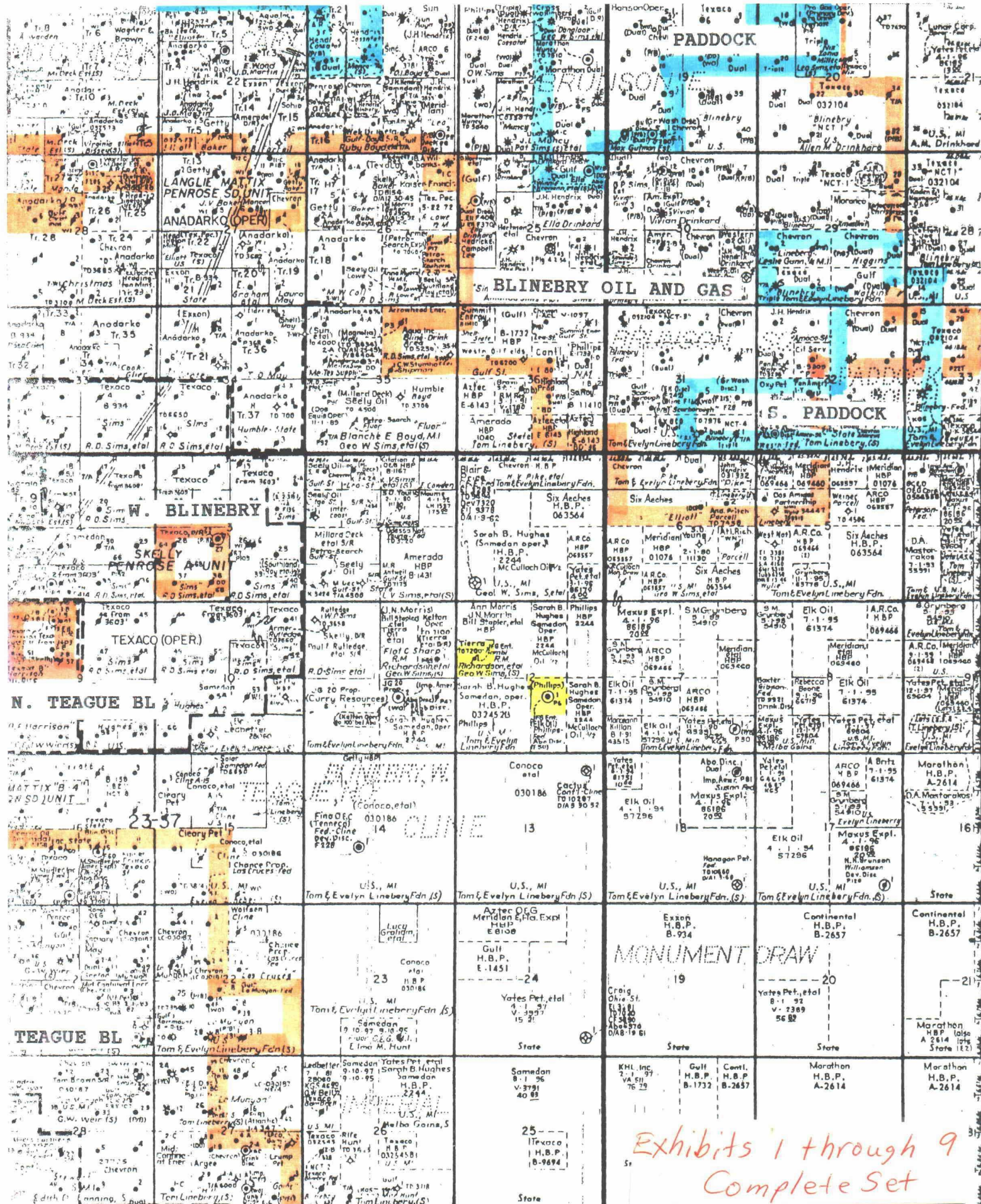
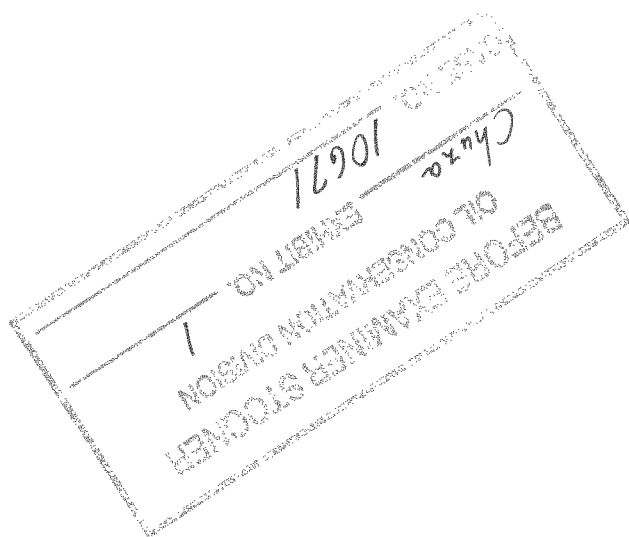


