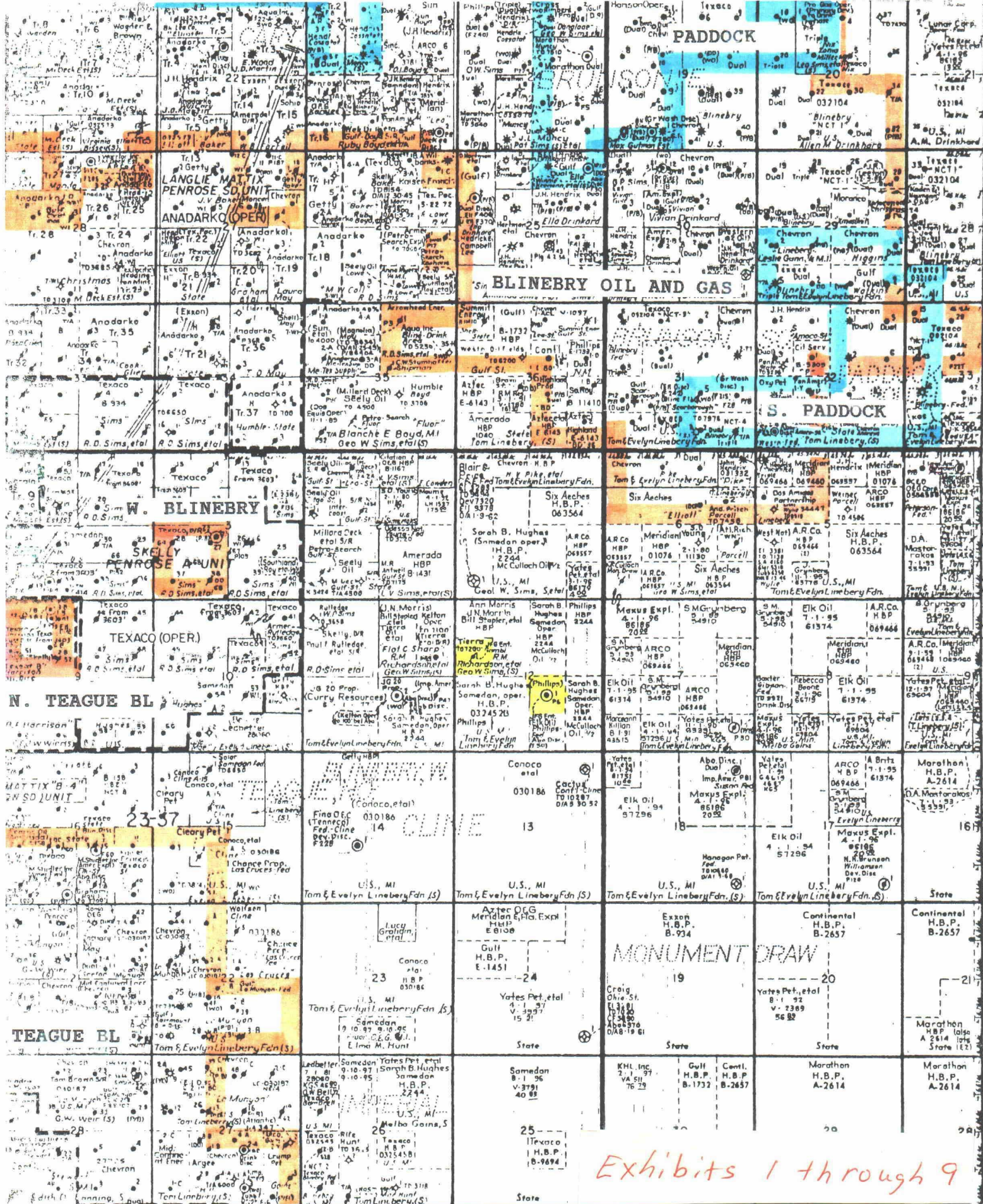


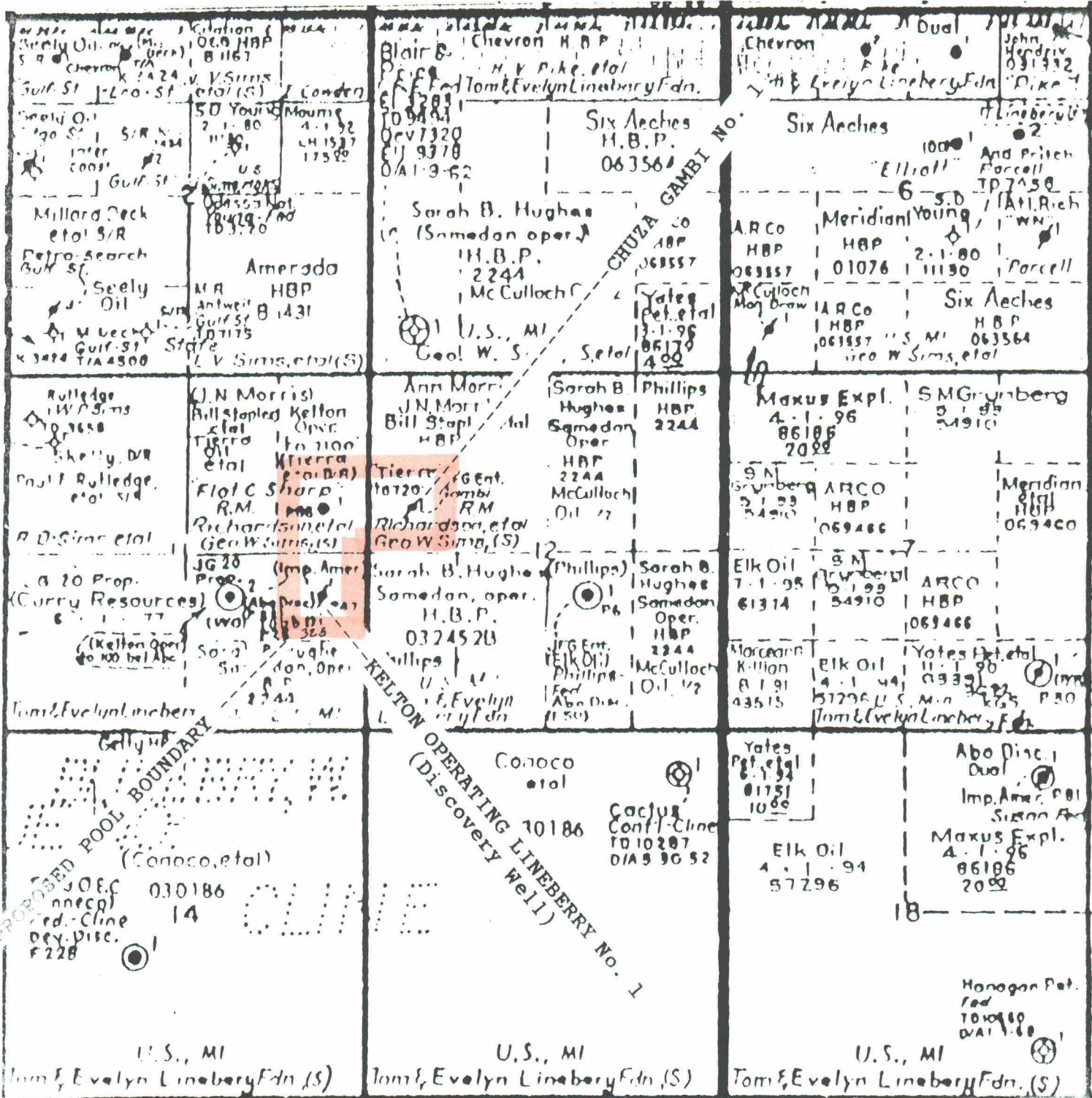


CHUZA OPERATING AREA MAP SHOWING CURRENT BLINEBRY POOLS IN ORANGE,  
CURRENT PADDOCK POOLS IN BLUE AND CHUZA ACREAGE IN YELLOW

