# **BEFORE THE OIL CONSERVATION DIVISION NEW MEXICO ENERGY, MINERALS AND** NATURAL RESOURCES DEPARTMENT

# APPLICATION OF CHI OPERATING INC. FOR APPROVAL OF OFF-LEASE STORAGE AND **MEASUREMENT, EDDY COUNTY, NEW MEXICO.**

### **CASE NO. 13788**

## **AFFIDAVIT**

STATE OF NEW MEXICO ) ) ss. COUNTY OF SANTA FE )

William F. Carr, attorney in fact and authorized representative of Chi Operating, Inc., the Applicant herein, states that notice of the above-referenced Application was mailed to the interested parties shown on Exhibit "A" attached hereto in accordance with Oil Conservation Division Rules, and that true and correct copies of the notice letter and proof of notice are attached hereto.

lliam F/ Carr

SUBSCRIBED AND SWORN to before me this day of September 2006.

My Commission Expires:

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Case No. 13788 Exhibit No. 9 Submitted by: CHI OPERATING INC. Hearing Date: September 28, 2006

	U.S. PostallServi GERTIFIED M (Domestic Mail)	co AlluRECEIPT Only: Nothsurance Goverage Provided):
9266		PO87
955 <b>8</b>	Chi Postage Certified Fee	s .87 240
0002	Return Receipt Fee (Endorsement Required) Restricted Delivery Fee	1.85 Postmark 8 Here
םאננ	(Endorsement Required) Total Postage & Fees	\$ 5,12
	Charle	s de B. Hagerman
7001	or PO Box No.	C, Box 1377 ay ta Fe, NM 87504
•	ر PS Formi3800; Janua	

Ć

•

٩

٠

•

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul> <li>Complete items 1, 2, and 3. Also complete item 4 if Pestricted Delivery is desired.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> <li>Article Addressed to:</li> <li>Charles de B. Hagerman P. O. Box 1397 Sauta Fe, NM 87504</li> </ul>	A. Received by (Please Print Clearly) B. Date of Delivery C. Signature
2. Article Number (Cop) 7001 1140 0002	9558 9336
PS.Form 3811, July 1999 Domestic Retu	In Receipt 102595-00-M-0952

H. Date of Delivery 9-5-06 Agent Addressee n 1 7 1 Ves	<ul> <li>□ Express Mail</li> <li>■ Express Mail<!--</th--><th><b>5</b></th><th>102595-00-M-0952</th><th></th><th></th><th></th><th></th></li></ul>	<b>5</b>	102595-00-M-0952				
COMPLETE THIS SECTION ON DELIVERY A Received by (Please Print Clearly) B. De C. Signature X. MUTAL Ardury D. Is delivery address different from item 17 If YES, enter delivery address below:	Service Type Contribution Mail Registered Insured Mail		n Receipt				
<ul> <li>SENDER: COMPLETE THIS SECTION</li> <li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the malpiece, or on the front if space permits.</li> <li>1. Article Addressed to:</li> <li>John W. &amp; Sandra L. Anderson</li> </ul>	68 Heritage Road Galeburg, IL 61401	2. Article Number (Copy) fr: 7001. 1.1.40 0002	PS Form 3811, July 1999 Domestic Return Receipt				
	Hera CPS BIDD	John W. & Sandra L. Anderson 68 Heritage Road Galehurg II 61401		201 ISA 332	Certified Fee Certified Fee um Receipt Fee ement Required) ted Delivery Fee ement Required)	Total Postage & Fees   \$ J/JO Sent To Donna Bradberry Street, Apt. 7000 I-25 E #60 or P0 Box h Aledo, TX 76008	

. .

