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October 26, 1992

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

RECEIVED

OCT 26 1992

OIL CONSERVATION DIVISION

10602

Re: Application of Chi Operating, Inc. for Compulsory Pooling, Roosevelt County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the application of Chi Operating, Inc. in the above-referenced case. Chi requests that this matter be placed on the docket for the November 19, 1992 Examiner hearing.

This application is identical to the application filed by Chi in Case No. 10389 which resulted in Division Order No. R-9595 entered on October 10, 1991. Due to economic considerations, no well was drilled pursuant to this order. However, with the recent increase in natural gas prices, this well is now an economically viable prospect. The interests to be pooled are the same as those pooled in 1991, and Chi has again attempted to locate each of the owner's whose interest will be subject to pooling and obtain their voluntary participation in this well.

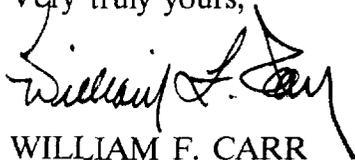
At the time of the Examiner hearing, Chi intends to appear through counsel, incorporate the record in Case No. 10389, present an affidavit confirming the Division's notice requirements have been met and request that the case be taken under advisement on that record.

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
October 26, 1992
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If this procedure does not meet with your approval, please advise.

Your attention to this request is appreciated.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr". The signature is written in a cursive style with a large, sweeping initial "W".

WILLIAM F. CARR

WFC:mlh

Enclosures

cc w/enc.: Mr. Bill Seltzer
214 West Texas Avenue, Suite 507
Midland, Texas 79701

BEFORE THE
OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF CHI OPERATING, INC.
FOR COMPULSORY POOLING,
ROOSEVELT COUNTY, NEW MEXICO.

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OIL CONSERVATION DIVISION CASE NO. 10602

APPLICATION

CHI OPERATING, INC. through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat. Ann. § 70-2-17, (1978), for an order pooling all of the mineral interests in all formations developed on 320-acre spacing from the surface to the base of the San Andres formation in the W/2 of Section 5, Township 8 South, Range 37 East, N.M.P.M., Roosevelt County, New Mexico, and in support thereof states:

1. Applicant owns or represents approximately 85% of the working interest in and under the W/2 of Section 5, and Applicant has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced spacing or proration unit to a well to be drilled at an orthodox location in the SW/4 of Section 5, to a depth of approximately 4,750 feet to test all formations to the base of the San Andres formation.
3. Applicant has sought and obtained either voluntary agreement for pooling or farmout from all other interest owners in the S/2 of said Section 5, except for the following:

J.C. Ainsworth, Jr. Estate Trust c/o Joe C. Ainsworth, III David B. Ainsworth and Nancy Ainsworth Johnson 1413 Broodmore Lane Irving, Texas 75061	6% WI
Ross Neil Ainsworth RFD Milnesand, New Mexico 88125	3% WI
Woodlan P. Saunders Post Office Box 1536 Santa Fe, New Mexico 87504	4% WI
Mary Ann Gelder Estate (address unknown)	2% WI

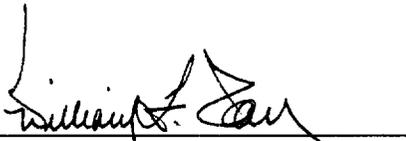
4. Said pooling interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled, and Applicant should be designated the operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before an appointed Examiner of the Oil Conservation Division on November 19, 1992 and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well.

Respectfully submitted,

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.

By: 

WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR CHI OPERATING, INC.