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

APPLICATION OF CHI ENERGY, INC. FOR APPROVAL OF A SECONDARY RECOVERY PROJECT AND TO QUALIFY THE PROJECT FOR THE RECOVERED OIL TAX RATE, EDDY COUNTY, NEW MEXICO.

COUNTY OF SANTA FE)

Case No. 14,353

AFFIDAVIT OF NOTICE

| STATE OF N |) ss. IEW MEXICO) |
|---------------------------------|--|
| James | Bruce, being duly sworn upon his oath, deposes and states: |
| 1. | I am over the age of 18, and have personal knowledge of the matters stated herein. |
| 2. | I am an attorney for Chi Energy, Inc. |
| 3. addresses of application fit | Applicant has conducted a good faith, diligent effort to find the names and correct the offset operators or working interest owners entitled to receive notice of the led herein. |
| • | Notice of the application was provided to the offset operators or working interest eir correct addresses, by certified mail. Copies of the notice letter and certified s are attached hereto as Exhibit A. |
| 5. Rules NMAC | Applicant has complied with the notice provisions of Form C-108, and Division 19.15.4.9 and 19.15.4.12.C. Applicant has complied with the notice provisions of Form C-108, and Division 19.15.4.9 and 19.15.4.12.C. |
| SUBS James Bruce. | CRIBED AND SWORN TO before me this 11th day of November, 2009 by |
| My Commiss | ion Expires: 3/14/13 Notary Public Oil Conservation Division Case No. Exhibit No. |

JAMES BRUCE ATTORNEY AT LAW

POST OFFICE BOX 1056 SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213 SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone) (505) 660-6612 (Cell) (505) 982-2151 (Fax)

jamesbruc@aol.com

July 2, 2009

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

To: Persons listed on Exhibit A

Ladies and gentlemen:

Enclosed is a copy of an application for approval of a secondary recovery project for the proposed Benson Delaware Unit, filed with the New Mexico Oil Conservation Division by Chi Energy, Inc.

This matter is scheduled for hearing at 8:15 a.m. on Thursday, July 23, 2009, in Porter Hall at the Division's offices at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an offset operator or owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from contesting this matter at a later date.

A party appearing in a Division case is required by Division Rule to file a Pre-Hearing Statement no later than Thursday, July 16, 2009. This statement must be filed with the Division's Santa Fe office at the above address, and with the attorney for Chi Energy, Inc., and should include: The names of the party and its attorney; a concise statement of the case; the names of the witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that need to be resolved prior to the hearing.

Ver truly yours,

James Bruce

Attorney for Chi Energy, Inc.

EXHIBIT _

EXHIBIT A

Chesapeake Operating, Inc. P.O. Box 18496 Oklahoma City, Oklahoma 73154-0496

OXY USA WTP Limited Partnership 5 Greenway Plaza Houston, Texas 77046

Devon Energy Production Company, L.P. P.O. Box 108838 Oklahoma City, Oklahoma 73101

Attention: Brett Hudson

Great Western Drilling Co. 700 West Louisiana Midland, Texas 79701

Featherstone Development Corporation P.O. Box 429 Roswell, New Mexico 88202

Crescent Porter Hale Foundation Suite 2310 1021 Main Street Houston, Texas 77002

Bureau of Land Management 620 East Greene Carlsbad, New Mexico 88220

| CERTIFIED WATE, RECEIPT COMESTIC MATICAL NO MENTING CONTRACTOR ONLY NO MENTING NO MENTINGED CONTRACTOR OF THE CONTRAC | | | Total Postage & Feas \$ \$8.02 07/07/2009 | Street, Apt. No.; | City, State, 216-4 | ¹ PS Form 3800 August 2006 Sec Reverse lar Instructions |
|--|---------------------------------------|---|---|---|---|---|
| A Signature A Sig | If YES, enter delivery address below: | | 3. Service Type Certified Mail | 4. Restricted Delivery? (Extra Fee) 🔲 Yes | 1500 0001 4528 4545 | Domestic Return Receipt $\mathcal{U}_{k-\omega} = 0.02595-02-M-1540$ |
| SENDER, COMPLETE THIS SECTION ■ Complete items 1, id 3. Also complete item 4 if Restricted Delivery is desired. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mailpiece, or on the front if space permits. | 1. Article Addressed to: | Great Western Drilling Co. 700 West Louisiana Aistond Toyac 70701 | Widdialo, 1885 1995 | | 2. Article Number (Transfer from Selvice label) | PS Form 3811, February 2004 Domestic Ret |