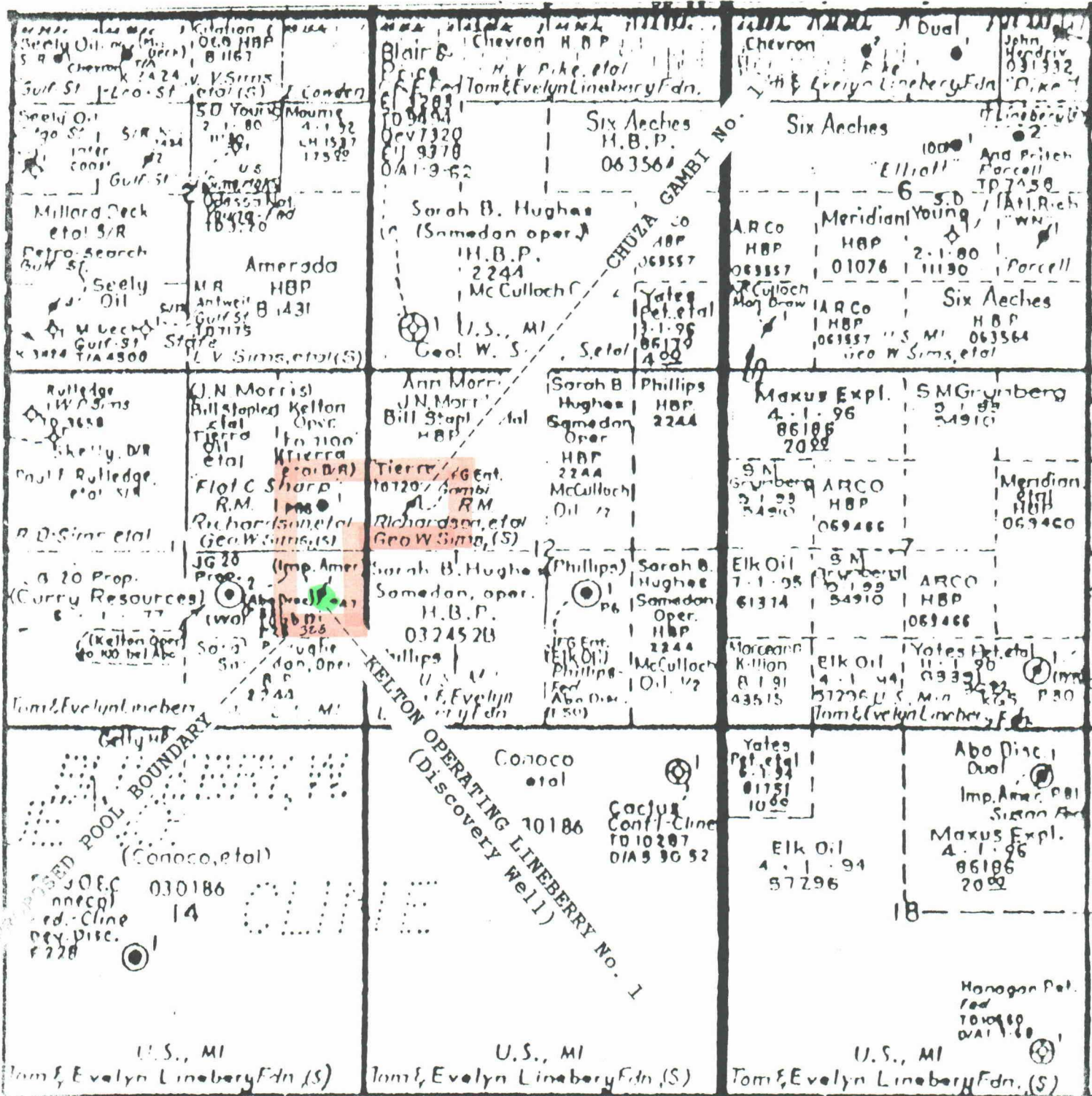


CHUZA OPERATING AREA MAP SHOWING CURRENT BLINEBRY POOLS IN ORANGE,
CURRENT PADDOCK POOLS IN BLUE AND CHUZA ACREAGE IN YELLOW



