

District I
1623 N. French Dr., Hobbs, NM 88249

District II
811 South First, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised March 17, 1999

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code	Pool Name WC Crow Flat; Morrow SE Gas
Property Code	Property Name HIAWATHA FEDERAL COM		Well Number 1
OGRID No.	Operator Name CHI OPERATING, INC.		Elevation 3536.

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	10	17-S	28-E		1650	NORTH	990	WEST	EDDY

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 320	Joint or Infill	Consolidation Code com	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	LC-028053A	<p>¹¹ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p>Signature: <i>George R. Smith</i></p> <p>Printed Name: George R. Smith</p> <p>Title: Agent for: Chi Oper., Inc.</p> <p>Date: 04/07/00</p>
	<p>OIL CONSERVATION DIVISION</p> <p>CASE NUMBER <u>12880</u></p> <p>EXHIBIT <u>1</u></p>	

COMMUNITIZATION AGREEMENT

Contract No. _____

THIS AGREEMENT, entered into as of the date shown in Section 10 hereof by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

WITNESSETH:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement;

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

- 1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

Township 17 South, Range 28 East, N.M.P.M.
Section 10: S/2

Eddy County, New Mexico,

OIL CONSERVATION DIVISION
CASE NUMBER 12881
EXHIBIT 2

containing 320 acres, and this agreement shall include only the Morrow Formation underlying said lands and the gas and associated liquid hydrocarbons, hereinafter referred to as "communitized substances," producible from such formation.

- 2. Attached hereto, and made a part of this agreement for all purposes is Exhibit "B", designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
- 3. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners

of the working interest in the communitized area, and four executed copies of a designation of successor operator shall be filed with the Authorized Officer.

4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

All proceeds, 8/8ths, attributed to unleased Federal, State or fee land included within the CA area are to be placed in an interest earning escrow or trust account by the designated operator until the land is leased or ownership is established.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.
7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as a commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory

body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.

10. The date of this agreement is _____, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect as to the Morrow Formation for a period of two (2) years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The 2-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interest until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occurs in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.
13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination: In connection with the performance of work under this agreement, the operator agrees to comply with all of the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30 F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

EXHIBIT "A"

To Communitization Agreement dated _____, 2000

Plat of communitized area covering the S/2 of Section 10, T-17-S, R-28-E, N.M.P.M., Eddy County, New Mexico

Tract 1 LC 028053(a) 40 acres	Tract 4 NM 59035 80 acres	
● Tract 3 NM 012896 40 acres	Tract 1 LC 028053(a) 40 acres	Tract 2 LC 068712 120 acres

Coal Train "10" Fed
Com No. 1 Well
(990 FSL, 660 FWL)

EXHIBIT "B"

To Communitization Agreement dated _____, 2000, embracing the S/2 of Section 10, T-17-S, R-28-E, N.M.P.M., Eddy County, New Mexico

Operator of Communitized Area: Chi Operating, Inc.

DESCRIPTION OF LEASES COMMITTED

Tract No. 1

Lease Serial No.: LC 028053(a).

Lease Date: October 1, 1994.

Lease Term: Twenty (20) years.

Lessor: United States of America.

Original Lessee: Warren Hanson.

Present Lessee: Warren Hanson.

Description of Land Committed: Township 17 South, Range 28 East
Section 10: NW/4 SW/4, SE/4 SW/4

Number of Acres: 80.

Royalty Rate: 12.5%.