Exhibits 1 through 9

|       |       |
|-------|-------|
| CHUZA | 10671 |
| 10671 | 1     |

T 23 S R 37 E T 23 S R 38 E



BEFORE EXAMINER STOGNER  
OIL CONSERVATION DIVISION

Chuzza EXHIBIT NO. 2

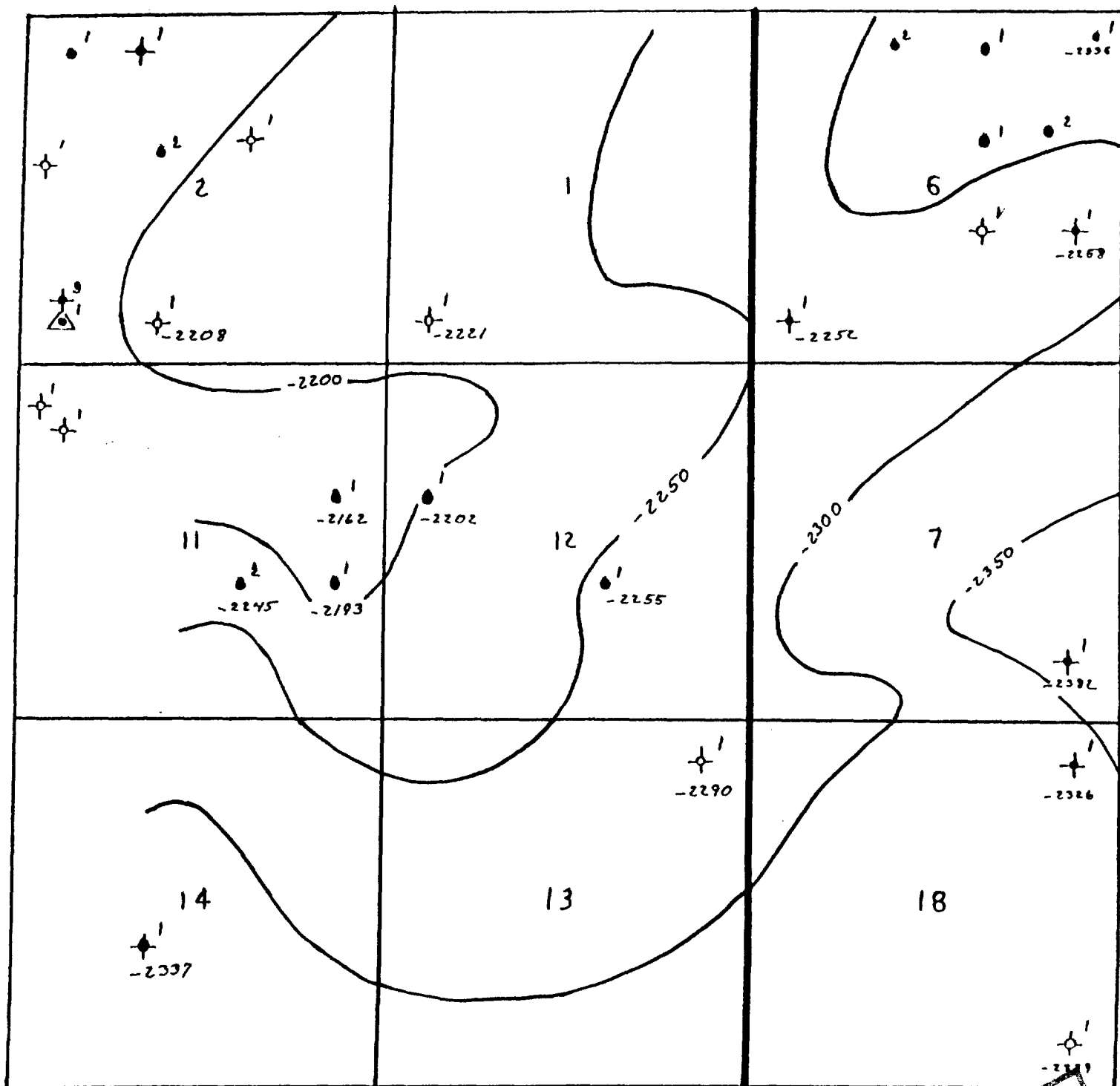
## CHUZA OPERATING

DETAILED MAP SHOWING OWNERSHIP

