

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 OPERATING, INC. FOR  
COMPULSORY POOLING, EDDY COUNTY,  
NEW MEXICO.

Case No. 15,133

VERIFIED STATEMENT OF JOHN W. QUALLS

John W. Qualls, being duly sworn upon his oath, deposes and states:

1. I am a landman for Chi Operating, Inc. ("Chi"), and have personal knowledge of the matters stated herein.

2. Pursuant to NMAC 19.15.4.12.A(1), the following information is submitted in support of the compulsory pooling application filed herein:

(a) The purpose of this application is to force pool (i) record title owners in a federal lease, and (i) working interest owners in a well unit, for purposes of obtaining Bureau of Land Management ("BLM") approval of a communitization agreement.

(b) No opposition is expected because the interest owners being pooled have either (i) been contacted regarding the proposed well, but failed or refused to sign the communitization agreement, or (ii) are defunct corporations.

(c) Chi seeks an order pooling all mineral interests in the Morrow formation underlying the S/2 of Section 10, Township 17 South, Range 28 East, NMPM, to form a standard 320 acre gas spacing and proration unit. The unit is dedicated to the Coal Train Fed. Com. Well No. 1, located at an orthodox in the SW/4SW/4 of Section 10. A Form C-102 for the well is attached hereto as **Exhibit A**.

(d) The well was drilled and completed in January-February of 2000. **Exhibit B**. At the time the well was drilled Chi prepared and submitted to the BLM a communitization agreement. However, the BLM lost the communitization agreement and is requiring that Chi prepare and submit a new agreement.

(e) The parties being pooled are as follows:

Oil Conservation Division  
Case No. 15133  
Exhibit No. 1



(i) Record Title Owners.

Bayshore Production Company  
Florida Exploration Company  
Union Texas Petroleum Corporation

A copy of the BLM's Serial Register Page for Lease NM 012896, which covers the SW/4SW/4 of Section 10, is attached hereto as **Exhibit C**.

(ii) Working Interest Owners.

Kathryn Alexander  
P.O. Box 1248  
Fredericksburg, Texas 78624

Marie Wade  
P.O. Box 1248  
Fredericksburg, Texas 78624

These addresses are current and correct.

(f) The letters sent to the working interest owners requesting them to sign the communitization agreement are attached hereto as **Exhibit D**.

(g) Chi has made a good faith effort to locate the record title owners of Lease NM 012896, and to obtain the voluntary joinder of the working interest owners in the communitization agreement.

(h) The record title owners own no working interest in Lease NM 012896, and the working interest owners are already subject to an operating agreement. Therefore, no risk charge or overhead charges are requested.

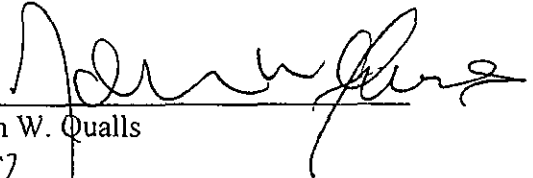
(i) Chi requests that it be designated operator of the well.



VERIFICATION


STATE OF TEXAS                    )  
  ) ss.  
COUNTY OF MIDLAND            )

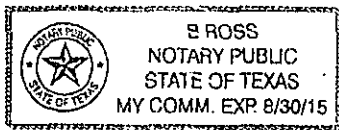
John W. Qualls, being duly sworn upon his oath, deposes and states that: He is a landman for Chi Operating, Inc.; he is authorized to make this verification on its behalf; he has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of his knowledge, information, and belief.

  
\_\_\_\_\_  
John W. Qualls

SUBSCRIBED AND SWORN TO before me this 18 day of June, 2014 by John W. Qualls.

My Commission Expires: 8/30/15

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





District I  
PO Box 1988, Eddy, NM 88225-1988

District II  
PO Drawer DD, Aragon, NM 88211-0719

District III  
1088 Elm Branch Rd., Abaca, NM 87410

District IV  
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources D.

OIL CONSERVATION DIVISION  
PO Box 2088  
Santa Fe, NM 87504-2088

Form C-102  
Revised February 10, 1994

Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

### WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
		WC Crow Flat; Morrow SE Gas
Property Code	Property Name	Well Number
	COAL TRAIN FEDERAL COM	
OCRED No.	Operator Name	Elevation
	CHI OPERATING, INC.	3530.