• •

R: COMPLETE THIS SECTION     R: COMPLETE THIS SECTION     B. Date       R: COMPLETE THIS SECTION     R: COMPLETE THIS SECTION     B. Date       R: Restricted Dations     1: 2: 8 and 10 stress     Complete       Vour name itements     R: Restricted Dations     Complete       Vour name itements     C. State     C. State       Vour name itement     C. State     C. State       Vour name itement     C. State     C. State       Vour name     C. State     C. State       Vour name     C. State     C. State       Vour name     C. State     C. State       Itelen Ellis     C. State     No.       Lelen Ellis     C. State     No.       Lelen Ellis     C. State     C. State	Schuleth. Complete term 4: Restricted Delivery, is desired.     A Recircly Phase Print Clearly Landon <ul> <li>Complete terms: 1: 2: and 3: Also complete term 4: Restricted Delivery, is desired.</li> <li>Complete terms: 1: 2: and 3: Also complete term 4: Restricted Delivery, is desired.</li> <li>Complete terms: 1: 2: and 3: Also complete term 4: Restricted Delivery, is desired.</li> <li>Prover rearraitmente card to you.</li> <li>A Restricted Delivery address of the maliplece.</li> <li>A react to the back of the maliplece.</li> <li>A react of the back of the maliplece.</li> <li>A react of the back of the maliplece.</li> <li>A react of the back of the back of the maliplece.</li> <li>A react of the back of the back of the maliplece.</li> <li>A react of the back of the back of the maliplece.</li> <li>A react of the back of the back of the maliplece.</li> <li>A react of the maliplece.</li> <li>A react of the maliplece.</li> <li>A react of the react of</li></ul>
REGELPT Control of the second	THE REAL COLOR OF THE REAL COL

A. Received by (Please Print Clean) B. Date of Delivery K Return Receipt for Merchandise R Return Receipt for Merchandise A. Received by (Please Print Clearly) B. Date of Delivery 102595-00-M-0952 102595-00-M-0952 C Agent Addin 8 8 چ ow Dimension у Д 68 505 D COMPLETE THIS SECTION ON DELIVERY COMPLETE THIS SECTION ON DELIVERY S 80 ely. address different from item 1/2 from item, it? ss, below: C Express Mail C Express Mail 4. Restricted Delivery? (Extra Fee) 4. Restricted Delivery? (Extra Fee) <u>(</u>С.о.р. D C.O.D. If YES, enter delivery add If YES, enter delivery add Is delivery address diffe 7001 1140 0002 9558 8698 8704 Certified Mail Begistered Insured Mail Certified Mail Registered Insured Mail Service Type Service Type fs deliverv 9558 Domestic Return Receipt Domestic Return Receipt G. Sign C. Sg a 7000 OHII 1007 Attach this card to the back of the mailpiece, Attach this card to the back of the mailpiece, Print your name and address on the reverse Print your name and address on the reverse 大、御寺 内立いろ 三大 二百二百万大 Complete Items 1, 2, and 3. Also complete Complete items 1. 2. and 3. Also complete SENDER: COMPLETE THIS-SECTION-Item 4 If Restricted Delivery is desired. SENDER: COMPLETE THIS SECTION item 4 if Restricted Delivery is desired. so that we can return the card to you. so that we can return the card to you. or on the front if space permits. or on the front if space permits. Roswell, NM 88202 Madison M. Hinkle Roswell, NM 88202 Rolla R. Hinkle, III P. O. Box 2292 PS Form 3811, July 1999 2. Article Number (Copy from PS Form 3811, July 1999 2. Article Number (Copy frc P. O. Box 2292 1. Article Addressed to: Article Addressed to: SPS BI SEP - 1 200 意意 Postmark Here SpS & city state, ZIP+4 Roswell, NM 88202 Madison M. Hinkle city, state, ZIP Roswell, NM 88202 Rolla R. Hinkle, III Street, Apt. No.; P. O. Box 2292 or PO Box No. るこう UIS POSTALSENICE CERTIFIED MAIL RECEIPT P. O. Box 2292 18 040 Ŕ 87 0.40 FIED MMIL REGEN Total Postage & Fees Total Postage & Fees S Return Receipt Fee (Endorsement Required) Restricted Delivery Fee (Endorsement Required) Postage Return Receipt Fee (Endorsement Required) Restricted Delivery Fee (Endorsement Required) Postage Certified Fee Certified Fee े ई (1938 Street, Apt. No I or PO Box No. SS FORMEROD, U ž. PS is of mid80 S Sent To 反互 Sent To Ğ 8698 8226 2000 1002 ወትፒፒ 8556 2000 0111 1002