AND PROPOSED POOL

CASE NO. 10671

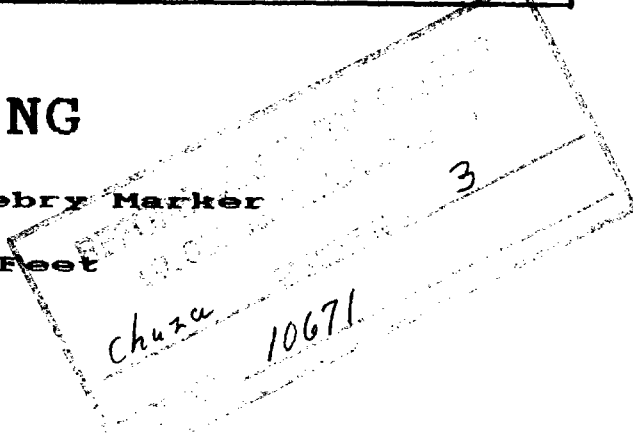
T 23 S R 37 E T 23 S R 38 E



# CHUZA OPERATING

Structure Map, Top Of Blinebry Marker

Contour Interval 50 Feet

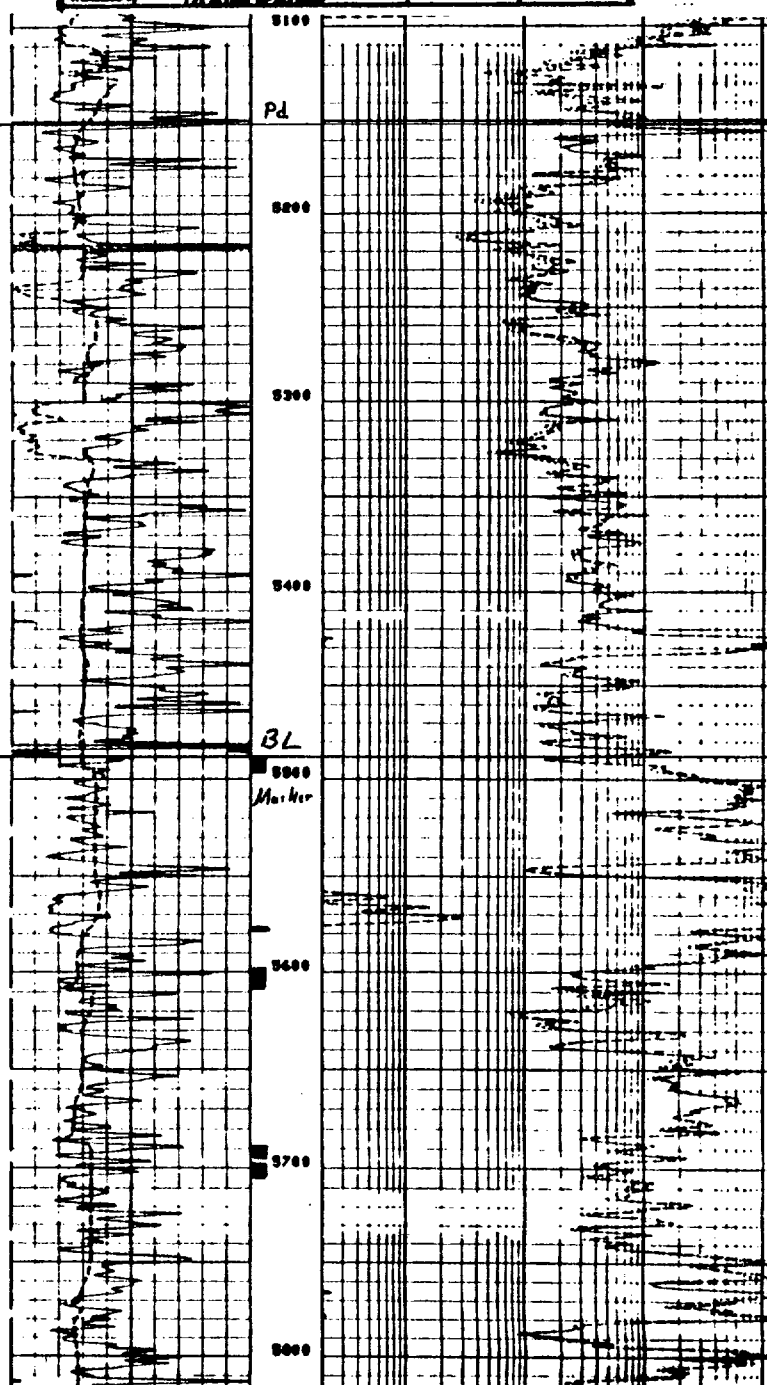
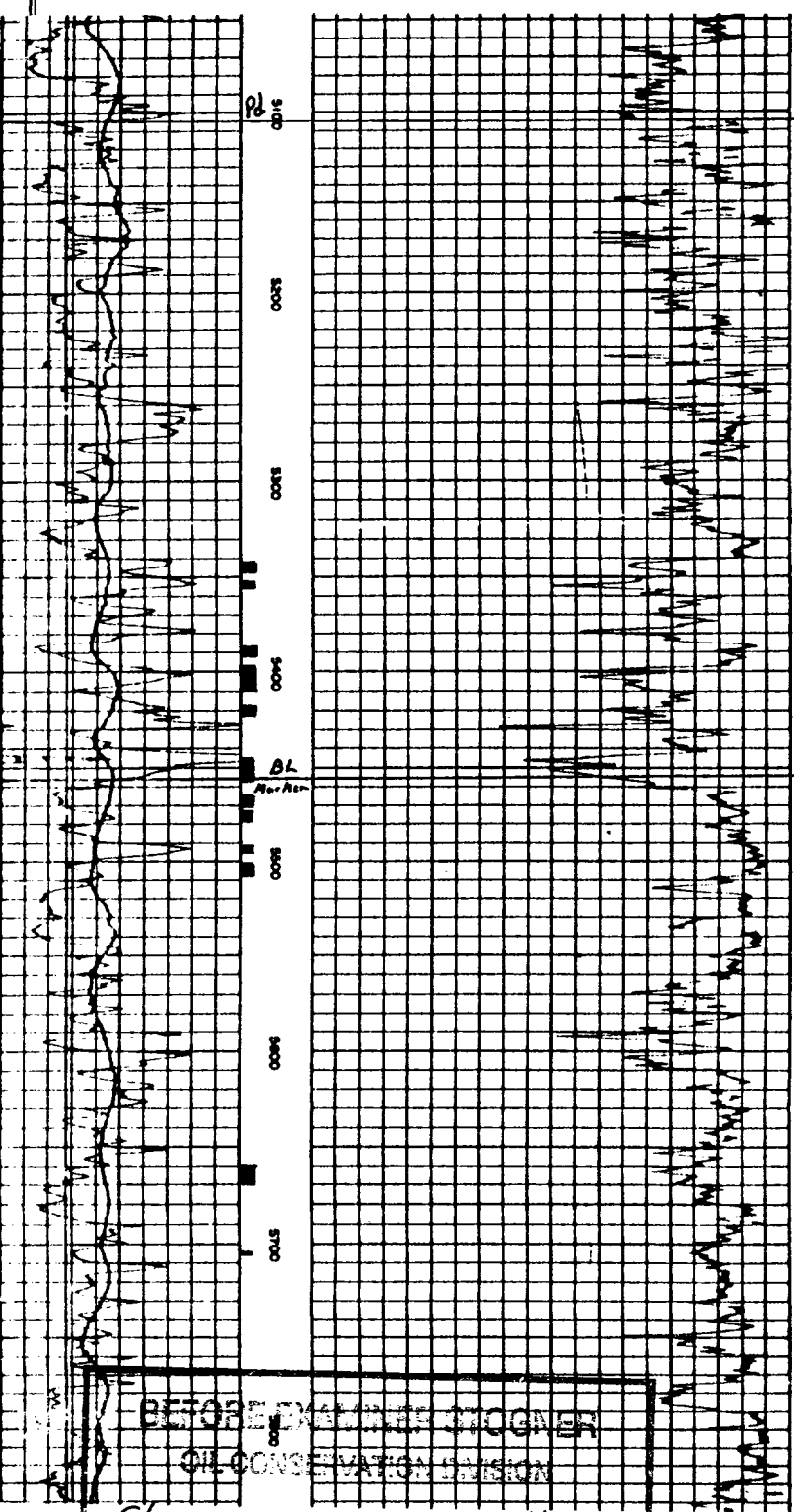