#### 10 Surface Location

UL or lot no.	Section	Township	Range	Lot 1/4	Feet from the	North/South Line	Feet from the	East/West Line	County
M	10	17-S	28-E		990	SOUTH	990	WEST	EDDY

#### 11 Bottom Hole Location if Different From Surface

UL or lot no.	Section	Township	Range	Lot 1/4	Feet from the	North/South Line	Feet from the	East/West Line	County

Dedicated Acres	Joint or E&M	Consolidation Code	Order No.
320		C	

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

10	EXHIBIT <b>A</b>	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  <i>George R. Smith</i> Signature George R. Smith, agent for: Printed Name Chi Operating, Inc. Title August 16, 1999 Date
NM-012896 Burlington Res. & Enron Oil & Gas 990		



# DEPARTMENT OF THE INTERIOR

## BUREAU OF LAND MANAGEMENT

(See other instructions on reverse side)

FORM APPROVED

OMB NO. 1004-0137

Expires: February 28, 1995

### WELL COMPLETION OR RECOMPLETION REPORT AND LOG\*

1a. TYPE OF WELL: OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> DRY <input type="checkbox"/> Other <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. NM - 012896	
b. TYPE OF COMPLETION: NEW WELL <input checked="" type="checkbox"/> WORK OVER <input type="checkbox"/> DEEP-EN <input type="checkbox"/> PLUG BACK <input type="checkbox"/> DIFF. RESVR. <input type="checkbox"/> Other <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
2. NAME OF OPERATOR Chi Operating, Inc.		7. UNIT AGREEMENT NAME	
3. ADDRESS AND TELEPHONE NO. P.O. Box 1799 Midland, Texas 79702		8. FARM OR LEASE NAME, WELL NO. Coal Train Federal Com. #1	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)* At surface 660 FSL, 990 FWL, Sec 10, T17S, R28E EDDY COUNTY, NEW MEXICO At top prod, interval reported below At total depth 10200		9. API WELL NO. 30-015-30764	
14. PERMIT NO.		12. COUNTY OR PARISH Eddy	
DATE ISSUED 9/13/99		13. STATE NM	
15. DATE SPUDDED 1/14/00	16. DATE T.D. REACHED 2/9/00	17. DATE COMPL. (Ready to prod.) 2/28/00	18. ELEVATIONS (OF RKB, RT, GE, ETC.) 3530'
19. ELEV. CASING HEAD	20. TOTAL DEPTH, MD, & TVD 10,200'		21. PLUG BACK TD, MD & TVD 10,200'
22. IF MULTIPLE COMPL., HOW MANY* one		23. INTERVAL DRILLED BY ROTARY TOOLS yes	CABLE TOOLS
24. PRODUCING INTERVAL(S), OF THIS COMPLETION - TOP, BOTTOM, NAME (MD AN TVD)* 9870-76, 9895-99 - 4SPF Morrow Sands			25. WAS DIRECTIONAL SURVEY MADE Yes
26. TYPE ELECTRIC AND OTHER LOGS RUN GR-CAL-CNL, LDT, DDL, MSFL			27. WAS WELL CORED NO

28. CASING RECORD (Report all strings set in well)				
CASING SIZE/GRADE	WEIGHT, LB/FT.	DEPTH SET (MD)	HOLE SIZE	TOP OF CEMENT, CEMENTING RECORD
13 3/8 H-40	48	425'	17 1/2"	0', CIRC. 100 SKS.
8 5/8 J-55	24	2078'	11"	0', CIRC. 56 SKS.
5 1/2 N-80	17	10,200'	7 7/8"	5450' 1st stage - CBL.
				1660' 2nd stage - CBL.

29. LINER RECORD				30. TUBING RECORD		
SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)	SIZE	DEPTH SET (MD)
					2 3/8"	9853'
						9853'

31. PERFORATION RECORD (Interval, size and number)		32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.	
9870-76 - 4SPF		DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
9895-99 - 4SPF		9870-76 - 4SPF	Acidized together w/ 1000 gals. 7.5% & CO2
		9895-99 - 4SPF	Fractured together w/ 34500 gals. & 38600 lbs.