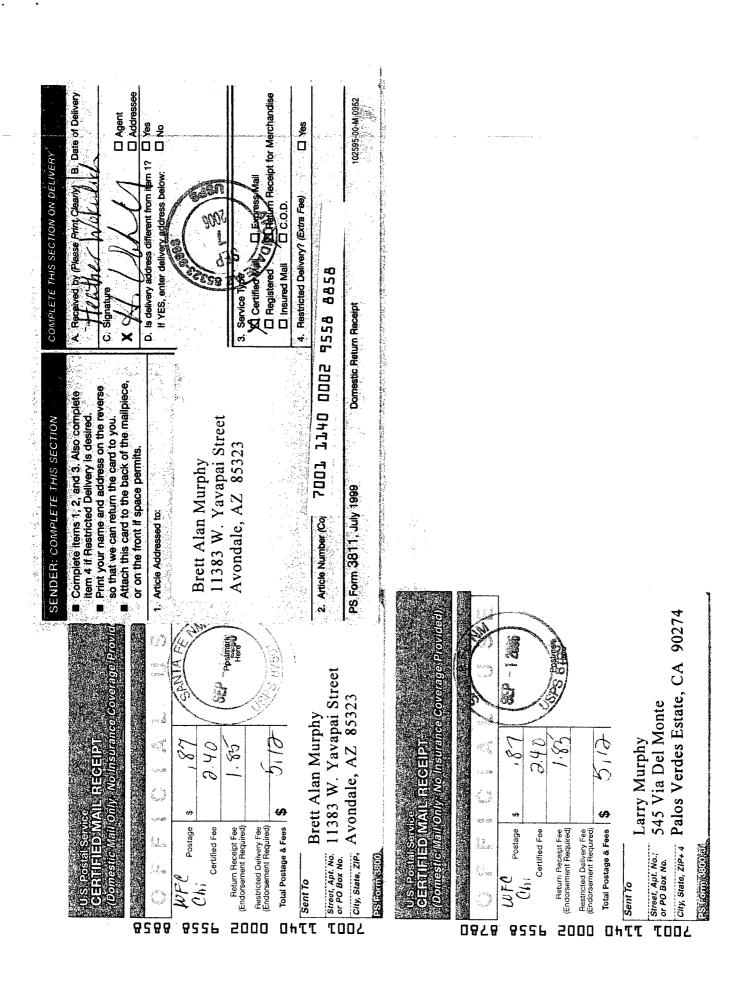
A. Received by (Please Frint Open)       Date of Delivery         A. Received by (Please Frint Open)       B. Date of Delivery         A. Received by (Please Frint Open)       Date of Delivery         A. Received by (Please Frint Open)       Date of Delivery         A. Received by (Please Frint Open)       Date of Delivery         A. Received by (Please Frint Open)       Date of Delivery         A. Received by (Please differition item 1?       Ves         D. Is delivery address below:       No         A. Restricted Delivery (Extra Fee)       No	0002 9558 8889 Beturn Receipt 102595-00-M-0952	ComPletentris Section on operativent         A. Haceived by (Please Print Clearly)         B. Bate of Delivery of Carly Muture         C. Signature         Addresse Print Clearly         B. Is delogy address below:         Press         B. Is delogy address below:         Press         B. Service Type         B. Is delogy address below:         Press         B. Service Type         B. Service Type<
그는 그는 것은 것은 것은 것을 가지 않는 것은 것은 것을 들었다. 것은 것은 것은 것은 것을 가지 않는 것을 수 없는 것을 하는 것을 수 있다. 것을 하는 것을 하는 것을 하는 것을 하는 것을 하는 것을 수 있다. 것을 하는 것을 하는 것을 수 있다. 것을 하는 것을 수 있다. 것을 하는 것을 하는 것을 수 있다. 가지 않는 것을 하는 것을 수 있다. 것을 하는 것을 수 있다. 것을 하는 것을 수 있다. 가지 않는 것을 하는 것을 수 있다. 것을 수 있다. 것을 하는 것을 수 있다. 것을 수 있다. 것을 수 있다. 것을 수 있다. 것을 것을 수 있다. 것을 수 있다. 것을 수 있다. 것을 것을 수 있다. 것을 것을 수 있다. 것을 수 있다. 것을 것을 수 있다. 것을 것을 것을 수 있다. 것을 것을 것을 것을 수 있다. 것을 것을 것을 수 있다. 것을	2 Article Number (Copy from \$4 7001. 1.1.4.0 0002 9 PS Form 3811, July 1899 Domestic Return Receipt	<ul> <li>SENDER COMPLETE HIS SECTION</li> <li>Complete items 1, 2, and 3. Also complete terms 1, 2, and 3. Also complete term 4. If Restricted Delivery is desired.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the malpiece, or on the front if space permits.</li> <li>Attach this card to the back of the malpiece, or on the front if space permits.</li> <li>Attach this card to the back of the malpiece, or on the front if space permits.</li> <li>Attach this card to the back of the malpiece, or on the front if space permits.</li> <li>Attach this card to the back of the malpiece, the number (Cop) 7001 1.140 0002</li> <li>PS Form 3871, July 1999 Domestic fetures.</li> </ul>
Children Berger	Culv State, Zir Alpine, CA 91901 Entry State, Zir Alpine, CA 91901	GERTIEIDIMILIAEGEIPT GERTIEIDIMILIAEGEIPT Looper of the second of the se

