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January 25, 2005

HAND DELIVERY

Mark E. Fesmire, P. E.
Director
Oil Conservation Division
New Mexico Energy, Minerals and
Natural Resources Department
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Case 13395: Amended Application of Chisos Ltd. for pool creation and classification of this pool as a retrograde condensate gas pool, Eddy County, New Mexico.

Dear Mr. Fesmire:

Enclosed is the Amended Application of Chisos, Ltd. in the above-referenced case as well as a copy of the legal advertisement. The original application of Chisos Ltd. has been set for hearing on February 3, 2005. Chisos, Ltd. requests that the original case be continued and this amended application be placed on the February 17, 2005 Examiner Hearing docket.

Very truly yours,

William F. Carr

Enclosures

cc: Mr. Bill Pierce

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

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. 13395

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.

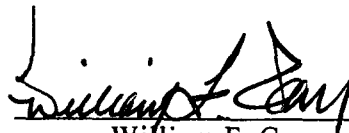
WHEREFORE, Chisos, Ltd. requests that this amended application be set for hearing before an Examiner of the Oil Conservation Division on February 17, 2005 and after notice and hearing as required by law, the Division enter its order:

- 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:


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ATTORNEY FOR CHISOS, LTD.

CASE 13395:

Application of Chiso, 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 Chiso, 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.