# Dresser Atlas

## ELC Accuracy

|                          |                                               |                         |  |
|--------------------------|-----------------------------------------------|-------------------------|--|
| FILE NO.                 | COMPANY <u>SOLAR OIL COMPANY</u>              |                         |  |
|                          | WELL <u>LINEBERRY NO. 1</u>                   |                         |  |
|                          | FIELD <u>UNDESIGNATED</u>                     |                         |  |
|                          | COUNTY <u>LEA</u>                             | STATE <u>NEW MEXICO</u> |  |
|                          | LOCATION <u>1980' FSL &amp; 660' FSL</u>      |                         |  |
|                          | SEC <u>11</u> TWP <u>23-S</u> RGN <u>32-E</u> |                         |  |
| Permanent Datum          | GROUND LEVEL                                  |                         |  |
| Log Measured from        | 10 ft. Above Permanent Datum                  |                         |  |
| Drilling Measured from   | 10 ft. Above Permanent Datum                  |                         |  |
| Date                     | 1-12-69                                       |                         |  |
| Run No.                  | ONE                                           |                         |  |
| Depth—Cable              | 6901                                          |                         |  |
| Depth—Log                | 6904                                          |                         |  |
| Bottom Logged Interval   | 6902                                          |                         |  |
| Top Logged Interval      | 100                                           |                         |  |
| Casing—Depth             | 9 5/8" 855                                    |                         |  |
| Casing—Log               | 840                                           |                         |  |
| Bit Size                 | 8 3/4"                                        |                         |  |
| Type Fluid in Hole       | CHEMICALS<br>SALT GEL                         |                         |  |
| Density and Viscosity    | 10 36                                         |                         |  |
| pH and Fluid Loss        | 5 18                                          |                         |  |
| Source of Sample         | CIRCULATED                                    |                         |  |
| Test @ Mean Temp.        | 075 @ 60                                      |                         |  |
| Test @ Mean Temp.        | 051 @ 60                                      |                         |  |
| Test @ Mean Temp.        | 100 @ 110                                     |                         |  |
| Source of Mud and Sand   | MEAS.                                         |                         |  |
| Test @ 100'              | 04 @ 112                                      |                         |  |
| Time Since Dr.           | 4 HOURS                                       |                         |  |
| Time Since Pump Stop     | 17                                            |                         |  |
| Depth, Min. and Interval | 660' 10' 10"                                  |                         |  |
| Recorded by              | JOHN L. HARRIS                                |                         |  |
| Checked by               | M. RUSSELL                                    |                         |  |

|                                       |                          |                           |                |
|---------------------------------------|--------------------------|---------------------------|----------------|
| E-12-23-37<br>ELC OIL Co.<br>Comb. #1 |                          | AL LATEROLOG<br>MICRO SFL |                |
| COMPANY <u>ELC Oil Company</u>        |                          |                           |                |
| WELL <u>Gambi #1</u>                  |                          |                           |                |
| FIELD <u>Cline Drinkard Aho</u>       |                          |                           |                |
| COUNTY <u>Lea</u>                     |                          | STATE <u>New Mexico</u>   |                |
| 1980' FSL & 660' FSL                  |                          |                           |                |
| DATE                                  | TWP                      | SEC                       | Other Services |
| 128                                   | 23S                      | 37E                       | LDT, CAL       |
| Permanent Datum                       | 6.4                      |                           | 3272           |
| Log Measured from                     | 11 ft. Above Perm. Datum |                           | 3272           |
| Drilling Measured from                | 11 ft. Above Perm. Datum |                           | 3272           |
| Date                                  | 11-21-69                 |                           |                |
| Run No.                               | ONE                      |                           |                |
| Depth—Cable                           | 7102                     |                           |                |
| Depth—Log                             | 7052                     |                           |                |
| Bottom Logged Interval                | 7052                     |                           |                |
| Top Logged Interval                   | 7052                     |                           |                |
| Casing—Depth                          | 9 5/8" 855               |                           |                |
| Casing—Log                            | 840                      |                           |                |
| Bit Size                              | 8 3/4"                   |                           |                |
| Type Fluid in Hole                    | CHEMICALS<br>SALT GEL    |                           |                |
| Density and Viscosity                 | 10 36                    |                           |                |
| pH and Fluid Loss                     | 5 18                     |                           |                |
| Source of Sample                      | CIRCULATED               |                           |                |
| Test @ Mean Temp.                     | 075 @ 60                 |                           |                |
| Test @ Mean Temp.                     | 051 @ 60                 |                           |                |
| Test @ Mean Temp.                     | 100 @ 110                |                           |                |
| Source of Mud and Sand                | MEAS.                    |                           |                |
| Test @ 100'                           | 04 @ 112                 |                           |                |
| Time Since Dr.                        | 4 HOURS                  |                           |                |
| Time Since Pump Stop                  | 17                       |                           |                |
| Depth, Min. and Interval              | 660' 10' 10"             |                           |                |
| Recorded by                           | JOHN L. HARRIS           |                           |                |
| Checked by                            | M. RUSSELL               |                           |                |



BEFORE EXAMINER'S SIGNATURE  
OIL CONSERVATION DIVISION

Chaza EXHIBIT NO. 4

10671

CHUZA OPERATING  
CROSS SECTION

Kelton Operating Corporation  
Lineberry No. 1 Discovery Well  
Completed 10/15/92

Chuza Operating  
Gambi No. 1  
Completed 12/14/92

# **ANALYSIS OF BLINEBRY GORS, 1991**

| POOL NAME                      | OIL<br>ALLOWABL | GOR<br>LIMIT | 1991<br>WELLS | 1991<br>PROD GOR |
|--------------------------------|-----------------|--------------|---------------|------------------|
| Blinebry Oil and Gas           | 107             | 4,000        | 566           | 23,848           |
| N. Eunice BL TU DK Oil and Gas | 107             | NONE         | 153           | 17,788           |
| Hardy Blinebry                 | 107             | 2,000        | 11            | 6,920            |
| Hobbs Blinebry                 | 107             |              | 23            | 2,022            |
| Pool split 1992 R-9696         |                 |              |               |                  |
| Hobbs Upper Blinebry           | 107             | 2,000        | 17            |                  |
| Hobbs Lower Blinebry           | 107             | 2,000        | 1             |                  |
| E. Hobbs Blinebry              | 142             | 2,000        | 3             | 413              |
| S. House Blinebry              | 142             | 2,000        | 1             | 27,088           |
| Justis Blinebry                | 107             | 6,000        | 187           | 9,888            |
| TB DK added in 1992 R-9745     |                 |              |               |                  |
| W. Lovington Blinebry          | 187             | 2,000        | 1             | 428              |
| Monument Blinebry              | 107             | 2,000        | 25            | 1,883            |
| Nadine Blinebry                | 142             | 2,000        | 1             | ---              |
| W. Nadine Blinebry             | 142             | 4,000        | 43            | 5,617            |
| Oil Center Blinebry            | 187             | 4,000        | 36            | 5,500            |
| Teague Blinebry                | 107             | 6,000        | 51            | 7,088            |
| E. Terry Blinebry              | 142             | 2,000        | 1             | ---              |
| Vacuum Blinebry                | 142             | 2,000        | 10            | 1,647            |
| Weir Blinebry                  | 107             | 2,000        | 13            | 7,289            |
| E. Weir Blinebry               | 107             | 10,000       | 13            | 9,406            |
| Lea County Total               |                 |              |               | 2,942            |

CHUZA 1

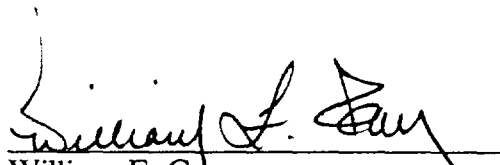
*Chuza*  
*10671*  
*5*  
*6,000*  
*10,000*

BEFORE THE  
OIL CONSERVATION DIVISION  
NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
IN THE MATTER OF THE APPLICATION  
OF CHUZA OPERATING FOR POOL CREATION  
AND SPECIAL POOL RULES,  
LEA COUNTY, NEW MEXICO. CASE NO. 10671

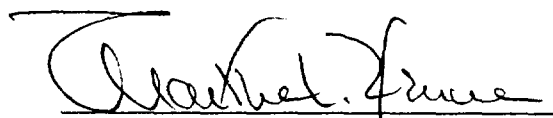
AFFIDAVIT OF MAILING

William F. Carr, being duly sworn, states that on January 28, 1993 he mailed a copy of the application of Chuza Operating for pool creation and special pool rules, Lea County, New Mexico with letter(s) setting forth the hearing date, by certified mail, return receipt requested, to the following individuals listed on Exhibit A attached:

Further Affiant sayeth naught.