. .

•

•

 $(\mathbf{b})$ 



	D. Is delivery address different from tern 7:  If YES, enter delivery address below: If YES, enter delivery address below: 3. Sentice Time	Contined Mail D Express Mail Contined Mail D Express Mail Registered R Return Receipt for Merchandise D Insured Mail D C.O.D.	1558 1381. In Receipt			 
<ul> <li>SENDER: COMPLETE THIS SECTION</li> <li>SENDER: COMPLETE THIS SECTION</li> <li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	1. Article Addressed to: Marvin & Rose I 116 28th Street,	Mason City, IA 50401	2. Article Number (Copy 1 7001, 1,1,4,0 0002, 9558 PS Form 3811, July 1999 Domestic Return Receipt		No.	
US Postal Strutce GERTIFIED MAIL REGELT (Domestic Mail Only Notineurance Coverage Pic	\$ . 87 340 1, 63 1		Street, Apt. No.; or PO Box No. City, State, ZIP+ FSSFOLUTE:009	US Postal Stands GERNIFIED MAIL RECEIPT (Pomestic Intell Only: No Insurance Coverage Provided)	Detrified Fee 2.40	

• •

. .

 $\bigcirc$ 

COMPLETE THIS SECTION ON DELIVERY A Received by (Please Print Cleary) B. Date of Delivery C. Signature C. Signature C. Signature C. Signature C. Signature C. Signature C. Signature C. Signature Agent A	Complete Infinition on Detrucerv     B. Der Main       A. Hecolded by (Please Hint Clearby B. Def A Definer       C. Signature       C. Signature       D. Is delivery address different from hem 1?       D. Is delivery address below.       D. Begistered       A Return Receipt for Merchandise       J. Restricted Delivery (Extra Fee)       J. Restricted Delivery (Extra Fee)
<ul> <li>SENDER: COMPLETE THIS SECTION</li> <li>SENDER: COMPLETE THIS SECTION</li> <li>Complete Items 1, 2, and 3, Also complete from 4 if Restricted Delivery is desired.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the maliplece, or on the front if space permits.</li> <li>Attach this card to the back of the maliplece, or on the front if space permits.</li> <li>Attach this card to the back of the maliplece, or on the front if space permits.</li> <li>Attach this card to the back of the maliplece, or on the front if space permits.</li> <li>Attach this card to the back of the maliplece, or on the front if space permits.</li> <li>Attach this card to the back of the maliplece, or on the front if space permits.</li> <li>Attach this card to the back of the maliplece, or on the front if space permits.</li> <li>Attach this card to the back of the maliplece, or on the front if space permits.