in the Division's Santa Fe offices. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-Hearing Statement with the Oil Conservation Division's Santa Fe office located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505, three days in advance of a scheduled hearing. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,

William F. Carr  
Attorney for Chisos, Ltd.

cc: Mr. Bill Pierce  
3331819\_1.DOC

Holland & Hart

Phone (505) 988-4421 Fax (505) 983-6043 [www.hollandhart.com](http://www.hollandhart.com)

110 North Guadalupe Suite 1 Santa Fe, NM 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Billings Boise Boulder Cheyenne Colorado Springs Denver Denver Tech Center Jackson Hole Salt Lake City Santa Fe Washington, D.C.

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

2005 JAN 25 PM 4 25

IN THE MATTER OF THE AMENDED APPLICATION OF CHISOS, LTD. FOR POOL  
CREATION AND CLASSIFICATION OF THIS POOL AS A RETROGRADE  
CONDENSATE GAS POOL, EDDY COUNTY, NEW MEXICO.

CASE NO. \_\_\_\_\_

AMENDED APPLICATION

CHISOS, LTD. ("Chisos"), through its undersigned attorneys, hereby files this amended application seeking an order (i) creating a new pool for the production of gas in the Strawn formation to be comprised of the W/2 of Section 6, Township 19 South, Range 30 East, NMPM, Eddy County, New Mexico, (ii) classifying this new Strawn Pool as a retrograde condensate reservoir, and (iii) dedicating the W/2 of said Section 6 to the Chisos, Ltd. Wishbone Federal Com Well No. 1. In support of this application, Chisos states:

1. Chisos, Ltd. is the operator of the Wishbone Federal Com Well No. 1 located in Unit L of Section 6, Township 19 South, Range 30 East, NMPM, Eddy County, New Mexico.
2. The Wishbone Federal Com Well No. 1 (API No. 30-015-30640) was drilled by Chisos in 2004 and completed in the Strawn formation at an unorthodox deep gas well location 2000 feet from the South line and 680 feet from the West line of said Section 6. This location was approved by Division Administrative Order NSL-4521-A. Chisos filed an Acreage Dedication Plant (Division Form C-102) dedicating the W/2 of Section 6 to the well. The well initially tested with a gas/oil ratio of 4288 to 1 and produced oil with a gravity of 52.7.
3. On October 24, 2004, the Division wrote Chisos and advised that wells that produced at an oil/gas ratio of more than 100,000 to 1 and with an oil gravity below 53 were by Oil Conservation Division definition oil wells and a 40-acre spacing and proration unit should be dedicated to the well.
4. The data available on the Wishbone Federal Com No. 1 Well shows that this well is a gas well that is completed in a single phase gas pool and that the liquids produced by

the well are the result of retrograde condensation as the gas is produced and the reservoir pressure is reduced.

5. Approval of this application will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

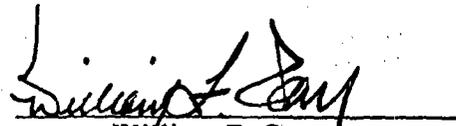
WHEREFORE, Chisos, Ltd. requests that this amended application be set for hearing before an Examiner of the Oil Conservation Division on February 17, 2005 and after notice and hearing as required by law, the Division enter its order:

- A. Establishing a new pool for the production of natural gas in the Strawn formation comprised of the W/2 of Section 6, Township 19 South, Range 30 East, NMPM,
- B. Classifying the new pool as a retrograde condensate reservoir, and
- C. Dedicating the W/2 of said Section 6 to the Chisos, Ltd. Wishbone Federal Com Well No. 1

Respectfully submitted,

HOLLAND & HART LLP

By:



William F. Carr  
Post Office Box 2208  
Santa Fe, NM 87504  
Telephone (505) 988-4421

ATTORNEY FOR CHISOS, LTD.