33. PRODUCTION							
DATE FIRST PRODUCTION	PRODUCTION METHOD (Flowing, gas lift, pumping - size and type of pump)	WELL STATUS (Producing or shut-in)					
2/29/00	Flowing	Producing					
DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N FOR TEST PERIOD	OIL - BBL.	GAS - MCF	WATER - BBL.	GAS-OIL RATIO
3/04/00	24	15/64		38	1364	6	
FLOW, TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL - BBL.	GAS - MCF	WATER - BBL.	OIL GRAVITY - API (CORR.)	
1000	0#						

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.) Sold	TEST WITNESSED BY Sonny Mann
--	---------------------------------

35. LIST OF ATTACHMENTS Dax Survey
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36. I hereby certify that foregoing and attached information is complete and correct as determined from all available records

SIGNED [Signature] TITLE Engineer DATE 3/8/00

\*(See Instructions and Spaces for Additional Data on Reverse Side)

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

37. SUMMARY OF POROUS ZONES: (Show all important zones of porosity and contents thereof; cored intervals; and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures, and

EXHIBIT

B



**DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
CASE RECORDATION  
(MASS) Serial Register Page**

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Run Date: 06/10/2014

**01 02-25-1920;041STAT0437;30USC181ETSEQ**  
**Case Type 312011: O&G LSE COMP PUBLIC**  
**Commodity 459: OIL & GAS L**  
**Case Disposition: AUTHORIZED**

**Total Acres** 200.000  
**Serial Number** NMNM-- 0 012896

Name & Address			Serial Number: NMNM-- 0 012896		Int Rel	% Interest
ABO PETRO CORP	105 S 4TH ST	ARTESIA NM 88210	OPERATING RIGHTS			0.000000000
ARROWHEAD OIL CORP	PO BOX 548	ARTESIA NM 88210	OPERATING RIGHTS			0.000000000
BAYSHORE PROD CO	5701 N SHARTEL #440	OKLAHOMA CITY OK 73118	LESSEE			0.000000000
BURLINGTON RES OG LP PTRRC	3401 E 30TH ST	FARMINGTON NM 874028807	LESSEE			0.000000000
EOG RESOURCES INC	333 CLAY ST #4200	HOUSTON TX 77002	OPERATING RIGHTS			0.000000000
EOG RESOURCES INC	333 CLAY ST #4200	HOUSTON TX 77002	LESSEE			0.000000000
LOTHIAN OIL INC	303 W WALL #500	MIDLAND TX 79701	OPERATING RIGHTS			0.000000000
MACK C CHASE TRUSTEE	PO BOX 693	ARTESIA NM 88210	OPERATING RIGHTS			0.000000000
MYCO INDUSTRIES INC	105 S 4TH ST	ARTESIA NM 88210	OPERATING RIGHTS			0.000000000
OXY Y-1 COMPANY	PO BOX 27570	HOUSTON TX 772277570	OPERATING RIGHTS			0.000000000
THUNDERBOLT PETRO	BOX 10523	MIDLAND TX 79702	OPERATING RIGHTS			0.000000000
UNION TX PETRO CORP	PO BOX 2120	HOUSTON TX 77252	LESSEE			0.000000000
YATES PETRO CORP	105 S 4TH ST	ARTESIA NM 88210	OPERATING RIGHTS			0.000000000

Serial Number: NMNM-- 0 012896									
Mer	Twp	Rng	Sec	STyp	SNr Suff	Subdivision	District/Field Office	County	Mgmt Agency
23	0170S	0280E	010	ALIQ		SWSW;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT
23	0170S	0280E	015	ALIQ		NE;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT

Serial Number: NMNM-- 0 012896					
Act Date	Code	Action	Action Remark	Pending Office	
07/21/1953	387	CASE ESTABLISHED	PARCEL #1		
07/22/1953	191	SALE HELD			
08/05/1953	500	GEOGRAPHIC NAME	RED LAKE FLD;		
08/22/1953	196	BID ACCEPTED			
09/01/1953	237	LEASE ISSUED			
09/01/1953	496	FUND CODE	05;145003		
09/01/1953	532	RLTY RATE 12.5-25% SCH B			
09/01/1953	868	EFFECTIVE DATE			
08/22/1958	650	HELD BY PROD - ACTUAL			
11/17/1958	102	NOTICE SENT-PROD STATUS			
05/24/1978	817	MERGER RECOGNIZED	AZTEC OG/SOUTHTEC		
05/24/1978	817	MERGER RECOGNIZED	AZTEC/SOUTHLAND RLTY		
05/24/1978	940	NAME CHANGE RECOGNIZED	SOUTHTEC/AZTEC OG		
12/27/1978	817	MERGER RECOGNIZED	AA MINS/SUPRON ENE		
12/27/1978	940	NAME CHANGE RECOGNIZED	SRN UNION/SUPRON ENE		
06/11/1982	140	ASGN FILED	UNION TX/FLORIDA EXPL		
09/29/1982	817	MERGER RECOGNIZED	SUPRON ENE/UNION TX		
09/29/1982	817	MERGER RECOGNIZED	SUPRON/UNION TX EXPL		
09/13/1984	932	TRF OPER RGTS FILED	(1)		
09/13/1984	932	TRF OPER RGTS FILED	(2)		
09/13/1984	932	TRF OPER RGTS FILED	(3)		
09/23/1985	140	ASGN FILED	SOUTHLAND/BAYSHORE		
03/26/1987	932	TRF OPER RGTS FILED	AMENDMENT 07/06/1959		
03/26/1987	932	TRF OPER RGTS FILED	AMENDMENT 07/23/1959		
04/06/1988	974	AUTOMATED RECORD VERIF	ITV/CB		
05/26/1988	104	ADDTL INFO RQSTD	CORRECT ASGN		
05/26/1988	139	ASGN APPROVED	EFF 07/01/82;		

EXHIBIT

**C**

NO WARRANTY IS MADE BY BLM FOR USE OF THE DATA FOR PURPOSES NOT INTENDED BY BLM



**DEPARTMENT OF THE INTERIOR  
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05/26/1988	933	TRF OPER RGTS APPROVED	(1)EFF 04/01/87;
05/26/1988	933	TRF OPER RGTS APPROVED	(2)EFF 04/01/87;
05/29/1988	933	TRF OPER RGTS APPROVED	(1)EFF 10/01/84;
05/29/1988	933	TRF OPER RGTS APPROVED	(2)EFF 10/01/84;
05/29/1988	933	TRF OPER RGTS APPROVED	(3)EFF 10/01/84;
06/24/1988	103	ADDTL INFO RECD	CORRECT AASGN
06/27/1988	139	ASGN APPROVED	EFF 10/01/85;
06/27/1988	974	AUTOMATED RECORD VERIF	
10/26/1988	932	TRF OPER RGTS FILED	
11/22/1988	933	TRF OPER RGTS APPROVED	EFF 11/01/88;
11/22/1988	974	AUTOMATED RECORD VERIF	DGT/MT
12/03/1988	963	CASE MICROFILMED	CNUM 107,107
07/02/1990	932	TRF OPER RGTS FILED	COOK J/KINCAID&WATSON
08/17/1990	933	TRF OPER RGTS APPROVED	EFF 08/01/90;
08/17/1990	974	AUTOMATED RECORD VERIF	RAO/MT
12/31/1990	817	MERGER RECOGNIZED	ENRON PROD/ENRON O&G
12/31/1990	940	NAME CHANGE RECOGNIZED	FLORIDA/ENRON PROD
06/24/1991	932	TRF OPER RGTS FILED	DALEVCO/ARROWHEAD
06/24/1991	932	TRF OPER RGTS FILED	DURHAM DRLG/ARROWHEAD
06/24/1991	932	TRF OPER RGTS FILED	GILMORE J R/ARROWHEAD
06/24/1991	932	TRF OPER RGTS FILED	KINCAID/ARROWHEAD
06/24/1991	932	TRF OPER RGTS FILED	KING N/ARROWHEAD
08/07/1991	817	MERGER RECOGNIZED	UNION TX EXPL/PETRO
08/27/1991	933	TRF OPER RGTS APPROVED	(1)EFF 07/01/91;
08/27/1991	933	TRF OPER RGTS APPROVED	(2)EFF 07/01/91;
08/27/1991	933	TRF OPER RGTS APPROVED	(3)EFF 07/01/91;
08/27/1991	933	TRF OPER RGTS APPROVED	(4)EFF 07/01/91;
08/27/1991	933	TRF OPER RGTS APPROVED	(5)EFF 07/01/91;
08/27/1991	974	AUTOMATED RECORD VERIF	RAO/JG
10/01/1992	621	RLTY RED-STRIPPER WELL	0.5% ;1/
01/15/1993	625	RLTY REDUCTION APPV	/1/
04/07/1993	909	BOND ACCEPTED	EFF 04/05/93;NM2151
09/23/1993	974	AUTOMATED RECORD VERIF	ANN
03/28/1994	140	ASGN FILED	UNION TX/MERIDIAN
03/28/1994	899	TRF OF ORR FILED	
04/28/1994	567	ASGN RETURNED UNAPPROVED	UNION TX/MERIDIAN
04/28/1994	974	AUTOMATED RECORD VERIF	MRR/KRP
06/23/1994	974	AUTOMATED RECORD VERIF	MRR/KRP
12/30/1994	817	MERGER RECOGNIZED	PENNZOIL E&P/PENNZOIL
12/30/1994	940	NAME CHANGE RECOGNIZED	PENNZOIL/PENNZOIL E&P
05/20/1996	817	MERGER RECOGNIZED	EL PASO PROD/MERIDIAN
05/20/1996	817	MERGER RECOGNIZED	MERIDIAN PRO/MERIDIAN
05/20/1996	817	MERGER RECOGNIZED	SOUTHLAND/MERIDIAN
05/20/1996	974	AUTOMATED RECORD VERIF	BTM
09/09/1996	932	TRF OPER RGTS FILED	CHASE TTEE/WEBB OIL
09/18/1996	940	NAME CHANGE RECOGNIZED	MERIDIAN/BURLINGTON
11/13/1996	933	TRF OPER RGTS APPROVED	EFF 10/01/96;
11/13/1996	974	AUTOMATED RECORD VERIF	ANN
07/07/1997	974	AUTOMATED RECORD VERIF	TF/TF
02/05/1998	932	TRF OPER RGTS FILED	ARROWHEAD/CHASE TRUST
03/03/1998	933	TRF OPER RGTS APPROVED	EFF 03/01/98;
03/03/1998	974	AUTOMATED RECORD VERIF	JLV
12/28/1998	817	MERGER RECOGNIZED	PENNZOIL E&P/PENNZENE
08/10/1999	932	TRF OPER RGTS FILED	BURLINGTON/YATES ETAL
08/30/1999	817	MERGER RECOGNIZED	EOG RES/ENRON O&G CO