</li> <li>Attach this card to the back of the maliplece, or on the front if space permits.</li> <li>Attach this card to the back of the maliplece, or on the front if space permits.</li> <li>Attach addressed to:</li> <li>Attac</li></ul>	<ul> <li>SENDER: COMPLETE THISSECTION</li> <li>Complete items 1, 2, and 3. Also complete them 4 if Restricted Delivery is desired.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the malplece, or on the front if space permits.</li> <li>Anticle Addressed to</li> <li>Anticle Addressed to</li> <li>Cynthia Jolene Spencer Reyenga 1516 Nevadá 23 1516 Nevadá 23 1516 Nevadá 23</li> <li>Article Number (<i>Cop</i>)</li> <li>Article Number (<i>Cop</i>)</li> <li>Anticle Mumber (<i>Cop</i>)</li> <li>Article Number (<i>Cop</i>)</li> <li>Article Numbe</li></ul>
Visional and the second of the	Postage s 187 Postage s 188 Postage s 188 Po

•

•

. .

 $\bigcirc$ 

ۇر. ئىمىمەرىيە

• •

Complete THIS SECTION ON DELIVERY A Proceived by Please Print Clearly B. Date of Delivery どひんじんしんしんしんしいして、ひかってっち C. Signature X. Druch August address Print Clearly B. Date of Delivery C. Signature D. Is delivery address below: 日本gent D. Is delivery address below: 日本Gent D. Is delivery address below: 日本Gent D. Seprice Type C. Signature D. Seprice Type C. Signature D. Seprice Type C. Signature D. Seprice Type C. Signature D. Seprice Type D. Se		A pecinived by (Please Print Clearly) B. Date of Delivery CO PHY JORACCY OS-05 0 6 C. Signature X DAAA Not DAULUU E Addressee D. is delivery address below: EANO	Mail Receipt for M	4. Restricted Delivery? (Extra Foe) ロ Yes ご
ov complete irad. mailpiece, d	2001 1J	<ul> <li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or in the front if space permits.</li> <li>Article Addressed to:</li> </ul>	Dorothy Spencer 22964 NW Florida Road Westphalia, KS 66093	2. Article Number (Copy fro 7001, 1,140 0002 955 PS Form 3811, July 1999 Domestic Return Receipt
Controller Controller Controller Control Contr	A street, Apt. No.; 22964 NW Florida Road or Polax No. City, State, ZIP. Westphalia, KS 66093 Extreme 2004 US FORESTON OF RUISING RECEIPT	LFF     Postage     \$,87       LFF     Postage     \$,87       Chi     Postage     \$,87       Chi     Postage     \$,87       Chi     Postage     \$,87       Chi     Postage     \$,740       Chi     Postage     \$,740	Rastricted Delivery (Endorsement Requi Total Postage & F Sent To Street, Apt. No.;	City, state, ZIP+ Westphalia, KS 66093