BEFORE EXAMINED BY
OIL CONSERVATION DIVISION
EXHIBIT NO. 1
Chuxa 10671

T 23 S R 37 E T 23 S R 38 E



BEFORE EXAMINER STOGNER
OIL CONSERVATION DIVISION

Chuzza EXHIBIT NO. 2

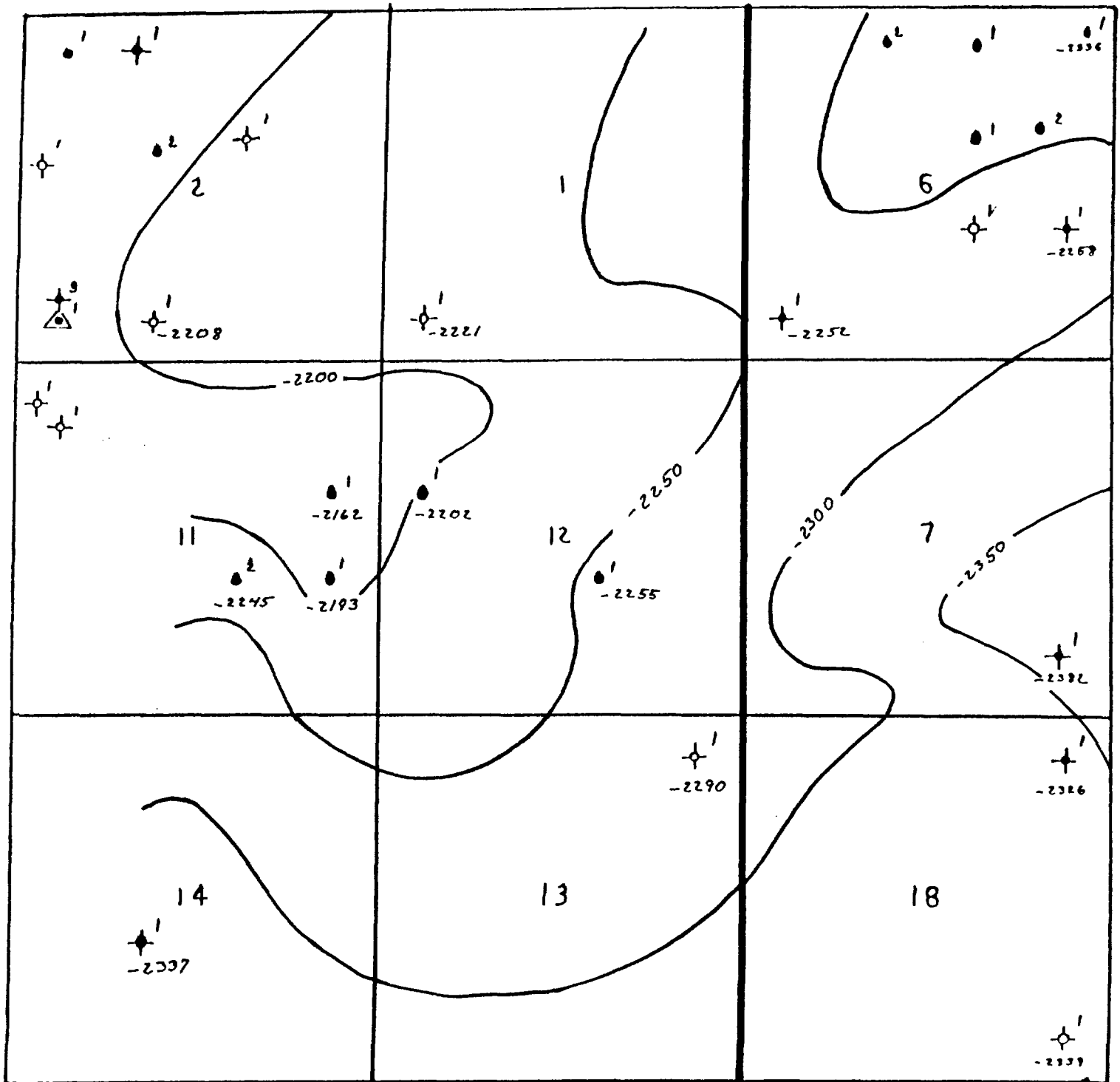
CHUZA OPERATING

DETAILED MAP SHOWING OWNERSHIP

AND PROPOSED POOL

CASE NO. 10671

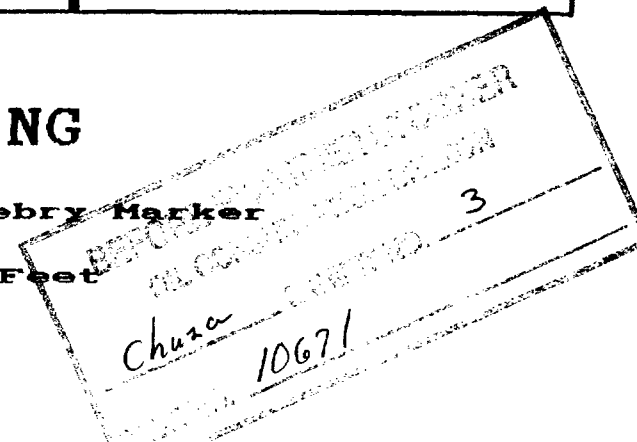
T 23 S R 37 E T 23 S R 38 E



CHUZA OPERATING

Structure Map, Top Of Blinebry Marker

Contour Interval 50 Feet

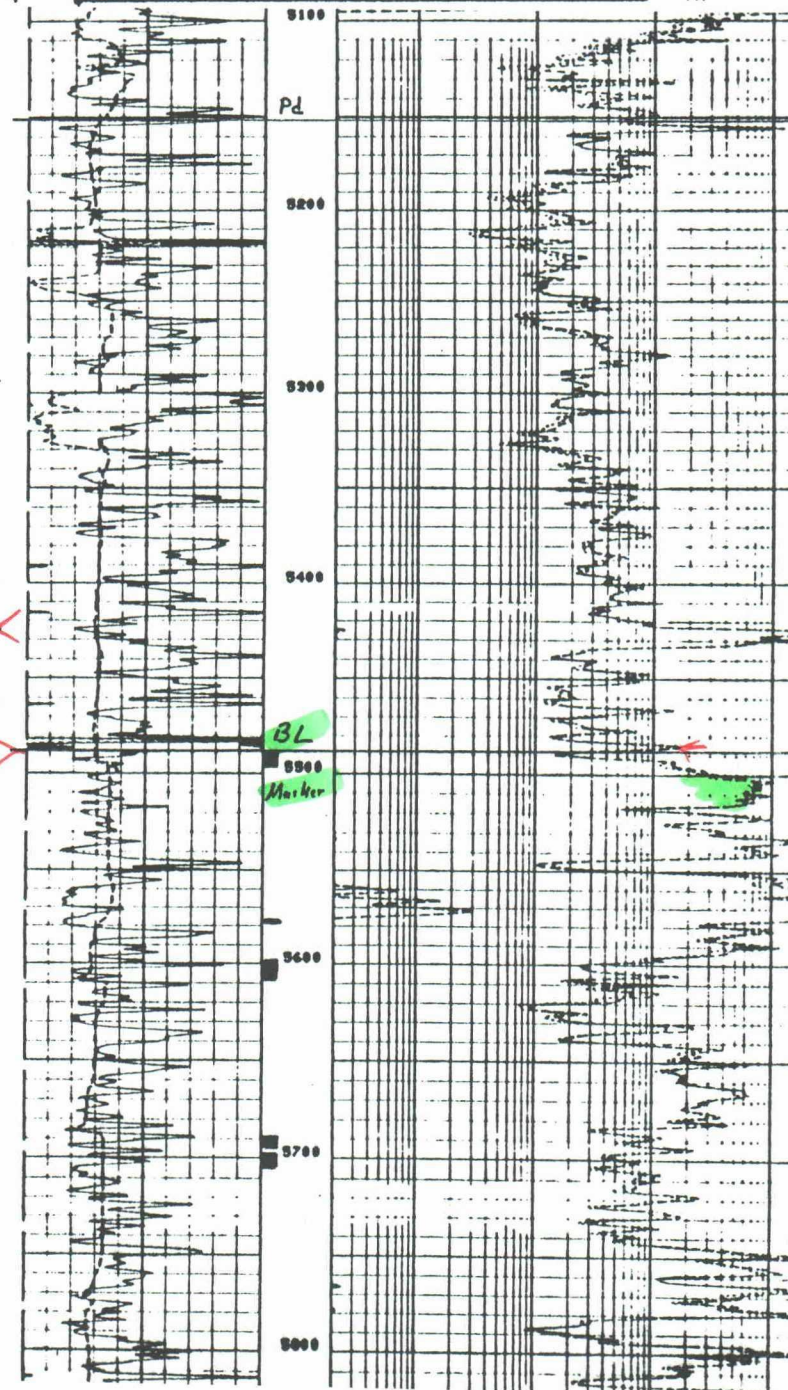
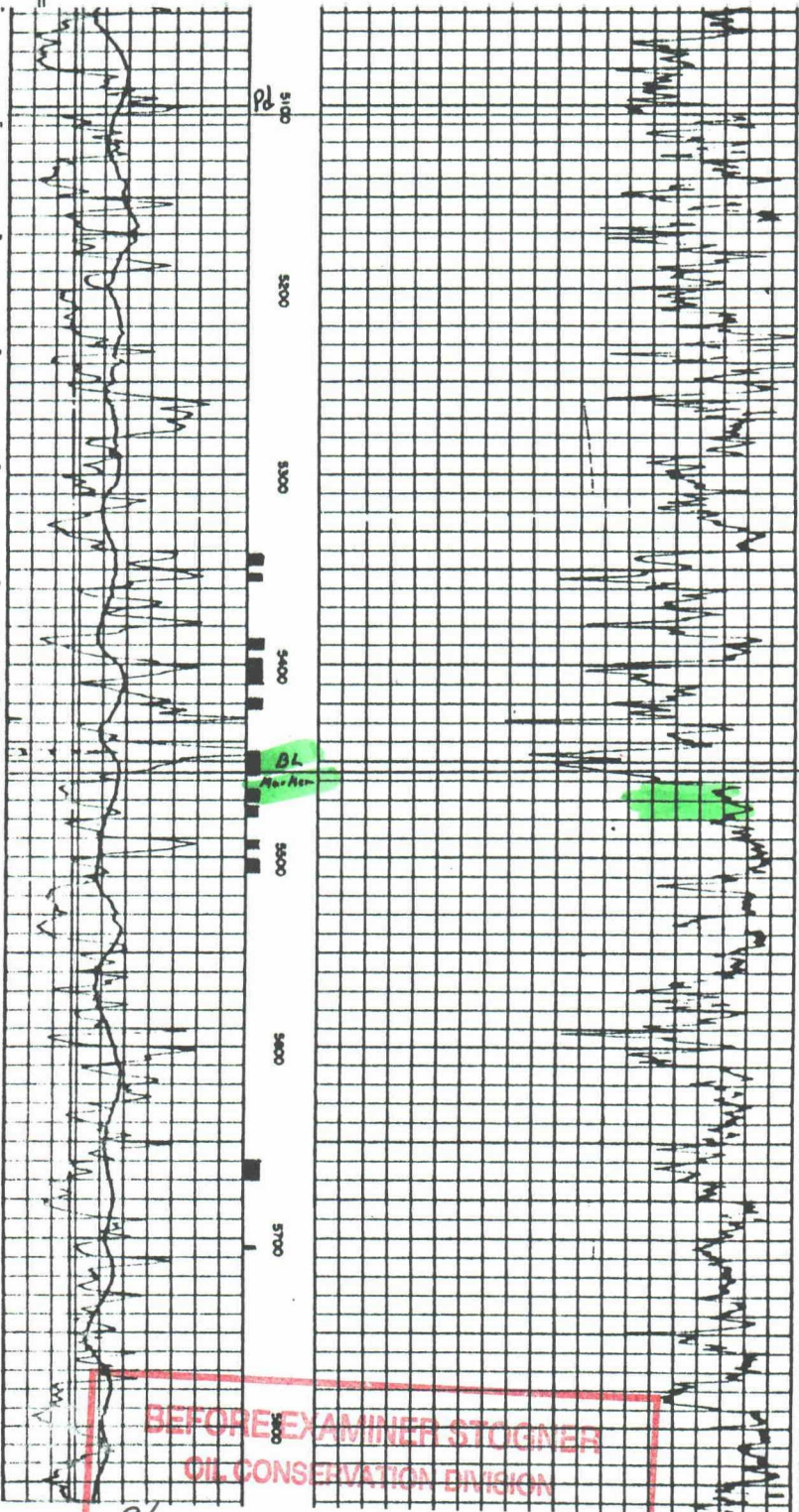


DresserAtlas

BIT Acoustilog

FILE NO.	COMPANY SOLAR OIL COMPANY		
	WELL LINEBERRY NO. 1		
	FIELD UNDESIGNATED		
	COUNTY LEA	STATE NEW MEXICO	
LOCATION:	1980' FSL & 660' FEL		
	SEC 11 TWP 23-S RGE 37-E		
Permanent Datum	GROUND LEVEL		
Log Measured from	K. 8. 10 Ft. Above Permanent Datum		
Drilling Measured from	K. 8. 01		
Date	1-12-69		
Run No.	ONE		
Depth-Driller	6901		
Depth-Logger	6904		
Bottom Logged Interval	6907		
Top Logged Interval	100		
Casing-Driller	9 5/8 855		
Casing-Logger	860		
Bit Size	8 3/4"		
Type Fluid in Hole	CHEMICALS		
	SALT GEL		
Density and Viscosity	10 36		
pH and Fluid Loss	6 5 18		
Source of Sample	CIRCULATED		
Run @ Meas. Temp.	.075 @ 60 °F		
Ref @ Meas. Temp.	.051 @ 60 °F		
Run @ Meas. Temp.	100 MIN		
Source of Ref and Rec	MEAS.		
Run @ BHT	.04 @ 112 °F		
Time Since Circ.	4 HOURS		
Max. Rec. Temp. Day F.	112 °F		
Start, No. and Location	6050 1 HOURS		
Recorded by	JOHNETT		
Witnessed by	MR. RUSSELL		