Name and Percent ORI Owners: Wade H. Hover – 6%

EOG Resources, Inc. – 2.5%

Mark A. Chapman – 2.5%

OrLynn Deon Shelden – 1%

Boling Enterprises, Ltd. – 1/8 of 1%

Mary L. Boling – 1/8 of 1%

Joan Hudson Moore – 1/32 of 1%

Jonel Susan Grasso – 1/32 of 1%

Jane Ann Hudson Davis – 3/16 of 1%

Warren Hanson, d/b/a Hanson Energy Co. – .9375%

Curtis A. Anderson and Edna I. Anderson,
as joint tenants with rights of survivorship – 1.50%

Chi Energy, Inc., f/b/o Chi Royalty Pool – .25%

Name and Percent WI Owners: Chi Energy, Inc. – 19.32143%

Southwestern Energy Production Company – 50%

Murchison Oil & Gas, Inc. – 21.42857%

Warren Resources, Inc. – 5%

Balk Oil Company – 1.5%

Pocahontas Oil Co., Inc. – 1.5%

Gary Green – 1.25%

Tract No. 2

Lease Serial No.: LC 068712.

Lease Date: April 1, 1951.

Lease Term: Five (5) years.

Lessor: United States of America.

Original Lessee: Maurine Barnett.

Present Lessee: McBride Oil & Gas Corporation - 75%
Mary Ellen Kersey - 25%

Description of Land Committed: Township 17 South, Range 28 East
Section 10: SW/4 SE/4, E/2 SE/4

Number of Acres: 120.

Royalty Rate: 12.5%.

Name and Percent ORI Owners: Hanson-McBride Petroleum Company – 1.5%

John A. Barnett, Jr. – 9.25% of 1.5%

John W. Barnett – 27.75% of 1.5%

Robert Clayton Barnett – 27.75 of 1.5%

Kelly Gene Barnett – 9.25% of 1.5%
Gene Mitchell Barnett – 9.25% of 1.5%
Maurine C. McEvoy – 9.25% of 1.5%
Heirs or Devisees of Paul B. McEvoy – 5% of 1.5%
Raymond Williams – 2.5% of 1.5%
ExxonMobil Production Company – 9.5%
Curtis A. Anderson and Edna I. Anderson,
as joint tenants with rights of survivorship – 1.5%
Chi Energy, Inc., f/b/o Chi Royalty Pool – .25%

Name and Percent WI Owners:

Chi Energy, Inc. – 19.32143%
Southwestern Energy Production Company – 50%
Murchison Oil & Gas, Inc. – 21.42857%
Warren Resources, Inc. – 5%
Balk Oil Company – 1.5%
Pocahontas Oil Co., Inc. – 1.5%
Gary Green – 1.25%

Tract No. 3

Lease Serial No.: NM 12896.
Lease Date: September 1, 1953.
Lease Term: Five (5) years.
Lessor: United States of America.
Original Lessee: Southern Union Gas Company.
Present Lessee: Burlington Resources Oil & Gas Company – 70%
EOG Resources, Inc. – 30%
Description of Land Committed: Township 17 South, Range 28 East
Section 10: SW/4 SW/4

Number of Acres: 40.

Royalty Rate: Step Scale (currently 12.5%).

Name and Percent ORI Owners: Devon Energy Production Company, L.P. – 27.34375% of 9%
Bright Hawk/Burkard Venture – 9.02344% of 9%
Ayco Energy, L.L.C. – 7.38281% of 9%
June Johnson Cooper – 6.25% of 9%
EOG Resources, Inc. – 15% of 12.5%
Curtis A. Anderson and Edna I. Anderson,
as joint tenants with rights of survivorship – 1.225%
Chi Energy, Inc., f/b/o Chi Royalty Pool – .2875%

Name and Percent WI Owners: Chi Energy, Inc. – 12.55893%
Southwestern Energy Production Company – 32.5%
Murchison Oil & Gas, Inc. – 13.92857%
Warren Resources, Inc. – 3.25%
Balk Oil Company – .975%
Pocahontas Oil Co., Inc. – .975%
Gary Green – .8125%
Yates Petroleum Corporation – 24.5%
ABO Petroleum Corporation – 3.5%
MYCO Industries, Inc. – 3.5%
Yates Drilling Company – 3.5%

Tract No. 4

Lease Serial No.: NM 59035.

Lease Date: September 1, 1984.

Lease Term: Five (5) years.

Lessor: United States of America.