e s S

----

COMPLETE THIS SECTION ON DELIVERY A. Recorded by (Pleased Print Clearity) B. Date of Delivery C. Signature C. Signature	If YES, enter delivery address below.	ジュート	Σ.	1558 8797 turn Receipt	COMPLETE THIS SECTION ON DELIVERY	A. Received by (Please Print Cleany) B. Date of Delivery C. Signature JCC Spencer 09:00-00 C. Signature	X     Agent       D. Is delivery address different from item 1?     Pes       If YES, enter delivery address below:     Do	. 11 waa waa ah	3. Service Type     X. Centified Mail □ Express Mail     Registered X Return Receipt for Merchandise     Insured Mail □ C.O.D.	4. Restricted Delivery? (Extra Fee)	rn Receipt
r//ON o complete esired the reverse o you. he malipiece,	or on the front if space permits. 1. Article Addressed to:	Gerald Wayne Spencer 421 E. Columbia Road		2. Article Number (Col 7001 1140 0002 9558 8 PS Form 3811, July 1999 Domestic Rietum Receipt	SENDER: COMPLETE THIS SECTION			Spe 1st	MUIAII, KS 06755	4 <sup>2</sup> Article Number (Copy from 7001、1140 0002	PS Form 3811, July 1999
USA Postal Service CERTIFIED MAIL RECEIPT Domestic Mail Only No Insurance Coverage Provided)		- Ö -	Fracticited Delivery Fee (Endorsement Required) Total Postage & Fees \$ 5, 17 Sent To	Gerald Wayne Spencer Street, Apt. No.: 421 E. Columbia Road or PO Box No. Emerson, AK 71740-9201 City, State, 219+4	PS Form x600834. USS POSIALSOVICE	Generate Mail Only No Insurance coverage Provided)	UNE Postage s . 87 ( Service Law)			or POBOX No. 321 W. 1st Street or POBOX No. Clip, state, ZIP. Moran, KS 66755	A 19 A 10

. .

COMPLETE THIS SECTION ON DELIVERY A Received by (Please Print Clearly) B. Date of Delivery C. Signature C. Sign			If YES, enter delivery address below:	3. Service Type Certified Mail CExpress Mail Registered W Return Receipt for Merchandise Insured Mail C.O.D.		um. Receipt
SENDER: COMPLETE THIS SECTION Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse print your name and address on the reverse so that we can return the card to you Attach this card to the back of the malipiece, or on the front if space permits. 1. Article Addressed to: T. Article Addressed to: 22964 NW Florida Road Westphalia, KS 66093 2. Article Number (Copy 7001 1140 0002	999 End Domastic Re Prins S E CTION	Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the maliplece, or on the front if space permits.	Glen Weldin 14121 SW Florida Road	C TOOO	2. Article Number (Copy # 7001, 1,1,40,0002	PS Form 381.1, July 1999
Instruction     Instruction       Instrease	City, State, ZIP+4 Westphalia, NO ESTERTION Westphalia, NO US Dorth School GERNIALE MAIL REGERN (Pomestrend Confrence of the Internet	2 0.00 1 2 000	Raturn Receipt Fee 1.85 Postgrank (Endoreament Required) Restricted Delivery Fee (Endorsement Required) Total Postage & Fees \$ 5.17	Sent ToGlen WeldinStreet Apt. No.;14121 SW Florida Roadcr PO Box No.;14121 SW Florida Roadcriy, State, Zip.;Colony, KS 66015		

. •

. .

A. Received by (Please A. Received by (Please C. Signature C. Signature D. Is delivery address of If YES, entiar deliver 3. Service Type	B     Certified Mail     Express Mail       Certified Mail     C.O.D.       Insured Mail     C.O.D.       A. Restricted Delivery? (Extra Fee)       Methylic PS5B     B.B.FL       Imestic Return Receipt     Intervention       A. Repeived by (Please Print Clearly)     B. D       C. Signature     C. Signature	Ck of the maliplece,     X     MM     Agent       mits.     D. Is delivery address different from item 17     D ves       D. Is delivery address below:     D. No       If YES, enter delivery address below:     D No       3. Service Type     Centified Mail     Express Mail       Insured Mail     Express Mail       Insured Mail     C.O.D.       10.1     J.J.4.0     0.002       9.55.8     B.B.72
Out No heurance Concretor Provided)	katherine Weldin L2819 SW Delaware Colony, KS 66015 PE	Wr     Attach this card to the back of the maliplece.       Wr     Postaye     2.42       Chi i     Postaye     2.42       Chi i     Postaye     2.42       Chi i     Postaye     2.42       Chi i     Postaye     2.42       Contined Fee     2.42     Postaye       Chi i     Postaye     2.42       Contined Fee     1.85     Postaye       Februari Required     1.85     Postaye       Restricted Delivery Fee     1.85     Postage at 1.57       Indorsement Required     1.85     1.85       Restricted Delivery Fee     1.85     1.95       Indorsement Required     1.85     1.95       Restricted Delivery Fee     1.87     20939 ECR 157       Intervined     20939 ECR 157     2.410       Sent To     20939 ECR 157     2.400       State, Zip, State, Zip, Altus, OK 73521     2.400