E-12-23-37 Elk Oil Co. Gambi #1		AL LATEROLOG MICRO-SFL	
COMPANY Elk Oil Company			
WELL Gambi #1			
FIELD Cline Drinkard Ahs			
COUNTY Lea		STATE New Mexico	
LOCATION:		1980' FSL + 660' FWL	
		Other Services LDT, CAL	
COUNTY	FIELD	LOCATION	COUNTY
AP SERIAL NO	SEC	TWP	RANGE
	123	23S	37E
Permanent Datum	G.L.		
Log Measured from	K. 8. 11 Ft. Above Perm. Datum		
Drilling Measured from	K. 8. 01		
Date	11-21-69		
Run No.	ONE		
Depth-Driller	5102		
Depth-Logger (Std)	5095		
Bottom Logged Interval	5097		
Top Logged Interval	5100		
Casing-Driller	8 5/8 2475		
Casing-Logger	2471		
Bit Size	8 1/2"		
Type Fluid in Hole	SEALED		
Dens. Visc.	10 12		
pH Fluid Loss	10 10		
Source of Sample	CIRCULATED		
Run @ Meas. Temp.	.075 @ 60 °F		
Ref @ Meas. Temp.	.051 @ 60 °F		
Run @ Meas. Temp.	100 MIN		
Source of Ref and Rec	MEAS.		
Run @ BHT	.04 @ 112 °F		
Time Since Circ.	4 HOURS		
Max. Rec. Temp. Day F.	112 °F		
Start, No. and Location	6050 1 HOURS		
Recorded by	JOHNETT		
Witnessed by	MR. RUSSELL		



BEFORE EXAMINER STOGNER
OIL CONSERVATION DIVISION

Chuza EXHIBIT NO. 4

CASE NO. 10671

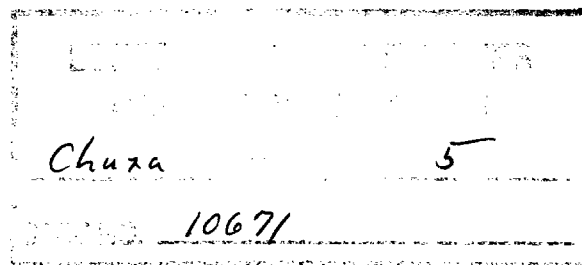
CHUZA OPERATING
CROSS SECTION

Kelton Operating Corporation
Lineberry No. 1 Discovery Well
Completed 10/15/92

Chuza Operating
Gambi No. 1
Completed 12/14/92

ANALYSIS OF BLINEBRY GORS, 1991

POOL NAME	OIL ALLOWABL	GOR LIMIT	1991 WELLS	1991 PROD GOR
Blinebry Oil and Gas	107	4,000	566	23,848
N. Eunice BL TU DK Oil and Gas	107	NONE	153	17,788
Hardy Blinebry	107	2,000	11	6,920
Hobbs Blinebry	107		23	2,022
Pool split 1992 R-9696				
Hobbs Upper Blinebry	107	2,000	17	
Hobbs Lower Blinebry	107	2,000	1	
E. Hobbs Blinebry	142	2,000	3	413
S. House Blinebry	142	2,000	1	27,088
Justis Blinebry	107	6,000	187	9,888
TB DK added in 1992 R-9745				
W. Lovington Blinebry	187	2,000	1	428
Monument Blinebry	107	2,000	25	1,883
Nadine Blinebry	142	2,000	1	---
W. Nadine Blinebry	142	4,000	43	5,617
Oil Center Blinebry	187	4,000	36	5,500
Teague Blinebry	107	6,000	51	7,088
E. Terry Blinebry	142	2,000	1	---
Vacuum Blinebry	142	2,000	10	1,647
Weir Blinebry	107	2,000	13	7,289
E. Weir Blinebry	107	10,000	13	9,406
Lea County Total				2,942
CHUZA 1				



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

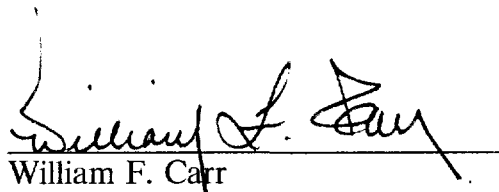
IN THE MATTER OF THE APPLICATION
OF CHUZA OPERATING FOR POOL CREATION
AND SPECIAL POOL RULES,
LEA COUNTY, NEW MEXICO.

CASE NO. 10671

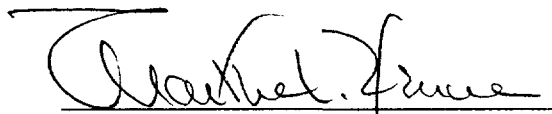
AFFIDAVIT OF MAILING

William F. Carr, being duly sworn, states that on January 28, 1993 he mailed a copy of the application of Chuza Operating for pool creation and special pool rules, Lea County, New Mexico with letter(s) setting forth the hearing date, by certified mail, return receipt requested, to the following individuals listed on Exhibit A attached:

Further Affiant sayeth naught.


William F. Carr

SUBSCRIBED AND SWORN to before me this 17th day of February, 1993.


Notary Public

My Commission Expires:

August 25, 1995

CHUZA

6

10671

EXHIBIT A

Kelton Operating Corp.
Post Office Box 276
Andrews, Texas 79714

Kelton Operating Corp.
Post Office Box 3090
Roswell, New Mexico 88202-3090

CAMPBELL, CARR, BERGE

& SHERIDAN, P.A.

LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
WILLIAM P. SLATTERY

PATRICIA A. MATTHEWS
MICHAEL H. FELDEWERT

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

February 5, 1993

CERTIFIED MAIL -
RETURN RECEIPT REQUESTED

Kelton Operating Corp.
Post Office Box 276
Andrews, Texas 79714

Re: Amended Application of Chuza Operating for Special Pool Rules, Lea
County, New Mexico

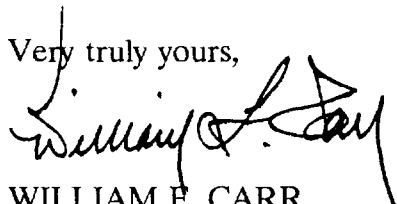
Gentlemen:

This letter is to advise you that Chuza Operating has filed the enclosed amended application with the New Mexico Oil Conservation Division seeking an Order creating a new pool in the Blinebry and Paddock formations located in Sections 11 and 12, Township 23 South, Range 37 East, N.M.P.M., Lea County, New Mexico and promulgating Special Pool Rules and Regulations for this pool including a 6000 to 1 Gas/Oil Ratio.