Original Lessee: Armstrong Energy Corporation.

Present Lessee: Armstrong Energy Corporation.

Description of Land Committed: Township 17 South, Range 28 East
Section 10: NE/4 SW/4, NW/4 SE/4

Number of Acres: 80.

Royalty Rate: 12.5%.

Name and Percent ORI Owners:

Chase Oil Corporation – 4.2%

Robert C. Chase – .7%

Richard L. Chase – .7%

Gerene Dianne Chase Crouch – .7%

Mack C. Chase, Trustee of the Mack C.
Chase and Marilyn Y. Chase Trust
dated November 21, 1983 – .7%

Branex Resources, Inc. – .5%

Randy V. Watts – .5%

Keith E. McKamey – 1%

Henry R. Lucero – .25%

Carol Rollins – .25%

Kimberly Stowe – .25%

Robert B. Naylor – .25%

Armstrong Energy Corporation – .19381%

Robert G. Armstrong – .67835%

Clarkyle, Ltd. – .06784%

Thomas K. Scroggins – .03%

Weller Energy, Inc. – .03%

Curtis A. Anderson and Edna I. Anderson,
as joint tenants with rights of survivorship – 1.625%

Chi Energy, Inc., f/b/o Chi Royalty Pool – .375%

Name and Percent WI Owners: Chi Energy, Inc. – 19.32143%

Southwestern Energy Production Company – 50%

Murchison Oil & Gas, Inc. – 21.42857%

Warren Resources, Inc. – 5%

Balk Oil Company – 1.5%

Pocahontas Oil Co., Inc. – 1.5%

Gary Green – 1.25%

Recapitulation

<u>Tract No.</u>	<u>No. of Acres Committed</u>	<u>Percentage of Interest in Communitized Area</u>
1	80	25%
2	120	37.5%
3	40	12.5%
4	<u>80</u>	<u>25%</u>
	320	100%

Robert H. Bell

Oil & Gas Properties
505-625-2800

November 5, 2001

Weller Energy, Inc.
C/o Francis Weller
P.O. Box 1388
East Orleans, MA 02643-1388

Re: Communitization Agreement
Coal Train "10" Fed Com No. 1
S/2 Section 10, T-17-S, R-28-E
N.M.P.M., Eddy County, New Mexico

Dear Ms. Weller,

CHI Energy, Inc. is attempting to finalize the Communitization Agreement covering the captioned well. Enclosed for your review is the Communitization Agreement and the Ratification of the Communitization Agreement.

Please execute the enclosed Ratification of Communitization Agreement pages, have the signatures notarized and return them to the address below. If you have any questions, please feel free to contact me.

Very truly yours,



Robert H. Bell
Landman

RHB/gjf

Enclosures

OIL CONSERVATION DIVISION

CASE NUMBER 12881

 EXHIBIT 3

Robert H. Bell

Oil & Gas Properties
505-625-2800

April 24, 2002

Joan Hudson Moore
760 Willow Brook Drive
Naples, Florida 33963

Re: Communitization Agreement
Coal Train "10" Fed Com No.1
S/2 Section 10, T-17-S, R-28-E
N.M.P.M., Eddy County, New Mexico
And
Communitization Agreement
Hiawatha "10" Fed Com No.1
N/2 Section 10, T-17-S, R-28-E
N.M.P.M., Eddy County, New Mexico

Dear Ms. Moore,

CHI Energy, Inc. is attempting to finalize the Communitization Agreements covering the captioned wells. Enclosed for your review are the Communitization Agreements and the Ratification of the Communitization Agreements.

Please execute the enclosed Ratification of Communitization Agreement pages, have the signatures notarized and return them to the address below. If you have any questions, please feel free to contact me.