 $\bigcirc$ 

. .

. •

A Constraints

HOLLAND&HART

William F. Carr wcarr@hollandhart.com

August 30, 2006

## <u>CERTIFIED MAIL</u> <u>RETURN RECEIPT REQUESTED</u>

Mr. Charles de B. Hagerman Post Office Box 1327 Santa Fe, New Mexico 87504

Re: Application of Chi Operating Inc. for approval of off-lease storage and measurement, Eddy County, New Mexico.

Dear Mr. Hagerman:

This letter is to advise you that Chi Operating Inc. has filed the enclosed application with the New Mexico Oil Conservation Division seeking seeking an order pursuant to the provisions of Oil Conservation Division Rule 303.B authorizing the Off-Lease Storage and Measurement of Delaware production, South Carlsbad-Delaware Pool, from its Hagerman Well No. 1 located at a point 1650 feet from the South line and 2200 feet from the West line of Section 30, Township 22 South, Range 27 East, NMPM, at the well site of its Allen Well No. 3, which is located at a point 660 feet from the North line and 1980 feet from the East line of Section 31, Township 22 South, Range 27 East, NMPM.

This application has been set for hearing before a Division Examiner on September 28, 2006. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-Hearing Statement with the Oil Conservation Division's Santa Fe office located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505, four days in advance of a scheduled hearing, but at least on the Thursday preceding the hearing. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly your William F. Carr

ATTORNEY FOR CHI OPERATING INC.

cc: Mr. John W. Qualls

#### Holland & Hart LLP

Phone [505] 988-4421 Fax [505] 983-6043 www.hollandhart.com

110 North Guadalupe Suite 1 Santa Fe, NM 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208 Aspen Billings Boise Boulder Cheyenne Colorado Springs Denver Denver Tech Center Jackson Hole Salt Lake City Santa Fe Washington, D.C. 🙃

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

## IN THE MATTER OF THE APPLICATION OF CHI OPERATING INC. FOR APPROVAL OF OFF-LEASE STORAGE AND MEASUREMENT, EDDY COUNTY, NEW MEXICO.

CASE NO.\_\_\_\_

## APPLICATION

CHI OPERATING INC. ("Chi") through its undersigned attorneys, hereby makes application pursuant to the provisions of Oil Conservation Division Rule 303.B for an order authorizing the Off-Lease Storage and Measurement of production from the Delaware formation, South Carlsbad-Delaware Pool, and in support of its applications states:

1. Chi Operating Inc. is the operator of the Hagerman Well No. 1 located at a point 1650 feet from the South line and 2200 feet from the West line of Section 30, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico. Chi also operates the Allen Well No. 3, which offsets the Hagerman location, on a different oil and gas lease, at a point 660 feet from the North line and 1980 feet from the East line of Section 31, Township 22 South, Range 27 East. Both wells are located on fee lands and each produces oil from the Delaware formation, South Carlsbad-Delaware Pool.

2. Chi has placed separate storage tanks and measurement facilities for the Hagerman Well No. 1 at the Allen Well No. 3 location and by administrative application dated August 2, 2006, sought Division approval for off-lease storage and measurement of the production from the Hagerman Well. No. 1. Chi filed its administrative application for approval of Off-Lease Storage and Measurement on Division Form C-107 and provided notice to all interest owners as required by Division Rule 1207. Thereafter, John de B. Hagerman, a royalty owner in the Hagerman Well No. 1, filed an objection with the Division. Therefore, this application must be set for hearing.