  
William F. Carr

SUBSCRIBED AND SWORN to before me this 17th day of February, 1993.

  
Notary Public

My Commission Expires:

August 25, 1995

|                           |                      |
|---------------------------|----------------------|
| BEFORE EXAMINER STOGNER   |                      |
| OIL CONSERVATION DIVISION |                      |
| CHUZA                     | EXHIBIT NO. <u>6</u> |
| CASE NO.                  | <u>10671</u>         |

**EXHIBIT A**

Kelton Operating Corp.  
Post Office Box 276  
Andrews, Texas 79714

Kelton Operating Corp.  
Post Office Box 3090  
Roswell, New Mexico 88202-3090

CAMPBELL, CARR, BERGE

& SHERIDAN, P.A.

LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN  
WILLIAM P. SLATTERY

PATRICIA A. MATTHEWS  
MICHAEL H. FELDEWERT

JACK M. CAMPBELL  
OF COUNSEL

JEFFERSON PLACE

SUITE 1 - 110 NORTH GUADALUPE

POST OFFICE BOX 2208

SANTA FE, NEW MEXICO 87504-2208

TELEPHONE (505) 988-4421

TELECOPIER (505) 983-6043

February 5, 1993

**CERTIFIED MAIL -**  
**RETURN RECEIPT REQUESTED**

Kelton Operating Corp.  
Post Office Box 276  
Andrews, Texas 79714

Re: Amended Application of Chuza Operating for Special Pool Rules, Lea  
County, New Mexico

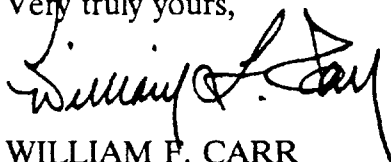
Gentlemen:

This letter is to advise you that Chuza Operating has filed the enclosed amended application with the New Mexico Oil Conservation Division seeking an Order creating a new pool in the Blinebry and Paddock formations located in Sections 11 and 12, Township 23 South, Range 37 East, N.M.P.M., Lea County, New Mexico and promulgating Special Pool Rules and Regulations for this pool including a 6000 to 1 Gas/Oil Ratio.

This application has been set for hearing before an Examiner of the Oil Conservation Division on February 18, 1993. Chuza will present testimony at that time but the case will be continued to March 4, 1993 and additional testimony may be presented on that date. You are not required to attend the hearings on these dates, but as the owner of an interest that may be affected by this application, you may appear at that hearing and present testimony. Failure to appear at that time or otherwise become a party of record will preclude you from challenging this application at a later date.

Parties appearing in cases before the Division have been requested to file a Pre-hearing Statement substantially in the form prescribed by the Division (Oil Conservation Division Memorandum 2-90). Pre-hearing statements should be filed by 4:00 o'clock p.m., on the Friday before a scheduled hearing.

Very truly yours,



WILLIAM F. CARR  
ATTORNEY FOR CHUZA OPERATING  
WFC:mlh  
Enclosure



**Receipt for  
Certified Mail**

No Insurance Coverage Provided  
Do not use for International Mail  
(See Reverse)

|                                                                 |    |
|-----------------------------------------------------------------|----|
| To: Kelton Operating Corp.                                      |    |
| Post Office Box 276                                             |    |
| Andrews, TX 79714                                               |    |
| Postage                                                         | \$ |
| Insurance                                                       |    |
| Special Services                                                |    |
| Return Receipt (if any)                                         |    |
| Return Receipt (if any) with<br>Signature and Date of Addressee |    |
| TOTAL Postage<br>& Fees                                         | \$ |
| Postmark or Date<br>February 8, 1993                            |    |

PS Form 3800, June 1991

P 087 492 239

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-965

DOMESTIC RETURN RECEIPT

|                                                                                                       |  |                                                                                                                                                                                                                                                                                            |  |
|-------------------------------------------------------------------------------------------------------|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <b>3. Article Addressed to:</b><br>Kelton Operating Corp.<br>Post Office Box 276<br>Andrews, TX 79714 |  | <b>4. Article Number</b><br>P 087 492 239                                                                                                                                                                                                                                                  |  |
| <b>5. Signature - Address</b><br>X <i>[Signature]</i>                                                 |  | <b>Type of Service:</b><br><input type="checkbox"/> Registered<br><input checked="" type="checkbox"/> Certified<br><input type="checkbox"/> Express Mail<br><input type="checkbox"/> Insured<br><input type="checkbox"/> COD<br><input type="checkbox"/> Return Receipt<br>for Merchandise |  |
| <b>6. Signature - Agent</b><br>X <i>[Signature]</i>                                                   |  | Always obtain signature of addressee<br>or agent and <b>DATE DELIVERED.</b>                                                                                                                                                                                                                |  |
| <b>7. Date of Delivery</b><br>2-12-93                                                                 |  | <b>8. Addressee's Address (ONLY if<br/>requested and fee paid)</b>                                                                                                                                                                                                                         |  |

**SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.  
Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.  
1. ☒ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

CAMPBELL, CARR, BERGE

& SHERIDAN, P.A.

LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN  
WILLIAM P. SLATTERY

PATRICIA A. MATTHEWS  
MICHAEL H. FELDEWERT

JACK M. CAMPBELL  
OF COUNSEL

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE (505) 988-4421  
TELECOPIER (505) 983-6043

February 5, 1993

**CERTIFIED MAIL -**  
**RETURN RECEIPT REQUESTED**

Kelton Operating Corp.  
Post Office Box 3090  
Roswell, New Mexico 88202-3090

Re: Amended Application of Chuza Operating for Special Pool Rules, Lea  
County, New Mexico

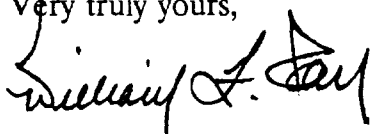
Gentlemen:

This letter is to advise you that Chuza Operating has filed the enclosed amended application with the New Mexico Oil Conservation Division seeking an Order creating a new pool in the Blinebry and Paddock formations located in Sections 11 and 12, Township 23 South, Range 37 East, N.M.P.M., Lea County, New Mexico and promulgating Special Pool Rules and Regulations for this pool including a 6000 to 1 Gas/Oil Ratio.

This application has been set for hearing before an Examiner of the Oil Conservation Division on February 18, 1993. Chuza will present testimony at that time but the case will be continued to March 4, 1993 and additional testimony may be presented on that date. You are not required to attend the hearings on these dates, but as the owner of an interest that may be affected by this application, you may appear at that hearing and present testimony. Failure to appear at that time or otherwise become a party of record will preclude you from challenging this application at a later date.