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08/30/1999	940	NAME CHANGE RECOGNIZED	ENRON O&G CO/EOG RES
10/13/1999	933	TRF OPER RGTS APPROVED	EFF 09/01/99;
10/13/1999	974	AUTOMATED RECORD VERIF	JLV
12/21/1999	932	TRF OPER RGTS FILED	BAYSHORE/THUNDERBOLT
02/01/2000	246	LEASE COMMITTED TO CA	CA NM132224
02/29/2000	650	HELD BY PROD - ACTUAL	/1/
05/22/2000	933	TRF OPER RGTS APPROVED	EFF 01/01/00;
05/22/2000	974	AUTOMATED RECORD VERIF	LR
01/29/2001	932	TRF OPER RGTS FILED	BURLINGTON/EOG RES
03/21/2001	933	TRF OPER RGTS APPROVED	EFF 02/01/01;
03/21/2001	974	AUTOMATED RECORD VERIF	MV/MV
06/28/2001	940	NAME CHANGE RECOGNIZED	BURLINGTON CO/LP
05/03/2005	932	TRF OPER RGTS FILED	WEBB ETAL/LOTHIAN O;1
06/17/2005	933	TRF OPER RGTS APPROVED	EFF 06/01/05;
06/17/2005	974	AUTOMATED RECORD VERIF	ANN
05/12/2011	940	NAME CHANGE RECOGNIZED	YATES DRL CO/OXY Y-1
03/12/2014	643	PRODUCTION DETERMINATION	/1/
03/12/2014	658	MEMO OF 1ST PROD-ACTUAL	/1/CA NM132224;

Serial Number: NMNM-- 0 012896

Line Nr	Remarks
0002	CURRENT RECORD TITLE OWNERS
0003	SEC. 10: SWSW
0004	BURLINGTON RESOURCES O&G CO 40.00%
0005	FLORIDA EXPL CO 30.00%
0006	UNION TX EXPL 30.00%
0007	SEC. 15: NE
0008	BAYSHORE PROD CO 40.00%
0009	FLORIDA EXPL CO 30.00%
0010	UNION TX EXPL 30.00%
0011	BONDED OPERATOR
0012	03/03/98 - MACK ENE CORP - NM2151 SW
0013	BONDED OPERATORS - PER AFMSS
0014	03/21/2001 - WEBB OIL CO - NM2285 - S/W;
0015	03/21/2001 - CHI OPERATING INC - NM1616 - S/W;
0016	BONDED TRANSFEREE - PER ABSS
0017	05/22/2000 - THUNDERBOLT PETROLEUM LLC - NM2648 S/W
0018	06/17/2005 - BONDED OPERATOR
0019	RODNEY B WELL - NMB000274 - S/W; PER DAVID GLASS RFO