U.S. Postal Service  
**CERTIFIED MAIL RECEIPT**  
 (Domestic Mail Only; No Insurance Coverage)

**OFFICIAL**

Chisos Amended

|  |                |
|--|----------------|
| Postage  | \$ .60         |
| Certified Fee                                  | 2.30           |
| Return Receipt Fee (Endorsement Required)      | 1.75           |
| Restricted Delivery Fee (Endorsement Required) |                |
| <b>Total Postage &amp; Fees</b>                | <b>\$ 4.65</b> |

Sent To  
 The Eastland Oil Company  
 Post Office Drawer 3488  
 Midland, Texas 79702

PS Form 3800

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:  
 The Eastland Oil Company  
 Post Office Drawer 3488  
 Midland, Texas 79702

2. Article Number (Copy 1) 7001 1140 0002 9557 6589

PS Form 3811, July 1999 Domestic Return Receipt 102595-00-M-0952

**COMPLETE THIS SECTION ON DELIVERY**

A. Received by (Please Print Clearly) Sender **FRANKLIN**

B. Date of Delivery

C. Signature *George Franklin*

Agent  
 Addressee

D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

3. Service Type  
 Certified Mail  
 Registered  
 Insured Mail  
 Express Mail  
 Return Receipt for Merchandise

4. Restricted Delivery? (Extra Fee)  Yes

MIDLAND TX 79701

U.S. Postal Service  
**CERTIFIED MAIL RECEIPT**  
 (Domestic Mail Only; No Insurance Coverage)

**OFFICIAL**

WFO Chisos Amended

|  |                |
|--|----------------|
| Postage  | \$ .60         |
| Certified Fee                                  | 2.30           |
| Return Receipt Fee (Endorsement Required)      | 1.75           |
| Restricted Delivery Fee (Endorsement Required) |                |
| <b>Total Postage &amp; Fees</b>                | <b>\$ 4.65</b> |

Sent To  
 McElvain Oil & Gas Properties  
 Post Office Box 2148  
 Santa Fe, NM 87504

PS Form 3800, January 2001

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:  
 McElvain Oil & Gas Properties  
 Post Office Box 2148  
 Santa Fe, NM 87504

2. Article Number (Copy 1) 7001 1140 0002 9557 6596

PS Form 3811, July 1999 Domestic Return Receipt 102595-00-M-0952

C. Signature *L. Kedone*

Agent  
 Addressee

D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

3. Service Type  
 Certified Mail  
 Registered  
 Insured Mail  
 Express Mail  
 Return Receipt for Merchandise  
 C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

SANTA FE NM 87501

U.S. Postal Service  
**CERTIFIED MAIL RECEIPT**  
 (Domestic Mail Only; No Insurance Coverage)

**OFFICIAL**

Chisos Amended

|  |                |
|--|----------------|
| Postage  | \$ .60         |
| Certified Fee                                  | 2.30           |
| Return Receipt Fee (Endorsement Required)      | 1.75           |
| Restricted Delivery Fee (Endorsement Required) |                |
| <b>Total Postage &amp; Fees</b>                | <b>\$ 4.65</b> |

Sent To  
 MNA Enterprises Ltd. Co.  
 106 West Alabama  
 Hobbs, NM 88242

PS Form 3800

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:  
 MNA Enterprises Ltd. Co.  
 106 West Alabama  
 Hobbs, NM 88242

2. Article Number (Copy 1) 7001 1140 0002 9557 6602

PS Form 3811, July 1999 Domestic Return Receipt 102595-00-M-0952

A. Received by (Please Print Clearly) **DAVID L Alexander**

B. Date of Delivery 1-28-01

C. Signature *David L Alexander*

Agent  
 Addressee

D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

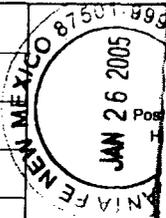
3. Service Type  
 Certified Mail  
 Registered  
 Insured Mail  
 Express Mail  
 Return Receipt for Merchandise  
 C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

U.S. Postal Service  
**CERTIFIED MAIL RECEIPT**  
 (Domestic Mail Only; No Insurance Coverage Provided)

OFFICIAL USE

|  |         |
|--|---------|
| Chisas Postage                                 | \$ .60  |
| Amended Certified Fee                          | 2.30    |
| Return Receipt Fee (Endorsement Required)      | 1.75    |
| Restricted Delivery Fee (Endorsement Required) |         |
| Total Postage & Fees                           | \$ 4.65 |



Sent To  
 Myco Industries, Inc.  
 Post Office Box 840  
 Artesia, NM 88211-0840