Parties appearing in cases before the Division have been requested to file a Pre-hearing Statement substantially in the form prescribed by the Division (Oil Conservation Division Memorandum 2-90). Pre-hearing statements should be filed by 4:00 o'clock p.m., on the Friday before a scheduled hearing.

Very truly yours,



WILLIAM F. CARR  
ATTORNEY FOR CHUZA OPERATING  
WFC:mlh  
Enclosure

P 087 492 238



UNITED STATES  
POSTAL SERVICE

**Receipt for  
Certified Mail**

No Insurance Coverage Provided  
Do not use for International Mail  
(See Reverse)

|                        |    |
|------------------------|----|
| Kelton Operating Corp. |    |
| Post Office Box 3090   |    |
| Roswell, NM 88202-3090 |    |
|                        | \$ |
|                        |    |
|                        |    |
|                        |    |
|                        |    |
|                        |    |
|                        | \$ |
| February 8, 1993       |    |

PS Form 3800, June 1991

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

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN  
WILLIAM P. SLATTERY

PATRICIA A. MATTHEWS  
MICHAEL H. FELDEWERT

JACK M. CAMPBELL  
OF COUNSEL

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

January 28, 1993

**CERTIFIED MAIL -**  
**RETURN RECEIPT REQUESTED**

Kelton Operating Corp.  
Post Office Box 276  
Andrews, Texas 79714

Re: Application of Chuza Operating for Special Pool Rules, Lea County, New Mexico

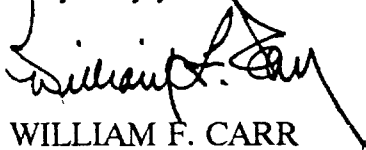
Gentlemen:

This letter is to advise you that Chuza Operating has filed the enclosed application with the New Mexico Oil Conservation Division seeking an Order creating a new pool in the Blinbry formation located in Sections 11 and 12, Township 23 South, Range 37 East, N.M.P.M., Lea County, New Mexico and promulgating Special Pool Rules and Regulations for this pool including a 6000 to 1 Gas/Oil Ratio.

This application has been set for hearing before an Examiner of the Oil Conservation Division on February 18, 1993. You are not required to attend this hearing, but as the owner of an interest that may be affected by this application, you may appear at that hearing and present testimony. Failure to appear at that time or otherwise become a party of record will preclude you from challenging this application at a later date.

Parties appearing in cases before the Division have been requested to file a Pre-hearing Statement substantially in the form prescribed by the Division (Oil Conservation Division Memorandum 2-90). Pre-hearing statements should be filed by 4:00 o'clock p.m., on the Friday before a scheduled hearing.

Very truly yours,



WILLIAM F. CARR  
ATTORNEY FOR CHUZA OPERATING  
WFC:mlh  
Enclosure

P 377 563 508



**Receipt for  
Certified Mail**

No Insurance Coverage Provided  
Do not use for International Mail  
(See Reverse)

Kelton Operating Corp.  
Post Office Box 276  
Andrews, Texas 79714

PS Form 3800, June 1991

|                                                         |    |
|---------------------------------------------------------|----|
| Postage                                                 |    |
| Postage and Fees                                        |    |
| Registration Fee                                        |    |
| Return Receipt with<br>Proof of Mailing Certificate     |    |
| Return Receipt with Mailing<br>Label and Address Labels |    |
| Total postage<br>to Post                                | \$ |
| Return Receipt Date<br><b>JAN 28 1993</b>               |    |

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

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN  
WILLIAM P. SLATTERY

PATRICIA A. MATTHEWS  
MICHAEL H. FELDEWERT

JACK M. CAMPBELL  
OF COUNSEL

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

January 28, 1993

**CERTIFIED MAIL -**  
**RETURN RECEIPT REQUESTED**

Kelton Operating Corp.  
Post Office Box 3090  
Roswell, New Mexico 88202-3090

Re: Application of Chuza Operating for Special Pool Rules, Lea County, New Mexico

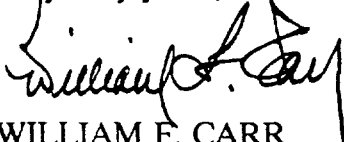
Gentlemen:

This letter is to advise you that Chuza Operating has filed the enclosed application with the New Mexico Oil Conservation Division seeking an Order creating a new pool in the Blinebry formation located in Sections 11 and 12, Township 23 South, Range 37 East, N.M.P.M., Lea County, New Mexico and promulgating Special Pool Rules and Regulations for this pool including a 6000 to 1 Gas/Oil Ratio.

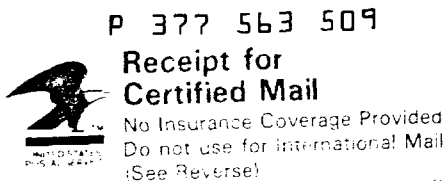
This application has been set for hearing before an Examiner of the Oil Conservation Division on February 18, 1993. You are not required to attend this hearing, but as the owner of an interest that may be affected by this application, you may appear at that hearing and present testimony. Failure to appear at that time or otherwise become a party of record will preclude you from challenging this application at a later date.

Parties appearing in cases before the Division have been requested to file a Pre-hearing Statement substantially in the form prescribed by the Division (Oil Conservation Division Memorandum 2-90). Pre-hearing statements should be filed by 4:00 o'clock p.m., on the Friday before a scheduled hearing.

Very truly yours,



WILLIAM F. CARR  
ATTORNEY FOR CHUZA OPERATING  
WFC:mlh  
Enclosure



Kelton Operating Corp.  
Post Office Box 3090  
Roswell, New Mexico 88202-3090

|                                                         |                                                                                                                                                                                                                                                              |
|---------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Article Addressed to:                                |                                                                                                                                                                                                                                                              |
| 2. Article Number                                       | P 377 563 509                                                                                                                                                                                                                                                |
| 3. Type of Service:                                     | <input type="checkbox"/> Registered<br><input checked="" type="checkbox"/> Certified<br><input type="checkbox"/> Express Mail<br><input type="checkbox"/> Insured<br><input type="checkbox"/> COD<br><input type="checkbox"/> Return Receipt for Merchandise |
| 4. Addressee's Address (ONLY if requested and fee paid) |                                                                                                                                                                                                                                                              |
| 5. Signature - Agent                                    |                                                                                                                                                                                                                                                              |
| 6. Date of Delivery                                     |                                                                                                                                                                                                                                                              |
| 7. PS Form 3811, Mar. 1988                              | U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT                                                                                                                                                                                                              |

JAN 28 1993

PS Form 3800, June 1991

**KELTON OPERATING CORPORATION  
POST OFFICE BOX 276  
ANDREWS, TEXAS 79714-0276  
915-523-6535**

February 15, 1993

Mr. William F. Carr  
Campbell, Carr, Berge & Sheridan, P.A.  
Post Office Box 2208  
Santa Fe, New Mexico 87504-2208

Re: Correspondence dated February 5, 1993

Dear Mr. Carr: ..