| | COMPLETE THIS SECTION ON DELIVERY | A. Signature | X C C C C C C C C C C C C C C C C C C C | Received by (Printed Name) C. Date of Delivery | S. C. | If YES, enter delivery address below: | | 9 0 0 V | - 11 | UCertified Mail Express Mail Express Mail Express Mail Bestered Besturn Receipt for Merchandise D Insured Mail D C.O.D. | 4. Restricted Delivery? (Extra Fee) | 0500 0001 4528 4552 | Domestic Return Receipt $CM-WE$ |
|------------|-----------------------------------|--|--|--|---|---------------------------------------|---|---|--------------------------------|---|-------------------------------------|----------------------------|---|
| is . | SENDER: COMPLETE THIS SECTION | ■ Complete Items 1, 2d 3. Also complete Han 4 # Bactriated Polycome is Recipied. | Print your name and address on the reverse | so that we can return the card to you. Attach this card to the back of the mailpiece. | or on the front if space permits. | 1. Article Addressed to: | Devon Energy Production Commence | P.O. Box 10838 Oklahoma City, Oklahoma 73101 | | | | 2. Article Number 7008 05(| PS Form 3811, February 2004 Domestic Re |
| To premior | | AND N | our wabsile at sww.usps.co | | Postage \$ \$2.92 0500 | Certified Fee \$2.80 | Return Receipt Fee \$2.30 \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ | Restricted Delivery Fee \$0.00 [Endorsement Required] | Total Postage & Fees \$ \$8.02 | , | or PO Box No. Midland, Texas 79701 | S. Formi 3800, August 2006 | |

5454 8254 TOOO OOSO 8002

☐ Agent ☐ Addressee

1

02595-02-M-1540

For delivery information visit our website. stic Mail Only, No Ins HOUSTON-TX F70646 PS Form 3800, August 2006 Postage Total Postage & Fees Return Receipt Fee (Endorsement Required) Restricted Delivery Fee (Endorsement Required) Certified Fee T Street, Apt. No.; or PO Box No. City, State, ZIP+4 8007 0090 8254 COOT 6954 ☐ Addressee C. Date of Delivery Peturn Receipt for Merchandise 102595-02-M-1540 ☐ Agent % % C C 2-9-0) (8) rent from item 12 If YES, enter delivery address below: ☐ Express Mail 4538 □ C.O.D. 4. Restricted Delivery? (Extra Fee) CONPLETE THIS SECT D. Is delivery addless differ 4528 3 Certified Mail ☐ Insured Mail Domestic Return Receipt ${\mathscr U}_{m u}$ Service Type Signature 0500 0007 Received m J Featherstone Development Corporation so that we can return the card to you. Attach this card to the back of the mailpiece, 7008 Print your name and address on the reverse .id 3. Also complete SENDER: COMPLETE THIS SECTION Complete items 1, ... id 3. Also comi item 4 if Restricted Delivery is desired. Roswell, New Mexico 88202 or on the front if space permits. PS Form 3811, February 2004 (Transfer from service label) 1. Article Addressed to: 2. Article Number

61

\$2.92

\$2.80 \$2.30 8.8 See Reverse for Instructions

OXY USA WTP Limited Partnership

\$8.02

B

Houston, Texas 77046

5 Greenway Plaza

| SENDER: COMPLETE THIS SECTION | COMPLETE THIS SECTION ON DELIVERY |
|--|---|
| E Complete items 1, 1d 3. Also complete Item 4 if Restricted Delivery is desired. | A Significant Agent |
| so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. | B. Regeived by (Printed Name) a S. C. Date of Delivery |
| 1. Article Addressed to: | D. is delivery address different from ttem 17 cts Yes If YES, enter delivery address below. ☐ No |
| | W G |
| OXY USA WTP Limited Partnership | |
| Houston, Texas 77046 | H |
| na n | U Certified Mail C Express Mail C Registered C Return Receipt for Merchandise C insured Mail C C.O.D. |
| incipa. | 4. Restricted Delivery? (Extra Fee) |

ps:Form 3800/ August 2006 SANIA Featherstone Development Corporation For deliver, information visit our website ctww. us 950 or PO Box No. Roswell, New Mexico 88202 City, State, ZIP+4 \$8.02 00.03 \$2.30 \$2 88 \$2.92 mestic (fall Only) No lits Street, Apt. No.: P.O. Box 429 or PO Box No. Roswell. New ROSAFLL JAN 1882/02 Total Postage & Fees Restricted Delivery Fee (Endorsement Required) Return Receipt Fee (Endorsement Required) Certified Fee Postage