# *Chi Energy, Inc.*

P.O. BOX 1799  
MIDLAND, TEXAS 79702

April 11, 2014

Kathryn Alexander  
P.O. Box 1248  
Fredericksburg, TX 78624-1248

Re: Communitization Agreement  
Coal Train "10" Federal Com No. 1  
Lease Number - NMLC-068712  
S/2 of Section 10  
Township 17 South, Range 28 East, M.M.P.M.  
Eddy County, New Mexico

Dear Ms. Alexander:

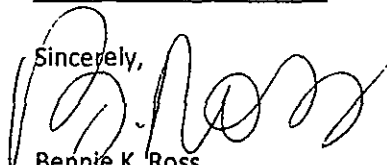
Enclosed is one copy of Communitization Agreement for the Coal Train "10" Federal Com No. 1 (API 30-015-30764) well and three (3) sets of signature pages.

Please execute, acknowledge and return the three (3) sets of signature pages to the Communitization Agreement.

A copy of the approved/recorded Communitization Agreement will be delivered to you.

If you have questions please feel free to contact John Qualls at (432) 685-0001 or via email [johnq@chienergyinc.com](mailto:johnq@chienergyinc.com).

Sincerely,



Bennie K. Ross  
Land Tech

Enclosures

EXHIBIT **D**



# *Chi Energy, Inc.*

P.O. BOX 1799  
MIDLAND, TEXAS 79702

April 11, 2014

Marie Wade  
P.O. Box 1248  
Fredericksburg, TX 78624-1248

Re: Coal Train "10" Federal Com No. 1  
Lease Number - NM-059035  
S/2 of Section 10  
Township 17 South, Range 28 East, M.M.P.M.  
Eddy County, New Mexico

Dear Ms. Wade:

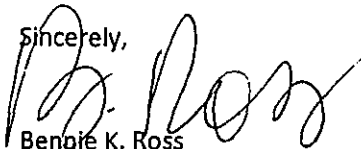
Enclosed is one copy of Communitization Agreement for the Coal Train "10" Federal Com No. 1 (API 30-015-30764) well and three (3) sets of signature pages.

Please execute, acknowledge and return the three (3) sets of signature pages to the Communitization Agreement.

A copy of the approved/recorded Communitization Agreement will be delivered to you.

If you have questions please feel free to contact John Qualls at (432) 685-0001 or via email [johnq@chienergyinc.com](mailto:johnq@chienergyinc.com).

Sincerely,



Benjie K. Ross  
Land Tech

Enclosures



# *Chi Energy, Inc.*

P.O. BOX 1799  
MIDLAND, TEXAS 79702

April 24, 2014

Union Texas Petro Corp  
P.O. Box 2120  
Houston, Texas 77252-2120

Re: Communitization Agreement  
Coal Train "10" Federal Com No. 1  
Lease Number - NM-012896  
S/2 of Section 10  
Township 17 South, Range 28 East, M.M.P.M.  
Eddy County, New Mexico

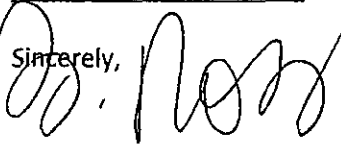
To Whom It May Concern:

Enclosed is one copy of Communitization Agreement for the Coal Train "10" Federal Com No. 1 (API 30-015-30764) well and three (3) sets of signature pages.

Please execute, acknowledge and return the three (3) sets of signature pages to the Communitization Agreement.

A copy of the approved/recorded Communitization Agreement will be delivered to you.

If you have questions please feel free to contact John Qualls at (432) 685-0001 or via email [johnq@chienergyinc.com](mailto:johnq@chienergyinc.com).