This application has been set for hearing before an Examiner of the Oil Conservation Division on February 18, 1993. Chuza will present testimony at that time but the case will be continued to March 4, 1993 and additional testimony may be presented on that date. You are not required to attend the hearings on these dates, but as the owner of an interest that may be affected by this application, you may appear at that hearing and present testimony. Failure to appear at that time or otherwise become a party of record will preclude you from challenging this application at a later date.

Parties appearing in cases before the Division have been requested to file a Pre-hearing Statement substantially in the form prescribed by the Division (Oil Conservation Division Memorandum 2-90). Pre-hearing statements should be filed by 4:00 o'clock p.m., on the Friday before a scheduled hearing.

Very truly yours,



WILLIAM F. CARR
ATTORNEY FOR CHUZA OPERATING
WFC:mlh
Enclosure



**Receipt for
Certified Mail**

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to:	
Kelton Operating Corp.	
Street or P.O.:	
Post Office Box 276	
P.O. Box and ZIP Code:	
Andrews, TX 79714	
Postage:	\$
Postmark:	
Postage and Fees:	
Restrictions and Notes:	
Return Receipt Sent to:	
Return Receipt Sent to:	
Return Receipt Sent to:	
TOTAL Postage & Fees:	\$
Postmark or Date:	
February 8, 1993	

PS Form 3800, June 1993

P 087 492 239

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional service(s) requested.

1. ☒ Show to whom delivered, date, and addressee's address. (Extra charge)
2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:
Kelton Operating Corp.
Post Office Box 276
Andrews, TX 79714

4. Article Number
P 087 492 239

Type of Service:
☐ Registered
☒ Certified
☐ Express Mail
☐ Insured
☐ COD
☐ Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Address
X

6. Signature - Agent
X

7. Date of Delivery
2-12-93

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-665 DOMESTIC RETURN RECEIPT

CAMPBELL, CARR, BERGE

& SHERIDAN, P.A.

LAWYERS

MICHAEL B. CAMPBELL

WILLIAM F. CARR

BRADFORD C. BERGE

MARK F. SHERIDAN

WILLIAM P. SLATTERY

PATRICIA A. MATTHEWS

MICHAEL H. FELDEWERT

JACK M. CAMPBELL

OF COUNSEL

JEFFERSON PLACE

SUITE 1 - 110 NORTH GUADALUPE

POST OFFICE BOX 2208

SANTA FE, NEW MEXICO 87504-2208

TELEPHONE: (505) 988-4421

TELECOPIER: (505) 983-6043

February 5, 1993

CERTIFIED MAIL -
RETURN RECEIPT REQUESTED

Kelton Operating Corp.
Post Office Box 3090
Roswell, New Mexico 88202-3090

Re: Amended Application of Chuza Operating for Special Pool Rules, Lea
County, New Mexico

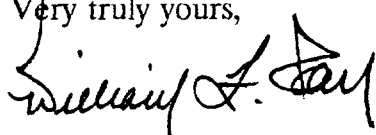
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Very truly yours,



WILLIAM F. CARR
ATTORNEY FOR CHUZA OPERATING
WFC:mlh
Enclosure

P 087 492 238



**Receipt for
Certified Mail**

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

To: Kelton Operating Corp.	
Post Office Box 3090	
Roswell, NM 88202-3090	
Postage	\$
	\$
Return to sender	
February 8, 1993	

PS Form 3800, June 1991

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
WILLIAM P. SLATTERY

PATRICIA A. MATTHEWS
MICHAEL H. FELDEWERT

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

January 28, 1993

CERTIFIED MAIL -
RETURN RECEIPT REQUESTED

Kelton Operating Corp.
Post Office Box 276
Andrews, Texas 79714

Re: Application of Chuza Operating for Special Pool Rules, Lea County, New Mexico

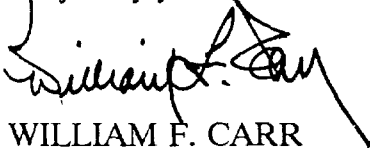
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WILLIAM F. CARR
ATTORNEY FOR CHUZA OPERATING
WFC:mlh
Enclosure

P: 377 563 508



**Receipt for
Certified Mail**

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

**Kelton Operating Corp.
Post Office Box 276
Andrews, Texas 79714**

PS Form 3800, June 1991

Postage	
Postage and Fees	
Postage and Fees (Total)	
Postage and Fees (Total) (With Postage and Fees (Total) (With))	
Postage and Fees (Total) (With Postage and Fees (Total) (With))	
Postage and Fees (Total) (With Postage and Fees (Total) (With))	
Postage and Fees (Total) (With Postage and Fees (Total) (With))	\$
Postmark Date JAN 28 1993	

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
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PATRICIA A. MATTHEWS
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POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

January 28, 1993

CERTIFIED MAIL -
RETURN RECEIPT REQUESTED

Kelton Operating Corp.
Post Office Box 3090
Roswell, New Mexico 88202-3090

Re: Application of Chuza Operating for Special Pool Rules, Lea County, New Mexico

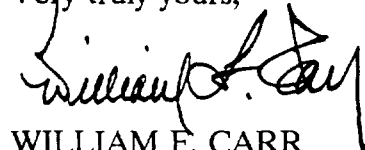
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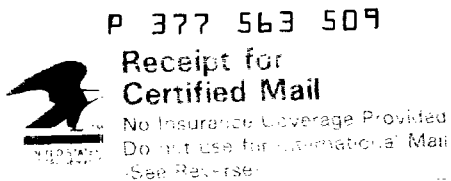
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Very truly yours,



WILLIAM F. CARR
ATTORNEY FOR CHUZA OPERATING
WFC:mlh
Enclosure



Kelton Operating Corp.
Post Office Box 3090
Roswell, New Mexico 88202-3090

Postage	
Insurance	
Registration Fee	
Postage with W.T.	
Insurance with W.T.	
Registration Fee with W.T.	
Subtotal	\$
Postmark or Date JAN 28 1993	

