

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 14354
ORDER NO. R-13262-B

APPLICATION OF CHI ENERGY, INC. FOR
STATUTORY UNITIZATION, EDDY
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on November 12, 2009, at Santa Fe, New Mexico, before Examiner Richard I. Ezeanyim.

On May 21, 2010, the Division Director issued Order No. R-13262 in this case. On January 9, 2011, the Division Director issued Order No. R-13262-A.

Now, on this 25th day of May, 2011, the Division Director, having considered additional evidence presented as described herein, and the recommendation of the Examiner,

FINDS THAT:

- (1) Due notice has been given, and the Division has jurisdiction of the subject matter of this case.
- (2) Order No. R-13262 granted the application of Chi Energy, Inc. (Applicant), and, *inter alia*, established the Benson Delaware Unit as a statutory unit for secondary recovery operations. Order No. R-13262-A was issued *nunc pro tunc*, to correct the description of the unitized formation for the Benson Delaware Unit as set forth in Order No. R-13262, but otherwise continued Order No. R-13262 in effect.
- (3) Ordering Paragraph (4) of Order No. R-13262 provides that the Order shall not be effective until the plan of unit operations provided therein has been approved in writing by the owners of at least seventy-five percent of the production or proceeds

thereof that will be credited to interests which are free of cost, and the Division has made a finding in a supplemental order that the plan for unit operations has been so approved.

(4) Applicant has now presented ratifications of the plan of unit operations provided in Order No. R-13262 signed by all owners of royalty and overriding royalty interests within the Unit Area, as well as all owners of record title and operating rights.

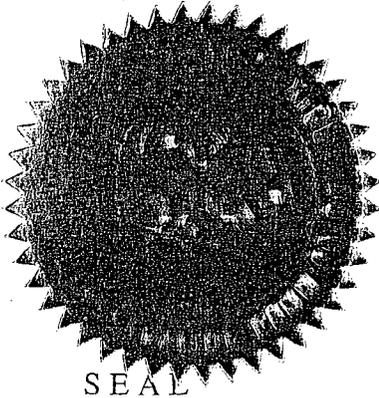
(5) The Division accordingly finds that the requirements of -Ordering Paragraph (4) of Order No. R-13262 have been met.

IT IS THEREFORE ORDERED THAT:

(1) Order No. R-13262, as amended by Order No. R-13262-A, establishing the Benson Delaware Unit as a statutory unit pursuant to NMSA 1978, Section 70-7-1, *et seq.* [the Statutory Unitization Act], shall be effective from and after the date of issuance of this Order.

(2) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in cursive script, appearing to read "Jami Bailey".

JAMI BAILEY
Director