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November 15, 2010

Via fax and U.S. Mail

Mark E. Fesmire, P.E.
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Request for extension of Ordering Paragraph (4) of Order No. R-13262
Chi Operating, Inc./Statutory Unitization

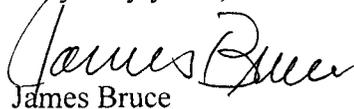
Dear Mr. Fesmire:

The above order, dated May 21, 2010, requires that the plan of unitization be approved by the minimum percentage of royalty owners within 6 months. Just recently, Chi acquired ratifications from sufficient fee overriding royalty owners such that, when combined with the federal royalty interest, more than 75% of royalty owners will have ratified the unit (the required percentage of working interest owners has already approved the unit agreement and unit operating agreement). The BLM is currently reviewing the final unit documents and Chi anticipates BLM approval shortly. Chi will provide the Division with supplemental documents supporting the ratification of the necessary interest owners.

However, waterflood units are usually approved effective as of the first of the month following all approvals, and Ordering Paragraph (4) expires on November 21, 2010. As a result, Chi requests an extension, until January 1, 2011, of the deadline in Ordering Paragraph (4), so that the final paperwork may be approved.

Thank you for your consideration of this request.

Very truly yours,


James Bruce

Attorney for Chi Operating, Inc.

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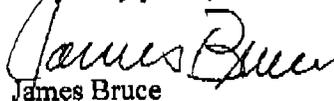
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