4. Approval of this application will result in efficient production storage and measurement operations for the subject well and is otherwise in the best interest of conservation the prevention of waste and the protection of correlative rights.

WHEREFORE, Chi Operating Inc. requests that this application be set for hearing before an examiner of the Oil Conservation Division on September 28, 2006 and, after notice and hearing, this application be approved.

Respectfully submitted,

HOLLAND & HART LLP

Bv

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

ATTORNEYS FOR CHI OPERATING INC.

CASE \_\_\_\_\_: Application of Chi Operating Inc. for approval of off-lease storage and measurement, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pursuant to the provisions of Oil Conservation Division Rule 303.B authorizing the Off-Lease Storage and Measurement of Delaware production, South Carlsbad-Delaware Pool, from its Hagerman Well No. 1 located at a point 1650 feet from the South line and 2200 feet from the West line of Section 30, Township 22 South, Range 27 East, NMPM, at the well site of its Allen Well No. 3, which is located at a point 660 feet from the North line and 1980 feet from the East line of Section 31, Township 22 South, Range 27 East, NMPM. The Hagerman well is located 1650 feet inside the Carlsbad, New Mexico, city limits on the southeastern border of the city.

Affidavit of Publication
STATE OF NEW MEXICO
County of Eddy:
Gary D. Scott being duly
sworn, says: That he is the <b>Publisher</b> of The
Artesia Daily Press, a daily newspaper of general
circulation, published in English at Artesia, said county
and county and state, and that the here to attached
Legal Notice
was published in a regular and entire issue of the said
Artesia Daily Press, a daily newspaper duly qualified
for that purpose within the meaning of Chapter 167 of
the 1937 Session Laws of the state of New Mexico for
1 Consecutiv week/days on the same
day as follows:
First Publication September 1 2006
Second Publication
Third Publication
Fourth Publication
San Satt
Subscribed and sworn to before me this
27th Day September 2006
Notary Public; Eddy County, New Mexico
My Commission expires September : 23, 2007

#### Copy of Publication: NOTICE OF **FUBLICARE** \*\*\*\*,#\* STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION SANTA FE NEW MEXICO The State of " New Mexico through its Oil Conservation Division hereby gives notice pur-suant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on September 28, 2008, In the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appoint for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, quiffed sign language interpreter, or any other form of auxiliary aid or service to attend or par-1 ticipate in the hearing, please contact: Florene Davidson at 505-476-3458 or through the New Medce Relay Network . 1-800-659-1779 by September 18, 2008. Public documents, including the agenda and minutes, can' be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of access ble form is needed: STATE OF NEW MEXICO TO: All nemod parties and persons having any right, title, interest or claim in the following cases and notice to the (NOTE: All land de-scriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

CASE 13788. Application of Chi Operating inc. for approval of off-lease storage and measurement, Eddy County, New Mex-Applicant in the Ico. above-styled CELLISO seeks an order pursuant to the provisions of Oil Conservation Division Rule 305.B authorizing the Off-Lease Storage and Measurement of Delaware production, South Carisbad-Delaware Pool from its Hagerman Well No. 1 located at a point 1650 feet from the South line and 2200 feet from: the West line of Section : 30, Township 22 South, Range 27 East, NMPM, at the well site of its Allen Well No. 3, which is located at a point 669 feet from the North line and 1980 feet from the East line of Station St, Town-ship 22 South, Range 27 East, NMPM. The East, NMPM. Hagerman well is located 1650 feet inside the Carlsbad, New Mexico, city limits on the southeastern border of the city. Given under the Seal of the State of New Mexi-co Oll Conservation Commission at Santa Fe, New Mexico on this 30th day of August 2005. STATE OF NEW MEXICO OIL CONSERVATION DIVISION Mark E. Fesmire, P.E., Director Published in the Artesia 1.

Daily Press, Artesia, N.M. September 1, 2006. Legal 19412 ···· .