PS Form 3800

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:  
 Myco Industries, Inc.  
 Post Office Box 840  
 Artesia, NM 88211-0840

2. Article Numl 7001 1140 0002 9557 6619

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

**COMPLETE THIS SECTION ON DELIVERY**

A. Received by (Please Print Clearly) B. Date of Delivery  
 Toni Hamilton 1/28/05

C. Signature  
 Toni Hamilton

D. Is delivery address different from item 1?  Yes  No  
 If YES, enter delivery address below:  No

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes  No

U.S. Postal Service  
**CERTIFIED MAIL RECEIPT**  
 (Domestic Mail Only; No Insurance Coverage Provided)

OFFICIAL USE

|  |         |
|--|---------|
| Chisas Postage                                 | \$ .60  |
| Amended Certified Fee                          | 2.30    |
| Return Receipt Fee (Endorsement Required)      | 1.75    |
| Restricted Delivery Fee (Endorsement Required) |         |
| Total Postage & Fees                           | \$ 4.65 |



Sent To  
 Mr. Jim Pierce  
 200 West First Street No. 859  
 Roswell, NM 88203

PS Form 3800, J

U.S. Postal Service  
**CERTIFIED MAIL RECEIPT**  
 (Domestic Mail Only; No Insurance Coverage Provided)

OFFICIAL USE

|  |         |
|--|---------|
| Chisas Postage                                 | \$ .60  |
| Amended Certified Fee                          | 2.30    |
| Return Receipt Fee (Endorsement Required)      | 1.75    |
| Restricted Delivery Fee (Endorsement Required) |         |
| Total Postage & Fees                           | \$ 4.65 |



Sent To  
 SDX Resources, Inc.  
 Post Office Box 5061  
 Midland, TX 79704

PS Form 3800

**U.S. Postal Service**  
**CERTIFIED MAIL RECEIPT**  
*(Domestic Mail Only; No Insurance Coverage)*

**OFFICIAL USE**

|  |                |
|--|----------------|
| Chis05 Postage                                 | \$ .60         |
| Amended Certified Fee                          | 2.30           |
| Return Receipt Fee (Endorsement Required)      | 1.75           |
| Restricted Delivery Fee (Endorsement Required) |                |
| <b>Total Postage &amp; Fees</b>                | <b>\$ 4.65</b> |

SAN ANTONIO, TEXAS 78201  
 JAN 26 2005

**Sent To**  
 Snow Operating Co., Inc.  
 5719 Airport Freeway  
 Ft. Worth, Texas 76117

PS Form 3800

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:  
 Snow Operating Co., Inc.  
 5719 Airport Freeway  
 Ft. Worth, Texas 76117

2. Article Number (Copy #) 7001 1140 0002 9557 6565

PS Form 3811, July 1999 Domestic Return Receipt 102595-00-M-0952

**COMPLETE THIS SECTION ON DELIVERY**

A. Received by (Please Print Clearly) B. Date of Delivery  
 [Signature] 1-21-05

C. Signature  
 X [Signature]  Agent  Addressee

D. Is delivery address different from item 1?  Yes  No  
 If YES, enter delivery address below:

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

**U.S. Postal Service**  
**CERTIFIED MAIL RECEIPT**  
*(Domestic Mail Only; No Insurance Coverage)*

**OFFICIAL USE**

|  |                |
|--|----------------|
| Chis05 Postage                                 | \$ .60         |
| Amended Certified Fee                          | 2.30           |
| Return Receipt Fee (Endorsement Required)      | 1.75           |
| Restricted Delivery Fee (Endorsement Required) |                |
| <b>Total Postage &amp; Fees</b>                | <b>\$ 4.65</b> |

SAN ANTONIO, TEXAS 78201  
 JAN 26 2005

**Sent To**  
 Yeso Energy, Inc.  
 Post Office Box 2248  
 Roswell, NM 88202

PS Form 3800

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:  
 Yeso Energy, Inc.  
 Post Office Box 2248  
 Roswell, NM 88202