PS Form 3800, June 1991

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the 'RETURN TO' Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional services requested. 1. ☒ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)	
3. Article Addressed to: Kelton Operating Corp. Post Office Box 3090 Roswell, New Mexico 88202-3090	4. Article Number P 377 563 509 Type of Service: ☐ Registered ☒ Certified ☐ Express Mail ☐ Insured ☐ COD ☐ Return Receipt for Merchandise Always obtain signature of addressee or agent and DATE DELIVERED.
5. Signature - Address X 1	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent X	
7. Date of Delivery 2/5/93	

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

**KELTON OPERATING CORPORATION
POST OFFICE BOX 276
ANDREWS, TEXAS 79714-0276
915-523-6535**

February 15, 1993

Mr. William F. Carr
Campbell, Carr, Berge & Sheridan, P.A.
Post Office Box 2208
Santa Fe, New Mexico 87504-2208

Re: Correspondence dated February 5, 1993

Dear Mr. Carr:

In accordance with your correspondence dated February 5, 1993 pertaining to the Oil Conservation Division hearing to be held February 18, 1993 on behalf of Chuza Operating in Midland, Texas, Kelton Operating Corporation (herein "Kelton") is in agreement with the proposed Cap/Oil Ratio and Special Pool rules and Regulations being set forth in the application to include Sections 11 and 12 involving the discovery well, Lineberry No. 1 located in the NE/4 SE/4 Section 11, T-23-S, R-37-E, and the Flat C Sharp No. 1 located in SE/4 NE/4 Section 11, T-23-S, R-37-E, Lea County, New Mexico owned and operated by Kelton Operating Corporation with the following requests: 1) Kelton discovered the Blinberry formation in Section 11 on October 14, 1992, and therefore Kelton requests that paragraph 6 be presented at the hearing utilizing an effective date of discovery of October 14, 1992; and 2) That the Special Pool rules and Regulations cover the depths from 5250' to 5750' covering the whole interval of the Blinberry formation.

Kelton requests that we be noticed as a party of record, and furthermore, Kelton will attend the hearing.

Should you need anything further or have any questions, please advise.