Very truly yours,



Robert H. Bell
Landman

RHB/gjf

Enclosures

Robert H. Bell

Oil & Gas Properties
505-625-2800

April 24, 2002

Jane Ann Hudson Davis
760 Willow Brook Drive
Naples, Florida 33963

Re: Communitization Agreement
Coal Train "10" Fed Com No.1
S/2 Section 10, T-17-S, R-28-E
N.M.P.M., Eddy County, New Mexico
And
Communitization Agreement
Hiawatha "10" Fed Com No.1
N/2 Section 10, T-17-S, R-28-E
N.M.P.M., Eddy County, New Mexico

Dear Ms. Davis,

CHI Energy, Inc. is attempting to finalize the Communitization Agreements covering the captioned wells. Enclosed for your review are the Communitization Agreements and the Ratification of the Communitization Agreements.

Please execute the enclosed Ratification of Communitization Agreement pages, have the signatures notarized and return them to the address below. If you have any questions, please feel free to contact me.

Very truly yours,



Robert H. Bell
Landman

RHB/gjf

Enclosures

Robert H. Bell

Oil & Gas Properties
505-625-2800

April 24, 2002

Jonel Susan Grasso
760 Willow Brook Drive
Naples, Florida 33963

Re: Communitization Agreement
Coal Train "10" Fed Com No.1
S/2 Section 10, T-17-S, R-28-E
N.M.P.M., Eddy County, New Mexico
And
Communitization Agreement
Hiawatha "10" Fed Com No.1
N/2 Section 10, T-17-S, R-28-E
N.M.P.M., Eddy County, New Mexico

Dear Ms. Grasso,

CHI Energy, Inc. is attempting to finalize the Communitization Agreements covering the captioned wells. Enclosed for your review are the Communitization Agreements and the Ratification of the Communitization Agreements.

Please execute the enclosed Ratification of Communitization Agreement pages, have the signatures notarized and return them to the address below. If you have any questions, please feel free to contact me.

Very truly yours,



Robert H. Bell
Landman

RHB/gjf

Enclosures

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF CHI ENERGY, INC.
FOR COMPULSORY POOLING, EDDY
COUNTY, NEW MEXICO.

Case No. 12880

AFFIDAVIT REGARDING NOTICE

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

James Bruce, being duly sworn upon his oath, deposes and states:

1. I am over the age of 18, and have personal knowledge of the matters set forth herein.

2. I am an attorney for Applicant.

3. Applicant has conducted a good faith, diligent effort to find the names and correct addresses of the interest owners entitled to receive notice of the Application filed herein.

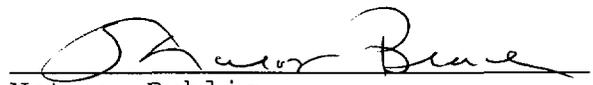
4. Notice of the Application was provided to the interest owners at their correct addresses by certified mail. Copies of the notice letters and certified return receipts are attached hereto as Exhibit A.

5. Applicant has complied with the notice provisions of Division Rule 1207.



James Bruce

SUBSCRIBED AND SWORN TO before me this 30th day of July, 2002, by James Bruce.



Notary Public

My Commission Expires:
3/14/05

OIL CONSERVATION DIVISION

CASE NUMBER _____

EXHIBIT 4

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

324 MCKENZIE STREET
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

July 11, 2002

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

To: Persons on Exhibit 1

Ladies and Gentlemen:

Enclosed is a copy of an application for compulsory pooling, filed with the New Mexico Oil Conservation Division by Chi Energy, Inc. This matter will be heard at 8:15 a.m. on Thursday, August 1, 2002 at the Division's offices at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. As an interest owner in the well unit, you have the right to appear at the hearing and participate in the case. Failure to appear at the hearing will preclude you from contesting this matter at a later date.

Very truly yours,



James Bruce

Attorney for Chi Energy, Inc.



