

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

No. 12959

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NEW MEXICO

APPLICATION

Chi Energy, Inc. applies for an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying Lots 1-4 and the E $\frac{1}{2}$ W $\frac{1}{2}$  (the W $\frac{1}{2}$  equivalent) of Section 30, Township 18 South, Range 31 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the W $\frac{1}{2}$  of Section 30, and has the right to drill a well thereon.

2. Applicant has drilled its Big Red Fed. Com. Well No. 1, at an orthodox location 660 feet from the south line and 1830 feet from the west line of the section, and has completed the well in the Morrow formation. Applicant seeks to dedicate the W $\frac{1}{2}$  of Section 30 to form a previously approved non-standard 301.68-acre gas spacing and proration unit for any and all formations and/or pools developed on 320 acre spacing within that vertical extent, including the Undesignated North Shugart-Atoka Gas Pool and North Hackberry-Morrow Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W $\frac{1}{2}$  of Section 30 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the

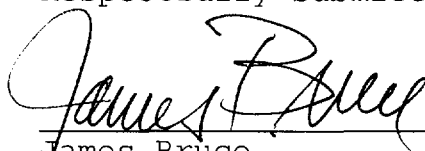
well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the W½ of Section 30, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the W½ of Section 30, as set forth above, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

**WHEREFORE**, Applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the W½ of Section 30 from the top of the Wolfcamp formation to the base of the Morrow formation; and
- B. Designating Chi Operating, Inc. as operator of the well.

Respectfully submitted,

  
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James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043  
Attorney for Chi Energy, Inc.