

CHARLES DE B. HAGERMAN

GEOECOLOGIC SERVICES

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June 19, 2006
NM-OG-2-01-03

To: David R. Catanach
Petroleum Engineer
Oil Conservation Division, State of New Mexico
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Re: Chi Operating, Inc.
Off Lease Storage and Measurement
Allen #3, Hagerman #1
Eddy Co., NM

I am formally protesting this application by Chi Operating Inc. requesting the off lease storage and measurement and treatment of oil/gas/water production from the Hagerman #1.

The submittal is incomplete and does not address the issues of non-compliance nor the metering/gauging of oil/gas produced nor transported and produced.

Attached are copies of materials received from Chi. I own a 50% mineral interest in the Hagerman #1 acreage.

*Charles de B.
Hagerman.*

Charles de B. Hagerman

Encl.

PS- Attached revised facility plat, received from Chi on 7/22/06.

If and when Chi files with the OCD I still prptest this application.

Chi

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 13788 Exhibit No. 5
Submitted by:
CHI OPERATING INC.
Hearing Date: September 28, 2006

08/29/2006