2. Article Number (Copy #) 7001 1140 0002 9557 6572

PS Form 3811, July 1999 Domestic Return Receipt 102595-00-M-0952

**COMPLETE THIS SECTION ON DELIVERY**

A. Received by (Please Print Clearly) B. Date of Delivery  
 [Signature] 2-5-05

C. Signature  
 X [Signature]  Agent  Addressee

D. Is delivery address different from item 1?  Yes  No  
 If YES, enter delivery address below:

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

U.S. Postal Service  
**CERTIFIED MAIL RECEIPT**  
(Domestic Mail Only; No Insurance Coverage Provided)

OFFICIAL USE

|               |   |         |
|---------------|---|---------|
| WFO<br>ChisRS | Postage   | \$ 1.83 |
|               | Certified Fee                                     | 2.30    |
|               | Return Receipt Fee<br>(Endorsement Required)      | 1.75    |
|               | Restricted Delivery Fee<br>(Endorsement Required) |         |
|               | Total Postage & Fees                              | \$ 4.88 |
| 50885-0002    |   |         |



Sent To  
Mc Elvain Oil & Gas  
Street, Apt. No.,  
or PO Box No. 1050 17th St. Ste 1800  
City, State, ZIP+4 Denver, CO 80265

**NOTICE OF PUBLICATION**

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

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on February 17, 2005, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appoint for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact: Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by February 7, 2005. Public documents including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

**STATE OF NEW MEXICO TO:**

**All named parties and persons  
having any right, title, interest  
or claim in the following cases  
and notice to the public.**

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

**CASE 13395 (Readvertised):**

**Amended application of Chisos, Ltd. for pool creation and classification of this pool as a retrograde condensate gas pool, Eddy County, New Mexico. Applicant seeks an order (i) creating a new pool for the production of natural gas from the Strawn formation to be comprised of the W/2 of Section 6, Township 19 South, Range 30 East, NMPM, Eddy County, New Mexico, (ii) classifying this new Strawn Pool as a retrograde condensate reservoir, and (iii) dedicating the W/2 of said Section 6 to the Chisos, Ltd. Wishbone Federal Com Well No. 1 (API NO. 30-015-30640) at an unorthodox deep gas well location 2000 feet from the South line and 680 feet from the West line of said Section 6. This location was approved by Division Administrative Order NSL-4521-A. Said well is located approximately 20 miles southeast of Artesia, New Mexico.**

**Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this 27<sup>th</sup> day of January 2005.**

**STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**

**Mark E. Fesmire, P.E., Director**

# Affidavit of Publication

NO. 18758

STATE OF NEW MEXICO

County of Eddy:

Gary D. Scott being duly

sworn, says: That he is the Publisher of The Artesia Daily Press, a daily newspaper of general circulation, published in English at Artesia, said county and county and state, and that the here to attached

### Legal Notice

was published in a regular and entire issue of the said Artesia Daily Press, a daily newspaper duly qualified for that purpose within the meaning of Chapter 167 of the 1937 Session Laws of the state of New Mexico for 1 consecutive weeks/days on the same

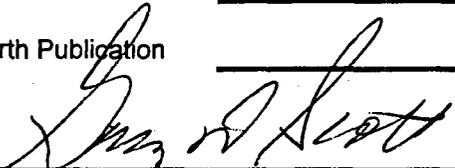
day as follows:

First Publication January 30 2005

Second Publication \_\_\_\_\_

Third Publication \_\_\_\_\_

Fourth Publication \_\_\_\_\_



Subscribed and sworn to before me this

31st Day January 2005



Notary Public, Eddy County, New Mexico

My Commission expires September :23, 2007

Copy of

NOTICE OF PUBLICATION  
STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION  
SANTA FE, NEW MEXICO

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All named parties and persons having any right, title, interest or claim in the following cases and notice to the public.

(NOTE: All land descriptions herein refer to

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new Strawn Pool as a retrograde condensate reservoir, and (ii) dedicating the W/2 of said Section 6 to the Chisos, Ltd. Wishbone Federal Com Well No. 1 (API NO. 30-015-30640) at an unorthodox deep gas well location 2000 feet from the South line and 680 feet from the West line of said Section 6. This location was approved by Division Administrative Order NSL-4521-A. Said well is located approximately 20 miles southeast of Artesia, New Mexico.

Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this 27th day of January 2005.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

Mark E. Fesmire, P.E.  
Assistant Director  
Published in the Artesia Daily Press, Artesia, N.M. January 30, 2005.  
Legal 18758