EXHIBIT 1

Joan Hudson Moore
760 Willowbrook Drive
Naples, Florida 33963

Jonel Susan Grasso
31546 Burnside
South Laguna, California 92677

Jane Ann Hudson Davis
P.O. Box 2660
Ruidoso, New Mexico 88345

Bright Hawk/Burkard Venture
P.O. Box 79790
Houston, Texas 77290

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 so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Bright Hawk/Burkard Venture
P.O. Box 79790
Houston, Texas 77290

2. Article Number

(Transfer from service label)

7002 0510 0003 4614 8533

PS Form 3811, August 2001

Domestic Return Receipt

102595-01-M-008

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent Addressee
X Sharon V. Carroll

B. Received by (Printed Name) *Sharon V. Carroll* C. Date of Delivery *7-18-02*

D. Is delivery address different from item 1? Yes No
 If YES, enter delivery address below:

3. Service Type

- Certified Mail Express Mail
- Registered Return Receipt for Merchandise
- Insured Mail C.O.D.

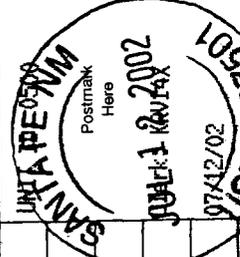
4. Restricted Delivery? (Extra Fee) Yes

**U.S. Postal Service
CERTIFIED MAIL RECEIPT**
 (Domestic Mail Only; No Insurance Coverage Provided)

7002 0510 0003 4614 8533

HOUSTON TX 77290 SPECIAL USE

Postage	\$ 0.37
Certified Fee	2.30
Return Receipt Fee (Endorsement Required)	1.75
Restricted Delivery Fee (Endorsement Required)	4.42
Total Postage & Fees	\$ 8.84



Sent To

Bright Hawk/Burkard Venture
P.O. Box 79790
Houston, Texas 77290
City, State, ZIP+4

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS AND POSTAGE PAID COTTER LINE

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 so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Jane Ann Hudson Davis
P.O. Box 2660
Ruidoso, New Mexico 88345

2. Article Number
(Transfer from service label) **7002 0510 0003 4614 8540**

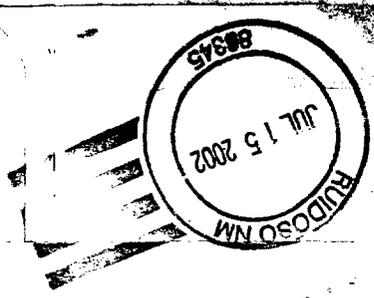
PS Form 3811, August 2001

Domestic Return Permit No. **102595-01-M-0381**

COMPLETE THIS SECTION ON DELIVERY

- A. Signature Agent
X Addressee
- B. Received by (Printed Name) C. Date of Delivery
- D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.
4. Restricted Delivery? (Extra Fee) Yes



**U.S. Postal Service
CERTIFIED MAIL RECEIPT**
(Domestic Mail Only; No Insurance Coverage Provided)

OFFICIAL USE

Postage \$ **2.30** Postmark Here **SANTA FE NM**
 Certified Fee
 Return Receipt Fee (Endorsement Required)
 Restricted Delivery Fee (Endorsement Required)
 Total Postage & Fees \$ **2.30**

Sent To **USPS 42 07/12/02**
 Jane Ann Hudson Davis
 Street, Apt. No.: P.O. Box 2660
 or PO Box No. Ruidoso, New Mexico 88345
 City, State, ZIP+4

7002 0510 0003 4614 8540

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS. FOLD IN TO HOLD LINE

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 so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Joan Hudson Moore
760 Willowbrook Drive
Naples, Florida 33963

2. Article Number
(Transfer from service label)

7002 0510 0003 4674 8564

PS Form 3811, August 2001

Domestic Return Receipt

102595-01-M-0381

COMPLETE THIS SECTION ON DELIVERY

- A. Signature Agent
 Addressee
- B. Received by (Printed Name) C. Date of Delivery
- D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type
- Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.
4. Restricted Delivery? (Extra Fee) Yes

**U.S. Postal Service
CERTIFIED MAIL RECEIPT**
(Domestic Mail Only; No Insurance Coverage Provided)

OFFICIAL USE

Postage	\$ 0.37
Certified Fee	2.10
Return Receipt Fee (Endorsement Required)	1.75
Restricted Delivery Fee (Endorsement Required)	4.95
Total Postage & Fees	\$ 9.17

Postage 0500
1.75 JUL 16 2001
07/12/02
8750

Joan Hudson Moore
760 Willowbrook Drive
Naples, Florida 33963

See Reverse for Instructions

PS Form 3800, January 2001

Affidavit of Publication

State of New Mexico,
County of Eddy, ss.