ממסד

8254

8E5h

4569 7008 0500 0000 4528 2. Article Number (Transfer from service (abel)

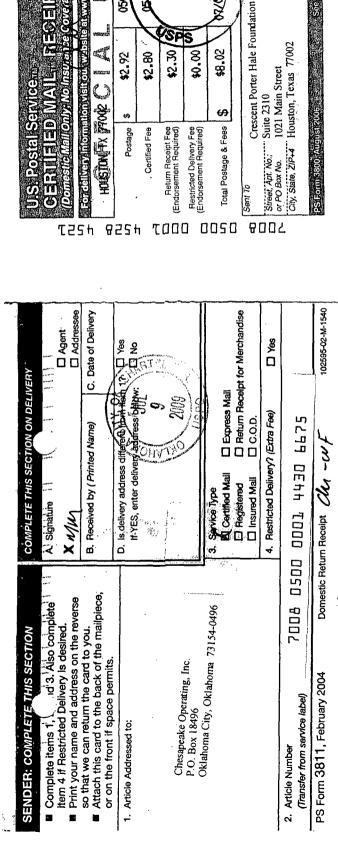
PS Form 3811, February 2004

8005

0050

3 Domestic Return Receipt

102595-02-M-1540



ed .

M USPS COM

8

Here 3

SPS

| Sprature X MINICALINE COMPETERY A Sprature X MINICALINE B. Received by Phines Name B. Received by Phines Name | D. Is delivery address different from item 1? ☐ Yes If YES, enter delivery address below: ☐ No | 2.************************************* | 3. Service Type A Certified Mail Express Mail | 4. Restricted Delivery? (Extra Fee) | ७००८ ०५०० १६२३ ५६२३ |
|--|--|---|---|---|---------------------|
| SENDER: COMPLET CHIS SECTION ■ Complete items 1, b, and 3. Also complete item 4 if Restricted Delivery is desired. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mailpiece, or on the front if space permits. | 1. Article Addressed to: | Crescent Porter Hale Foundation Suite 2310 1021 Main Street | Houston, 1exas 77002 | | 2. Article Number |

PS Form 3800 August 2005 (Domestic Mail Only, No Ins. I any e Covy, 1ge Provided) For delivery Information visit our website 1. I www.isps.com. Postman Pare Legis Oklahoma City, Oklahoma 73154-0496 WN 数 NN (J) Chesapeake Operating, Inc. **VVS** OCCUPATION CITY DE CIT \$2.92 \$8.02 \$2.30 8.03 \$2.80 P.O. Box 18496 € Total Postage & Fees Postage Certified Fee Return Receipt Fee (Endorsement Required) Restricted Delivery Fee (Endorsement Required) City, State, ZIP+4 Street, Apt. No.; or PO Box No. מססד 8005 5299 DEhh 0050

PS Form 3811, February 2004

Domestic Return Receipt \mathcal{CM} - \mathcal{W}

102595-02-M-1540

| VICe Mail RECEIPT Notinstrance Coverate Provided | n visit our website at "vivivusps com | | £2.92 | \$2.80 (m) 05 200 | \$2.30 A Here | \$0.00 M. S. | \$8.02 0770712009 | Bureau of Land Management | 620 East Greene Carlshad, New Mexico 88220 | | See Beverse (of Instructions |
|--|---------------------------------------|---------------------|------------|-------------------|--|---|-------------------------|---------------------------|--|--------------------|------------------------------|
| UIS Postal Ser CERTIFIED I Domestic Mail Only | For delivery information visit or | ORZBB JAN UDBS GAYO | Postage \$ | - Certified Fee | Return Receipt Fee (Endorsement Required) | Restricted Delivery Fee (Endorsement Required) | Total Postage & Fees \$ | Sent To Bureau | Street, Apt. No.; 620 East or PO Box No. Carlsba | City, State, ZIP+4 | DS Forms 800 Anglist 2006 |

| SaNDar: complete items 1, 2, and 3. Also complete items 1, 2, and |
|---|
|---|