In accordance with your correspondence dated February 5, 1993 pertaining to the Oil Conservation Division hearing to be held February 18, 1993 on behalf of Chuza Operating in Midland, Texas, Kelton Operating Corporation (herein "Kelton") is in agreement with the proposed Gas/Oil Ratio and Special Pool rules and Regulations being set forth in the application to include Sections 11 and 12 involving the discovery well, Lineberry No. 1 located in the NE/4 SE/4 Section 11, T-23-S, R-37-E, and the Flat C Sharp No. 1 located in SE/4 NE/4 Section 11, T-23-S, R-37-E, Lea County, New Mexico owned and operated by Kelton Operating Corporation with the following requests: 1) Kelton discovered the Blinberry formation in Section 11 on October 14, 1992, and therefore Kelton requests that paragraph 6 be presented at the hearing utilizing an effective date of discovery of October 14, 1992; and 2) That the Special Pool rules and Regulations cover the depths from 5250' to 5750' covering the whole interval of the Blinberry formation.

Kelton requests that we be noticed as a party of record, and furthermore, Kelton will attend the hearing.

Should you need anything further or have any questions, please advise.

Very truly yours,

KELTON OPERATING CORPORATION



C. Dale Kelton  
President

|       |       |
|-------|-------|
| CHUZA | 10671 |
|-------|-------|

CDK/clw

BEFORE EXAMINER STOGNER  
OIL CONSERVATION DIVISION

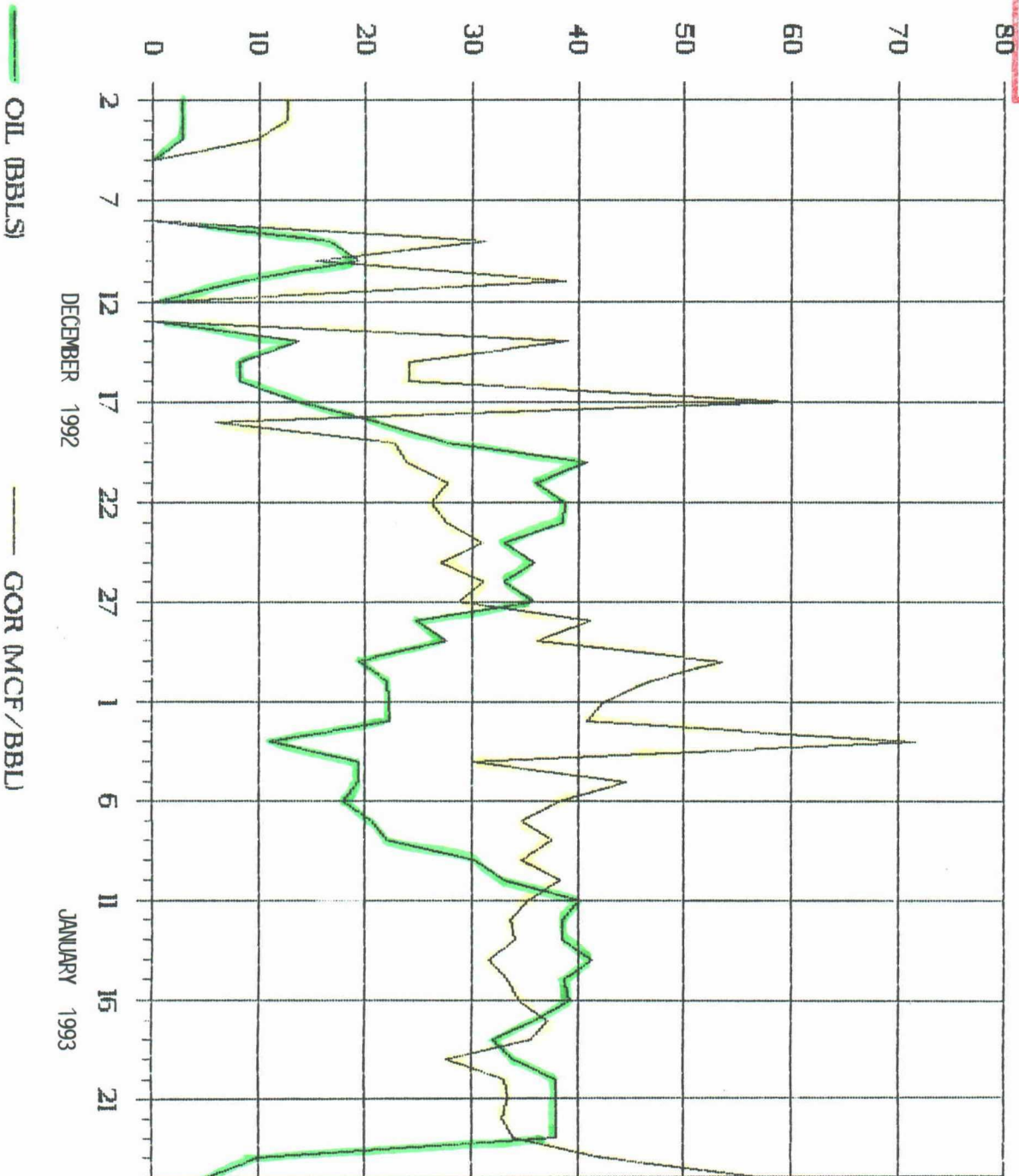
CHUZA EXHIBIT NO. 8

CASE NO. 10671

GAMBI NO. 1

DAILY OIL & GOR

PRODUCTION (BBLs)  
GOR (MCF/BBL)