Sincerely,  


Bennie K. Ross  
Land Tech

Enclosures



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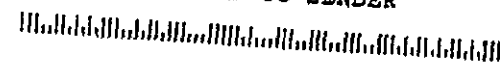
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P.O. BOX 1799  
MIDLAND, TEXAS 79702

April 24, 2014

Union Texas Petroleum Holdings, Inc.  
1330 Post Oak Boulevard  
Houston, Texas 77252

Re: Communitization Agreement  
Coal Train "10" Federal Com No. 1  
Lease Number - NM-012896  
S/2 of Section 10  
Township 17 South, Range 28 East, M.M.P.M.  
Eddy County, New Mexico

To Whom It May Concern:

Enclosed is one copy of Communitization Agreement for the Hiawatha "10" Federal Com No. 1 (API 30-015-31159) well and three (3) sets of signature pages.

Please execute, acknowledge and return the three (3) sets of signature pages to the Communitization Agreement.

A copy of the approved/recorded Communitization Agreement will be delivered to you.

If you have questions please feel free to contact John Qualls at (432) 685-0001 or via email [johnq@chienergyinc.com](mailto:johnq@chienergyinc.com).

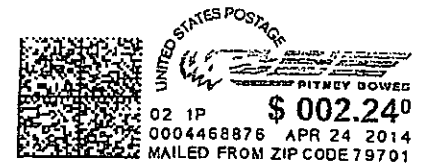
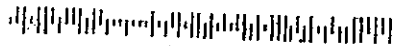
Sincerely,



Bennie K. Ross  
Land Tech

Enclosures





1A

CHI ENERGY, INC.  
P.O. BOX 1799  
MIDLAND, TX 79702



UNION TEXAS PETROLEUM  
HOLDINGS, INC.  
1330 POST OAK BOULEVARD  
HOUSTON, TEXAS 77252

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# *Chi Energy, Inc.*

P.O. BOX 1799  
MIDLAND, TEXAS 79702

April 24, 2014

Bayshore Exploration, LLC  
20501 Katy Freeway # 216  
Katy, TX 77450

Re: Communitization Agreement  
Coal Train "10" Federal Com No. 1  
Lease Number - NM-012896  
S/2 of Section 10  
Township 17 South, Range 28 East, M.M.P.M.  
Eddy County, New Mexico

To Whom It May Concern:

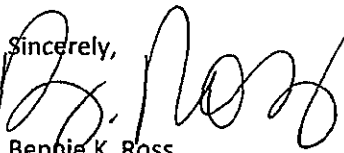
Enclosed is one copy of Communitization Agreement for the Coal Train "10" Federal Com No. 1 (API 30-015-30764) well and three (3) sets of signature pages.

Please execute, acknowledge and return the three (3) sets of signature pages to the Communitization Agreement.

A copy of the approved/recorded Communitization Agreement will be delivered to you.

If you have questions please feel free to contact John Qualls at (432) 685-0001 or via email [johnq@chienergyinc.com](mailto:johnq@chienergyinc.com).

Sincerely,



Bentie K. Ross  
Land Tech

Enclosures



# *Chi Energy, Inc.*

P.O. BOX 1799  
MIDLAND, TEXAS 79702

April 24, 2014

Bayshore Prod Co.  
5701 N. Shartel #440  
Oklahoma City, OK 73118

Re: Communitization Agreement  
Coal Train "10" Federal Com No. 1  
Lease Number - NM-012896  
S/2 of Section 10  
Township 17 South, Range 28 East, M.M.P.M.  
Eddy County, New Mexico

To Whom It May Concern:

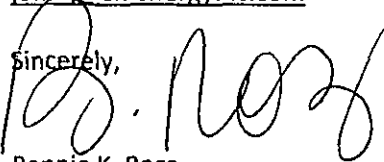
Enclosed is one copy of Communitization Agreement for the Hiawatha "10" Federal Com No. 1 (API 30-015-31159) well and three (3) sets of signature pages.

Please execute, acknowledge and return the three (3) sets of signature pages to the Communitization Agreement.

A copy of the approved/recorded Communitization Agreement will be delivered to you.

If you have questions please feel free to contact John Qualls at (432) 685-0001 or via email [johnq@chienergyinc.com](mailto:johnq@chienergyinc.com).

Sincerely,



Bennie K. Ross  
Land Tech

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*Dr. Norz*

CHI ENERGY, INC.

P.O. BOX 1799

MIDLAND, TX 79702

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BAYSHORE PROD CO.  
5701 N. SHARTEL #440  
OKLAHOMA CITY, OK 73118

Please remove addressee from mailing list.

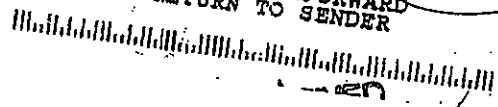
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