

CAMPBELL & BLACK, P.A.

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August 28, 1991

HAND-DELIVERED

William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
State Land Office Building  
Santa Fe, New Mexico 87503

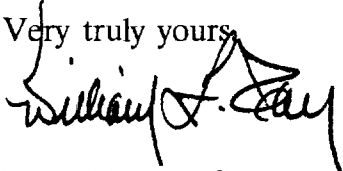
RECEIVED  
AUG 28 1991  
OIL CONSERVATION DIVISION  
10389

Re: In the Matter of the Application of Chi Operating, Inc. for Compulsory  
Pooling, Roosevelt County, New Mexico

5

Dear Mr. LeMay:

Enclosed in triplicate is the Application of Chi Operating, Inc. in the above-referenced case. Chi Operating, Inc. respectfully requests that this matter be placed on the docket for the September 19, 1991 Examiner hearings.

Very truly yours,  
  
WILLIAM F. CARR

WFC:mlh  
Enclosures  
cc w/enclosures: Mr. Bill Seltzer

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

AUG 28 1991

IN THE MATTER OF THE APPLICATION  
OF CHI OPERATING, INC.  
FOR COMPULSORY POOLING,  
ROOSEVELT COUNTY, NEW MEXICO.

OIL CONSERVATION DIVISION

CASE NO. 10389

APPLICATION

CHI OPERATING, INC., through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat. Ann. § 70-2-17, (1978), for an order pooling all of the mineral interests in all formations developed on 320-acre spacing from the surface to the base of the San Andres formation in the W/2 of Section 5, Township 8 South, Range 37 East, N.M.P.M., Roosevelt County, New Mexico, and in support thereof states:

1. Applicant owns or represents approximately 85% of the working interest in and under the W/2 of Section 5, and Applicant has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced spacing or proration unit to a well to be drilled at an orthodox location in the SW/4 of Section 5, to a depth of approximately 4,750 feet to test all formations to the base of the San Andres formation.
3. Applicant has sought and obtained either voluntary agreement for pooling or farmout from all other interest owners in the W/2 of said Section 5, except for the following:

J.C. Ainsworth, Jr. Estate Trust c/o Joe C. Ainsworth, III David B. Ainsworth and Nancy Ainsworth Johnson 1413 Broodmoor Lane Irving, Texas 75061	6% WI
Ross Neil Ainsworth RFD Milnesand, New Mexico 88125	3% WI
Woodlan P. Saunders Post Office Box 1536 Santa Fe, New Mexico 87504	4% WI
Mary Ann Gelder Estate (address unknown)	2% WI

4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

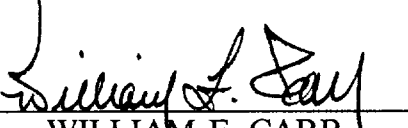
5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled, and Applicant should be designated the operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before an Examiner of the Oil Conservation Division on September 19, 1991 and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, and

imposing a risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well.

Respectfully submitted,

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

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

ATTORNEYS FOR CHI OPERATING, INC.

BEFORE THE  
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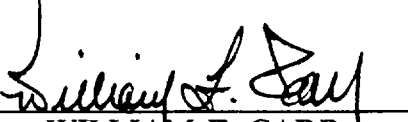
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