GAMBI NO.1  
LEA CO., NM  
=====

| MO.   | DAY | YR. | OIL<br>BBLs | GAS<br>MCF | GOR<br>MCF/BBL | WATER<br>BBLs | TUBING<br>PRESSURE<br>PSIG | CASING<br>PRESSURE<br>PSIG |
|-------|-----|-----|-------------|------------|----------------|---------------|----------------------------|----------------------------|
| ===== |     |     | =====       | =====      | =====          | =====         | =====                      | =====                      |
| 12    | 2   | 92  | 2.76        | 35.0       | 12.681         | 8             |                            |                            |
| 12    | 3   | 92  | 2.77        | 35.0       | 12.635         | 8             |                            |                            |
| 12    | 4   | 92  | 2.77        | 27.0       | 9.747          | 8             |                            |                            |
| 12    | 5   | 92  | 0.00        | 0.0        | 0.000          | 0             |                            |                            |
| 12    | 6   | 92  | 0.00        | 0.0        | 0.000          | 0             |                            |                            |
| 12    | 7   | 92  | 0.00        | 0.0        | 0.000          | 0             |                            |                            |
| 12    | 8   | 92  | 0.00        | 0.0        | 0.000          | 10            |                            |                            |
| 12    | 9   | 92  | 16.64       | 520.0      | 31.250         | 12            |                            |                            |
| 12    | 10  | 92  | 19.35       | 296.1      | 15.302         | 28            |                            |                            |
| 12    | 11  | 92  | 8.27        | 321.0      | 38.815         | 12            |                            |                            |
| 12    | 12  | 92  | 0.00        | 0.0        | 0.000          | 0             |                            |                            |
| 12    | 13  | 92  | 0.00        | 7.4        | 0.000          | 2             |                            |                            |
| 12    | 14  | 92  | 13.77       | 536.2      | 38.940         | 18            |                            |                            |
| 12    | 15  | 92  | 8.27        | 199.6      | 24.135         | 12            |                            |                            |
| 12    | 16  | 92  | 8.27        | 199.1      | 24.075         | 12            |                            |                            |
| 12    | 17  | 92  | 13.79       | 823.2      | 59.695         | 21            |                            |                            |
| 12    | 18  | 92  | 21.17       | 128.0      | 6.046          | 10            | 1500                       | 1720                       |
| 12    | 19  | 92  | 27.68       | 629.0      | 22.724         | 13            | 1500                       | 1720                       |
| 12    | 20  | 92  | 40.81       | 972.7      | 23.835         | 8             | 1500                       | 1700                       |
| 12    | 21  | 92  | 35.99       | 996.4      | 27.685         | 6             | 1500                       | 1690                       |
| 12    | 22  | 92  | 38.66       | 1014.7     | 26.247         | 4             | 1495                       | 1685                       |
| 12    | 23  | 92  | 38.65       | 1066.6     | 27.596         | 3             | 1495                       | 1665                       |
| 12    | 24  | 92  | 33.11       | 1023.8     | 30.921         | 8             | 1500                       | 1670                       |
| 12    | 25  | 92  | 35.89       | 973.4      | 27.122         | 7             | 1500                       | 1670                       |
| 12    | 26  | 92  | 33.06       | 1029.0     | 31.125         | 8             | 1490                       | 1660                       |
| 12    | 27  | 92  | 35.84       | 1029.3     | 28.719         | 5             | 1490                       | 1655                       |
| 12    | 28  | 92  | 24.83       | 1024.2     | 41.248         | 15            | 1490                       | 1655                       |
| 12    | 29  | 92  | 27.57       | 996.4      | 36.141         | 17            | 1490                       | 1655                       |
| 12    | 30  | 92  | 19.30       | 1031.6     | 53.451         | 16            | 1490                       | 1640                       |
| 12    | 31  | 92  | 22.04       | 1025.8     | 46.543         | 14            | 1490                       | 1640                       |
| 1     | 1   | 93  | 22.25       | 943.8      | 42.418         | 9             | 1480                       | 1625                       |
| 1     | 2   | 93  | 22.34       | 910.4      | 40.752         | 12            | 1480                       | 1620                       |
| 1     | 3   | 93  | 11.09       | 792.7      | 71.479         | 8             | 1625                       | 1730                       |
| 1     | 4   | 93  | 19.31       | 580.1      | 30.041         | 5             | 1470                       | 1650                       |
| 1     | 5   | 93  | 19.28       | 859.7      | 44.590         | 5             | 1460                       | 1645                       |
| 1     | 6   | 93  | 17.93       | 688.2      | 38.383         | 4             | 1440                       | 1670                       |
| 1     | 7   | 93  | 20.69       | 719.6      | 34.780         | 4             | 1440                       | 1660                       |
| 1     | 8   | 93  | 22.07       | 828.6      | 37.544         | 8             | 1440                       | 1650                       |
| 1     | 9   | 93  | 30.35       | 1053.4     | 34.708         | 9             | 1440                       | 1600                       |
| 1     | 10  | 93  | 33.11       | 1268.6     | 38.315         | 8             | 1440                       | 1570                       |
| 1     | 11  | 93  | 40.09       | 1418.9     | 35.393         | 9             | 1440                       | 1565                       |
| 1     | 12  | 93  | 38.59       | 1300.6     | 33.703         | 10            | 1440                       | 1560                       |
| 1     | 13  | 93  | 38.62       | 1315.8     | 34.070         | 8             | 1420                       | 1545                       |
| 1     | 14  | 93  | 41.38       | 1307.1     | 31.588         | 9             | 1410                       | 1540                       |
| 1     | 15  | 93  | 38.70       | 1294.4     | 33.447         | 8             | 1410                       | 1540                       |
| 1     | 16  | 93  | 39.27       | 1350.5     | 34.390         | 7             | 1400                       | 1550                       |
| 1     | 17  | 93  | 35.86       | 1335.6     | 37.245         | 8             | 1400                       | 1530                       |
| 1     | 18  | 93  | 32.00       | 1141.6     | 35.675         | 4             | 1430                       | 1570                       |
| 1     | 19  | 93  | 34.00       | 937.8      | 27.582         | 8             | 1430                       | 1540                       |
| 1     | 20  | 93  | 38.00       | 1258.5     | 33.118         | 9             | 1400                       | 1520                       |

GAMBI NO.1  
LEA CO., NM  
\*\*\*\*\*

| MO.   | DAY | YR. | OIL<br>BBLs | GAS<br>MCF | GOR<br>MCF/BBL | WATER<br>BBLs | TUBING<br>PRESSURE<br>PSIG | CASING<br>PRESSURE<br>PSIG |
|-------|-----|-----|-------------|------------|----------------|---------------|----------------------------|----------------------------|
| ***** |     |     | *****       | *****      | *****          | *****         | *****                      | *****                      |
| 1     | 21  | 93  | 38.00       | 1267.4     | 33.353         | 9             | 1410                       | 1520                       |
| 1     | 22  | 93  | 38.00       | 1248.6     | 32.858         | 7             | 1400                       | 1520                       |
| 1     | 23  | 93  | 38.00       | 1291.0     | 33.974         | 6             | 1390                       | 1510                       |
| 1     | 24  | 93  | 10.00       | 417.5      | 41.750         | 5             | 1580                       | 1660                       |
| 1     | 25  | 93  | 5.00        | 283.9      | 56.780         | 2             | 1442                       | 1630                       |
|       |     |     | -----       | -----      | -----          |               |                            |                            |
|       |     |     | 1255.19     | 41754.8    | 33.266         |               |                            |                            |

AVERAGE GOR = 33.266 MCF/BBL

GAMBI NO. 1  
LEA CO., NM

PAYOUT CALCULATION

1. BASED ON 107 BOPD & 2000/1 CUFT/DAY GOR

|                                          |              |
|------------------------------------------|--------------|
| A. DRILLING AND COMP COST (5800 FT WELL) | \$ 290,000   |
| B. WORKING INTEREST                      | 100 %        |
| C. NET REVENUE INTEREST                  | 75 %         |
| D. OIL PRICE                             | \$ 19.00/BBL |
| E. GAS PRICE                             | \$ 1.50/MCF  |
| F. MONTHLY OPERATING COST                | \$ 800/MO    |
| G. MONTHLY OIL RATE (INITIAL)            | 196 BBL      |
| F: MONTHLY GAS RATE                      | 6,506 MCF    |
| G: ANNUAL DECLINE RATE                   | 5 %          |
| H. PAYOUT OF WELL COST                   | 33 MOS       |

2. BASED ON 107 BOPD & 6000/1 CUFT/DAY GOR

|                                          |              |
|------------------------------------------|--------------|
| A. DRILLING AND COMP COST (5800 FT WELL) | \$ 290,000   |
| B. WORKING INTEREST                      | 100 %        |
| C. NET REVENUE INTEREST                  | 75 %         |
| D. OIL PRICE                             | \$ 19.00/BBL |
| E. GAS PRICE                             | \$ 1.50/MCF  |
| F. MONTHLY OPERATING COST                | \$ 800/MO    |
| G. MONTHLY OIL RATE (INITIAL)            | 587 BBL      |
| F: MONTHLY GAS RATE                      | 19,517 MCF   |
| G: ANNUAL DECLINE RATE                   | 15 %         |
| H. PAYOUT OF WELL COST                   | 10 MOS       |

