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April 15, 2014

Case 15133

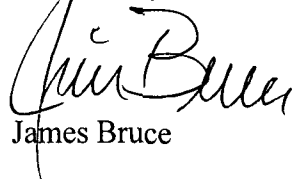
Hand Delivered

Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed for filing, on behalf of Chi Operating, Inc., is an application for compulsory pooling, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the May 15, 2015 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Chi Operating, Inc.

Parties Being Notified

Warren Hanson

Southern Union Gas Company
Lea Partners, LP

Armstrong Energy Corporation

John M. Kelly

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

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2014 APR 22
Case No. P 12/58133

APPLICATION

Mewbourne Oil Company applies for an order pooling all mineral interests in the Morrow formation underlying the S½ of Section 10, Township 17 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the S½ of Section 10, and has the right to drill a well thereon.
2. Applicant has drilled its Coal Train Fed. Com. Well No. 1, at an orthodox location in the SW¼SW¼ of Section 10, to a depth sufficient to test the Morrow formation, and seeks to dedicate the S½ of Section 10 to the well to form a standard 320 acre gas spacing and proration unit in the Morrow formation (Southeast Crow Flats-Morrow Gas Pool).
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the S½ of Section 10 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 S½ of Section 10, pursuant to NMSA 1978 §70-2-17.
5. The pooling of all mineral interests underlying the S½ of Section 10 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 S½ of Section 10 in the Morrow formation;
- and
- B. Designating applicant as operator of the well.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "James Bruce", is written over a horizontal line.

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Chi Operating, Inc.

PROPOSED ADVERTISEMENT

Case No. 15133 :

Application of Chi Operating, Inc. for compulsory pooling, Eddy County, New Mexico. Chi Operating, Inc. seeks an order pooling all mineral interests in the Morrow formation underlying the S/2 of Section 10, Township 17 South, Range 28 East, NMPM, to form a standard 320 acre gas spacing and proration unit for all pools or formations developed on 320 acre spacing within that vertical extent. The unit is dedicated to the Coal Train Fed. Com. Well No. 1, an existing well with an orthodox location in the SW/4SW/4 of Section 10. Also to be considered will be the designation of applicant as operator of the well. The unit is located approximately 13-1/2 miles east of Artesia, New Mexico.

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