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November 23, 2004

HAND-DELIVERED

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

Case 13395

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

Dear Mr. Fesmire:

Enclosed in triplicate is the Application of Chiso, Ltd. in the above-referenced case as well as a copy of the legal advertisement. Chiso, Ltd. requests that this matter be placed on the docket for the December 16, 2004 Examiner hearings.

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

CASE NO. 13395

APPLICATION

CHISO, LTD. ("Chiso"), through its undersigned attorneys, hereby makes application for 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 12, 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. In support of this application, Chiso states:

1. Chiso, 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 Chiso 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. Chiso filed an Acreage Dedication Plat (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 Chiso 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.

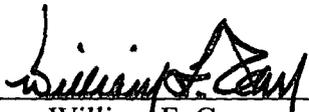
5. Approval of this application will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

WHEREFORE, Chiso, Ltd. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on December 16, 2004 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 Chiso, 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

ATTORNEYS FOR CHISO, LTD.

CASE 13396:

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 12, 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.