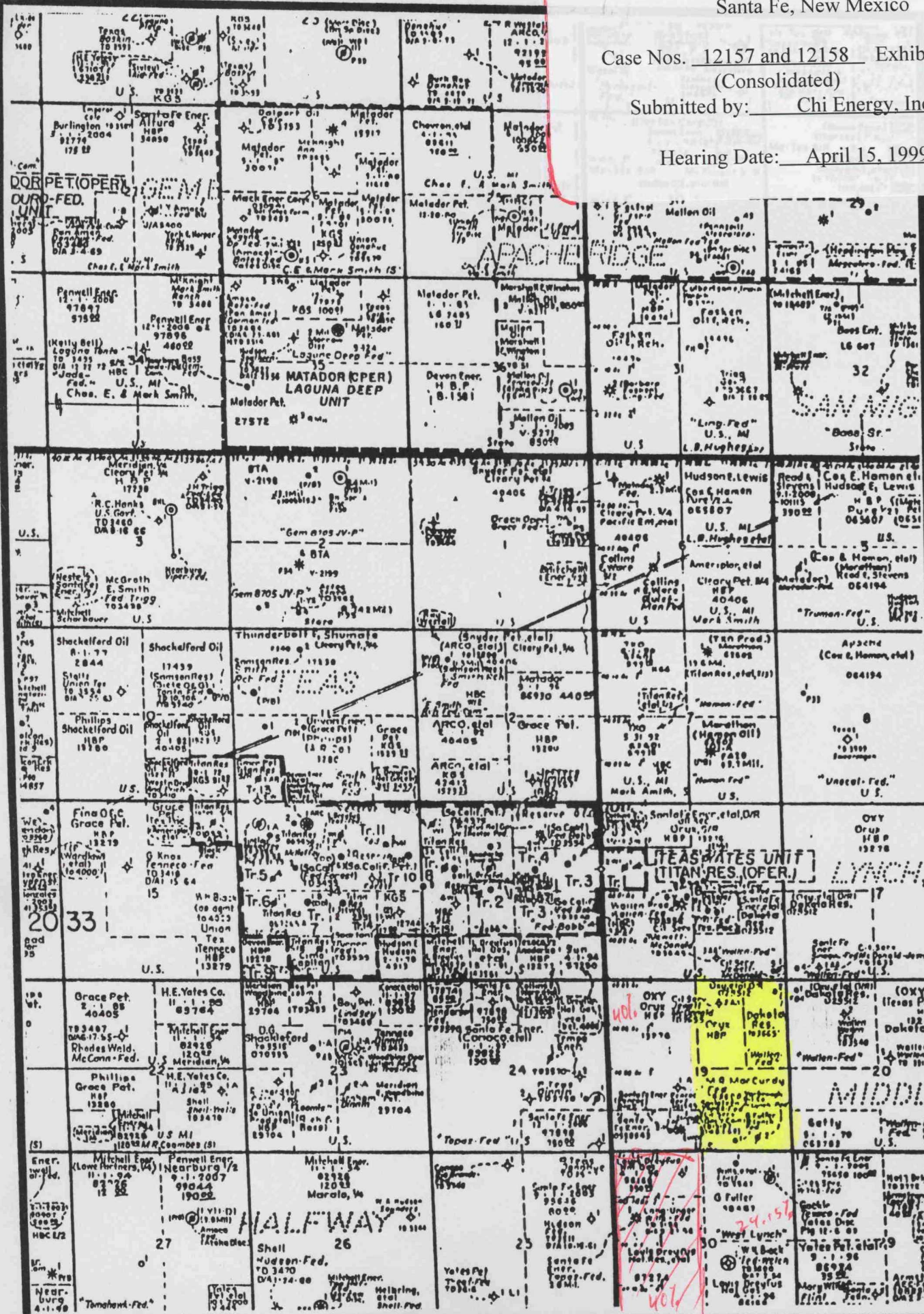


**BEFORE THE  
OIL CONSERVATION DIVISION  
Santa Fe, New Mexico**

Case Nos. 12157 and 12158 Exhibit No. 1  
(Consolidated)  
Submitted by: Chi Energy, Inc.

Hearing Date: April 15, 1999



**LEGEND**

- ☐ CHI Acreage
- ☐ Federal Parcel
- ☐ State Tract

**PRODUCERS**

- ☐ SA-Qn-Gbg
- ☐ Delaware
- ☐ Bone Spring
- ☐ Wolfcamp
- ☐ Cisco-Canyon
- ☐ Strawn
- ☐ Atoka
- ☐ Morrow
- ☐ Siluro/Devonian

- ☐ Prospect Outline
- ☐ Proposed Location
- ☐ Industry Location
- ☐ Open Acreage

Gas (MMCFG)  
Oil (MBO)  
Water (MBW)

*Chi Energy Inc.*

PROSPECT: CS/OXY

Lea Co. NEW MEXICO

Updated: 3/99

Scale:



DISTRICT I  
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV  
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised February 10, 1994  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

WELL LOCATION AND ACREAGE DEDICATION

API Number	Pool Code	
Property Code	Property Name GREENSTONE FEDERAL COM	Well Number 1
OGRID No.	Operator Name CHI OPERATING, INC.	Elevation 3658'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	19	20 S	34 E		480	SOUTH	1650	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

LOT 1 40.03 AC.	
LOT 2 40.06 AC.	
LOT 3 40.08 AC.	
LOT 4 40.11 AC.	

OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

*John W. Qualls*  
Signature  
John W. Qualls  
Printed Name  
Geologist  
Title  
2-5-99  
Date

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.

JANUARY 21, 1999

Date Surveyed  
Signature of Seal of Professional Surveyor  
NEW MEXICO  
1/25/99  
99-1-0045  
Certificate No. RONALD J. EIDSON 3239  
EIDSON 12641

DISTRICT I  
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV  
P.O. Box 2088, Santa Fe, N.M. 87504-2088

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised February 10, 1994  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name GREENSTONE FEDERAL COM	Well Number 1
OGRID No.	Operator Name CHI OPERATING, INC.	Elevation 3658'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	19	20 S	34 E		480	SOUTH	1650	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	19	20 S	34 E		760	SOUTH	1650	EAST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

LOT 1 40.03 AC.	
LOT 2 40.06 AC.	
LOT 3 40.08 AC.	3657.8' — 3658.0'       3658.9' — 3660.7' DETAIL
LOT 4 40.11 AC.	999 BOTTOM HOLE 760' 480' SEE DETAIL 1650' 1650'

OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

*John W. Qualls*  
Signature

John W. Qualls  
Printed Name

Geologist  
Title

2-5-99  
Date

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.

JANUARY 21, 1999

Date Surveyed  
Signature & Seal  
Professional Surveyor  
NEW MEXICO  
99-11-0045  
Certificate No. RONALD EIDSON 3239  
PROFESSIONAL SURVEYOR 12641

**BEFORE THE  
OIL CONSERVATION DIVISION**  
Santa Fe, New Mexico

Case Nos. 12157 and 12158 Exhibit No. 2  
(Consolidated)

Submitted by: Chi Energy, Inc.

Hearing Date: April 15, 1999

---

**WORKING INTEREST OWNERS**

**Greenstone Fed. Com #1  
T-20-S-, R-34-E, Sec. 19: E/2  
Lea County, New Mexico**

<b><u>Owner</u></b>	<b><u>Working Interest</u></b>
Chi Energy, Inc. *	93.0000000%
Lerwick I , Ltd.	5.0000000%
/ Doyle Hartman	.7109375%
James A. Davidson	.2500000%
/ James E. Burr	.0156250%
Ruth Sutton	.0078125%
/ Larry Nermyr	.0156250%
John H. Hendrix Corporation	.4900000%
Michael L. Klein	.4900000%
Ronnie H. Westbrook	.0200000%
	<hr/>
<b>TOTAL</b>	<b>100.00%</b>

**\*Louis Dreyfus Natural Gas Corp. owns 50.0% of Chi's 93.0% (46.5%)  
Southwestern Energy Production Company owns 45.0 % of Chi's 93.0% (41.85%)**

**BEFORE THE  
OIL CONSERVATION DIVISION  
Santa Fe, New Mexico**

Case Nos. 12157 and 12158 Exhibit No. 3  
(Consolidated)

Submitted by: Chi Energy, Inc.

Hearing Date: April 15, 1999

**CHI ENERGY, INC.**

P.O. BOX 1799  
MIDLAND, TEXAS 79702

February 15, 1999

Lerwick I, Ltd.  
214 West Texas, Suite 900  
Midland, Texas 79701

**Re: Well Proposal & AFE  
Greenstone Fed Com. No. 1  
480' FSL & 1650' FEL-Surface Location  
760' FSL & 1650' FEL-Bottomhole Location  
Section 19-T-20S-R-34E  
Lea County, New Mexico**

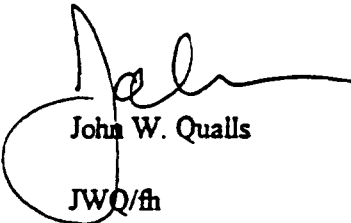
Gentlemen:

Chi Operating, Inc. is proposing a Morrow test in the E/2 of Section 19-T-20S-R-34E, Lea County, New Mexico at a surface location of 480' FSL & 1650' FEL and a bottomhole location of 760' FSL & 1650' FEL.

Enclosed is an AFE for the drilling and completion of the proposed Greenstone Fed Com No. 1 along with an approval page for your signature. Please sign in the space provided and return to Chi at your earliest convenience. A Joint Operating Agreement is in the process of being prepared.

Thank you for your prompt attention to this matter and please call should you have any questions.

Sincerely,



John W. Qualls

JWQ/fh

**BEFORE THE  
OIL CONSERVATION DIVISION**  
Santa Fe, New Mexico

Case Nos. 12157 and 12158 Exhibit No. 4  
(Consolidated)  
Submitted by: Chi Energy, Inc.