ERFORD ECKNER STOGNER	
OIL CONSERVATION DIVISION	
CHUZA	EXHIBIT NO. 7
CASE NO.	10671

Very truly yours,

KELTON OPERATING CORPORATION



C. Dale Kelton
President

CDK/clw

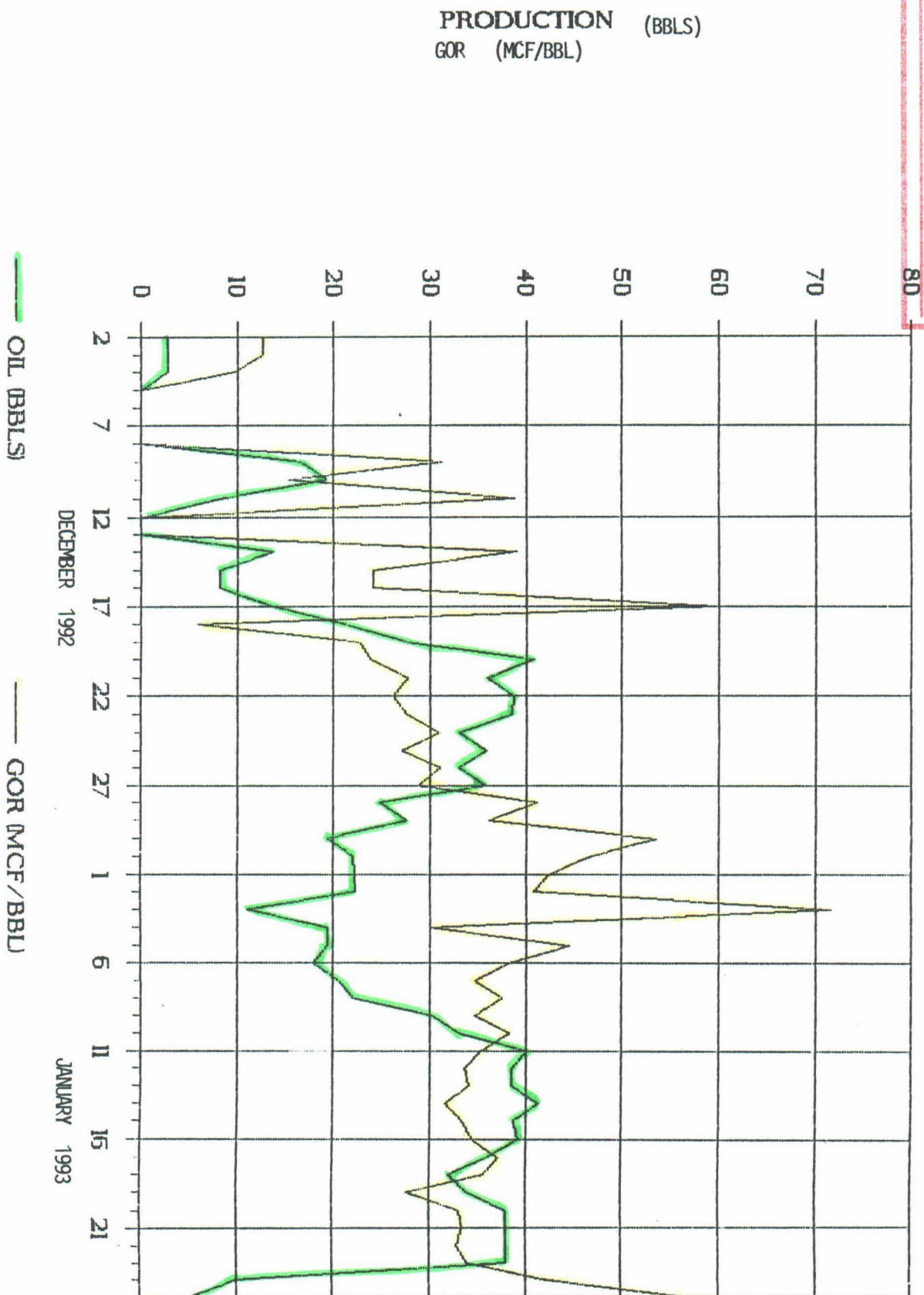
BEFORE EXAMINER STOGNER
OIL CONSERVATION DIVISION

CHUZA EXHIBIT NO. 8

CASE NO. 10671

GAMBI NO. 1

DAILY OIL & GOR



GAMBI NO.1

LEA CO., NM

=====

MO.	DAY	YR.	OIL BBLs	GAS MCF	GOR MCF/BBL	WATER BBLs	TUBING PRESSURE PSIG	CASING PRESSURE PSIG
=====	=====	=====	=====	=====	=====	=====	=====	=====
12	2	92	2.76	35.0	12.681	8		
12	3	92	2.77	35.0	12.635	8		
12	4	92	2.77	27.0	9.747	8		
12	5	92	0.00	0.0	0.000	0		
12	6	92	0.00	0.0	0.000	0		
12	7	92	0.00	0.0	0.000	0		
12	8	92	0.00	0.0	0.000	10		
12	9	92	16.64	520.0	31.250	12		
12	10	92	19.35	296.1	15.302	28		
12	11	92	8.27	321.0	38.815	12		
12	12	92	0.00	0.0	0.000	0		
12	13	92	0.00	7.4	0.000	2		
12	14	92	13.77	536.2	38.940	18		
12	15	92	8.27	199.6	24.135	12		
12	16	92	8.27	199.1	24.075	12		
12	17	92	13.79	823.2	59.695	21		
12	18	92	21.17	128.0	6.046	10	1500	1720
12	19	92	27.68	629.0	22.724	13	1500	1720
12	20	92	40.81	972.7	23.835	8	1500	1700
12	21	92	35.99	996.4	27.685	6	1500	1690
12	22	92	38.66	1014.7	26.247	4	1495	1685
12	23	92	38.65	1066.6	27.596	3	1495	1665
12	24	92	33.11	1023.8	30.921	8	1500	1670
12	25	92	35.89	973.4	27.122	7	1500	1670
12	26	92	33.06	1029.0	31.125	8	1490	1660
12	27	92	35.84	1029.3	28.719	5	1490	1655
12	28	92	24.83	1024.2	41.248	15	1490	1655
12	29	92	27.57	996.4	36.141	17	1490	1655
12	30	92	19.30	1031.6	53.451	16	1490	1640
12	31	92	22.04	1025.8	46.543	14	1490	1640
1	1	93	22.25	943.8	42.418	9	1480	1625
1	2	93	22.34	910.4	40.752	12	1480	1620
1	3	93	11.09	792.7	71.479	8	1625	1730
1	4	93	19.31	580.1	30.041	5	1470	1650
1	5	93	19.28	859.7	44.590	5	1460	1645
1	6	93	17.93	688.2	38.383	4	1440	1670
1	7	93	20.69	719.6	34.780	4	1440	1660
1	8	93	22.07	828.6	37.544	8	1440	1650
1	9	93	30.35	1053.4	34.708	9	1440	1600
1	10	93	33.11	1268.6	38.315	8	1440	1570
1	11	93	40.09	1418.9	35.393	9	1440	1565
1	12	93	38.59	1300.6	33.703	10	1440	1560
1	13	93	38.62	1315.8	34.070	8	1420	1545
1	14	93	41.38	1307.1	31.588	9	1410	1540
1	15	93	38.70	1294.4	33.447	8	1410	1540
1	16	93	39.27	1350.5	34.390	7	1400	1550
1	17	93	35.86	1335.6	37.245	8	1400	1530
1	18	93	32.00	1141.6	35.675	4	1430	1570
1	19	93	34.00	937.8	27.582	8	1430	1540
1	20	93	38.00	1258.5	33.118	9	1400	1520

GAMBI NO.1
LEA CO., NM
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MO.	DAY	YR.	OIL	GAS	GOR	WATER	TUBING	CASING
			BBLs	MCF	MCF/BBL		PRESSURE PSIG	PRESSURE PSIG
=====			=====	=====	=====	=====	=====	=====
1	21	93	38.00	1267.4	33.353	9	1410	1520
1	22	93	38.00	1248.6	32.858	7	1400	1520
1	23	93	38.00	1291.0	33.974	6	1390	1510
1	24	93	10.00	417.5	41.750	5	1580	1660
1	25	93	5.00	283.9	56.780	2	1442	1630
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			1255.19	41754.8	33.266			

AVERAGE GOR = 33.266 MCF/BBL

GAMBI NO. 1
LEA CO., NM

PAYOUT CALCULATION

1. BASED ON 107 BOPD & 2000/1 CUFT/DAY GOR

A. DRILLING AND COMP COST (5800 FT WELL)	\$ 290,000
B. WORKING INTEREST	100 %
C. NET REVENUE INTEREST	75 %
D. OIL PRICE	\$ 19.00/BBL
E. GAS PRICE	\$ 1.50/MCF
F. MONTHLY OPERATING COST	\$ 800/MO
G. MONTHLY OIL RATE (INITIAL)	196 BBL
F: MONTHLY GAS RATE	6,506 MCF
G: ANNUAL DECLINE RATE	5 %
H. PAYOUT OF WELL COST	33 MOS

2. BASED ON 107 BOPD & 6000/1 CUFT/DAY GOR

A. DRILLING AND COMP COST (5800 FT WELL)	\$ 290,000
B. WORKING INTEREST	100 %
C. NET REVENUE INTEREST	75 %
D. OIL PRICE	\$ 19.00/BBL
E. GAS PRICE	\$ 1.50/MCF
F. MONTHLY OPERATING COST	\$ 800/MO
G. MONTHLY OIL RATE (INITIAL)	587 BBL
F: MONTHLY GAS RATE	19,517 MCF
G: ANNUAL DECLINE RATE	15 %
H. PAYOUT OF WELL COST	10 MOS