Dawn Higgins,
being first duly sworn, on oath says:

That she is Business Manager
of the Carlsbad Current-Argus, a newspaper published
daily at the City of Carlsbad, in said county of Eddy,
state of New Mexico and of general paid circulation in
said county; that the same is a duly qualified
newspaper under the laws of the State wherein legal
notices and advertisements may be published; that the
printed notice attached hereto was published in the
regular and entire edition of said newspaper and not in
supplement thereof on the date as follows, to wit:

July 21, 2002
_____, 2002
_____, 2002
_____, 2002
_____, 2002
_____, 2002

That the cost of publication is \$ 31.72
and that payment thereof has been made and will be
assessed as court costs.

Dawn Higgins

Subscribed and sworn to before me this

23 day of July, 2002
dela reed

My commission expires 9/25/04
Notary Public

July 21, 2002

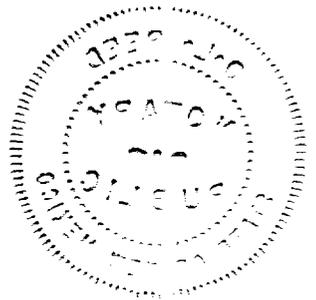
NOTICE

TO: Joan Hudson Moore,
Jonel Susan Grasso,
Jane Ann Hudson Davis,
and James McLean. Chi
Energy, Inc. has filed an
application with the New
Mexico Oil Conservation
Division to force pool all
overriding royalty inter-
ests from the surface to
the base of the Morrow
formation underlying the
N½ of Section 10, Town-
ship 17 South, Range 28
East, N.M.P.M., Eddy
County, New Mexico. The
hearing is scheduled for
8:15 a.m. on Thursday,
August 1, 2002 at the Di-
visions offices at 1220
South St. Francis Drive,
Santa Fe, New Mexico
87505. You have the right
to appear at the hearing
and present evidence.
Failure to appear will pre-
clude you from contesting
this matter at a later date.
The well unit is located
approximately 13½ miles
east-northeast of Artesia,
New Mexico.

OIL CONSERVATION DIVISION

CASE NUMBER 12880

EXHIBIT 5



July 21, 2002

NOTICE

TO: Joan Hudson Moore, Jonel Susan Grasso, and Jane Ann Hudson Davis. Chi Energy, Inc. has filed an application with the New Mexico Oil Conservation Division to force pool all overriding royalty interests from the surface to the base of the Morrow formation underlying the S½ of Section 10, Township 17 South, Range 28 East, N.M.P.M., Eddy County, New Mexico. The hearing is scheduled for 8:15 a.m. on Thursday, August 1, 2002 at the Division's offices at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. You have the right to appear at the hearing and present evidence. Failure to appear will preclude you from contesting this matter at a later date. The well unit is located approximately 13½ miles east-northeast of Artesia, New Mexico.

Affidavit of Publication

State of New Mexico, County of Eddy, ss.

Dawn Higgins, being first duly sworn, on oath says:

That she is Business Manager of the Carlsbad Current-Argus, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

- July 21, 2002
_____, 2002
_____, 2002
_____, 2002
_____, 2002
_____, 2002
_____, 2002

That the cost of publication is \$ 30.99 and that payment thereof has been made and will be assessed as court costs.

Dawn Higgins

Subscribed and sworn to before me this

23 day of July, 2002
delo reed

My commission expires 4/25/04
Notary Public

OIL CONSERVATION DIVISION

CASE NUMBER 12881

EXHIBIT 5