BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF CHI ENERGY, INC. FOR AN UNORTHODOX GAS WELL LOCATION OR IN THE ALTERNATIVE FOR A NON-STANDARD SUBSURFACE GAS WELL LOCATION/PRODUCING AREA, LEA COUNTY, NEW MEXICO.

Case No. 12,158

<u>AFFIDAVIT</u>	REGARDING	NOTICE
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STATE OF 1	NEW MEXICO)	
COUNTY OF)	ss.

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 Applicant.
- 3. Applicant has conducted a good faith, diligent effort to find the names and correct addresses of the interest owners entitled to receive notice of the Application filed herein.
- 4. Notice of the Application was provided to the interest owners at their correct addresses by mailing them, by first certified mail, copies of the Application. Copies of the notice letters and return receipts are attached hereto as Exhibit A.
- 5. Applicant has complied with the notice provisions of Division Rule 1207.

formes 1

SUBSCRIBED AND SWORN TO before me this 6th day of April, 1999, by James Bruce.

BEFORE THE
OIL CONSERVATION DIVISION
Santa Fe, New Mexico

_____3/14/2001 Case Nos. <u>12157 and 12158</u> Exhibit No. <u>7</u> (Consolidated)

Submitted by: Chi Energy, Inc.

Hearing Date: April 15, 1999

JAMES BRUCE ATTORWEY AT LAW

POST OFFICE BOX 1056 SANTA PE, NEW MEXICO 87504

3304 CAMINO LISA SANTA PE, NEW MEXICO 87501

(505) 982-2043 (505) 982-2151 (PAX)

March 12, 1999

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Santa Fe Energy Resources, Inc. Suite 1330

550 West Texas

Midland, Texas 79701

Attention: Steven J. Smith

Yates Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 88210

Louis Dreyfus Natural Gas Corp.

Suite 600

14000 Quail Springs Parkway Oklahoma City, Oklahoma 74134

Attention: Joe W. Hammond

Harvard Petroleum Corp.

P.O. Box 936

Roswell, New Mexico 88202

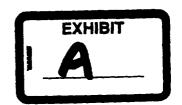
Southwestern Energy Production Company Suite 300 2350 North Sam Houston Parkway East Houston, Texas 77032 Attention: Samuel Glenn Thompson

Gentlemen:

Chi Energy, Inc. previously mailed you an application for administrative approval of an unorthodox gas well location regarding a well in the SWKSEK (E% unit) of Section 19, Township 20 South, Range 34 East, NMPM, Lea County, New Mexico. This matter has been set for hearing on April 1, 1999, at the offices of the Oil Conservation Division at 2040 South Pacheco Street, Santa Fe, New Mexico 87505. As an offset operator, you have the right to appear in the case and present evidence. Failure to appear at the hearing will preclude you from contesting this matter at a later

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Attorney for Chi Energy, Inc.



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US Postal Service **Receipt for Certified Mail**

No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Southwestern Energy Production Company Suite 300 2350 North Sam Houston Parkway Bast Houston, Texas 77032 Attention: Samuel Glenn Thompson

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JAMES BRUCE ATTORNEY AT LAW

POST OFFICE BOX 1056 SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA SANTA FE, NEN MEXICO 87501

(505) 982-2043 (505) 982-2151 (PAX)

February 25, 1999

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Bureau of Land Management 2909 West Second Street Roswell, New Mexico 88201

Ladies and Gentlemen:

Enclosed is a copy of an application for administrative approval of an unorthodox gas well location, filed with the New Mexico Oil Conservation Division by Chi Energy, Inc., regarding the E% of Section 19, Township 20 South, Range 34 East, NMPM, Lea County, New Mexico.

This application was filed on February 15, 1999, and the Division subsequently requested that we notify the lessees of the W% of Section 29 of the application. The BLM's records indicate that the N%SW% and SW%SW% of Section 29 are unleased federal minerals. If you object to the application, you must notify the Division in writing no later than Wednesday, March 17, 1999. The Division's address is 2040 South Pacheco Street, Santa Fe, New Mexico 87505 (Attention: Michael E. Stogner).

Please call me if you have any questions.

Very truly yours, :

James Bruce

Attorney for Chi Energy, Inc.