Hearing Date: April 15, 1999



**SENDER:**

Complete items 1 and/or 2 for additional services.  
Complete items 3, 4a & b.  
Print your name and address on the reverse of this form so that we can return the card to you.  
Attach this form to the front of the mailpiece, or on the back if space does not permit.  
Write "Return Receipt Requested" on the mailpiece below the article number.  
The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):  
1. ☐ Addressee's Address  
2. ☐ Restricted Delivery  
Consult postmaster for fee.

3. Article Addressed to:  
DOYLE HARTMAN  
P.O. BOX 10426  
MIDLAND, TX 79702

4a. Article Number  
PA 101-784 039

4b. Service Type  
☐ Registered  
☐ Insured  
☒ Certified  
☐ Express Mail  
☐ Return Receipt for Merchandise

7. Date of Delivery  
DEC 11 1991

8. Addressee's Address (Only if requested and fee is paid)  
USPS

9. Signature (Agent)  
*John Hartman*

PS Form 3811, December 1991 \*U.S. GPO: 1992-322-402 DOMESTIC RETURN RECEIPT

Thank you for using Return Receipt Service.

**SENDER:**

Complete items 1 and/or 2 for additional services.  
Complete items 3, 4a & b.  
Print your name and address on the reverse of this form so that we can return the card to you.  
Attach this form to the front of the mailpiece, or on the back if space does not permit.  
Write "Return Receipt Requested" on the mailpiece below the article number.  
The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):  
1. ☐ Addressee's Address  
2. ☐ Restricted Delivery  
Consult postmaster for fee.

3. Article Addressed to:  
JAMES A. DAVIDSON  
P.O. BOX 494  
MIDLAND, TX 79702

4a. Article Number  
PA 101-784 037

4b. Service Type  
☐ Registered  
☐ Insured  
☒ Certified  
☐ Express Mail  
☐ Return Receipt for Merchandise

7. Date of Delivery  
DEC 11 1991

8. Addressee's Address (Only if requested and fee is paid)

9. Signature (Agent)  
*James Davidson*

PS Form 3811, December 1991 \*U.S. GPO: 1992-322-402 DOMESTIC RETURN RECEIPT

Thank you for using Return Receipt Service.

**SENDER:**

Complete items 1 and/or 2 for additional services.  
Complete items 3, 4a & b.  
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Attach this form to the front of the mailpiece, or on the back if space does not permit.  
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The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):  
1. ☐ Addressee's Address  
2. ☐ Restricted Delivery  
Consult postmaster for fee.

3. Article Addressed to:  
JOHN H. HENDRIX CORPORATION  
110 N. MARINEFEED ST.  
MIDLAND, TX 79701

4a. Article Number  
PA 101-784 039

4b. Service Type  
☐ Registered  
☐ Insured  
☒ Certified  
☐ Express Mail  
☐ Return Receipt for Merchandise

7. Date of Delivery  
DEC 11 1991

8. Addressee's Address (Only if requested and fee is paid)

9. Signature (Agent)  
*John Hendrix*

PS Form 3811, December 1991 \*U.S. GPO: 1992-322-402 DOMESTIC RETURN RECEIPT

Thank you for using Return Receipt Service.

**SENDER:**

Complete items 1 and/or 2 for additional services.  
Complete items 3, 4a & b.  
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I also wish to receive the following services (for an extra fee):  
1. ☐ Addressee's Address  
2. ☐ Restricted Delivery  
Consult postmaster for fee.

3. Article Addressed to:  
JAMES E. BURR  
P.O. BOX 8050  
MIDLAND, TX 79708

4a. Article Number  
PA 101-784 036

4b. Service Type  
☐ Registered  
☐ Insured  
☒ Certified  
☐ Express Mail  
☐ Return Receipt for Merchandise

7. Date of Delivery  
DEC 11 1991

8. Addressee's Address (Only if requested and fee is paid)

9. Signature (Agent)  
*James Burr*

PS Form 3811, December 1991 \*U.S. GPO: 1992-322-402 DOMESTIC RETURN RECEIPT

Thank you for using Return Receipt Service.

**ENDER:**

Complete items 1 and/or 2 for additional services.

Complete items 3, and 4a &amp; b.

Print your name and address on the reverse of this form so that we can return this card to you.

Attach this form to the front of the package, or on the back if space is not permitted.

Write "Return Receipt Requested" on the malpiece below the article number.

The Return Receipt will show to whom the article was delivered and the date delivered.

3. Article/Addressed to:

RUTH SUTTON

2826 MOSS

MIDLAND, TX 79705

Signature (Agent)

Signature (Addressee)

Form 3811, December, 1991

U.S. GPO: 1990-322-402

DOMESTIC RETURN RECEIPT

PS Form 3811, December, 1991

U.S. GPO: 1990-322-402

DOMESTIC RETURN RECEIPT

PS Form 3811, December, 1991

U.S. GPO: 1990-322-402

DOMESTIC RETURN RECEIPT

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DOMESTIC RETURN RECEIPT

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Complete items 3, and 4a &amp; b.

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Attach this form to the front of the package, or on the back if space is not permitted.

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The Return Receipt will show to whom the article was delivered and the date delivered.

3. Article/Addressed to:

MICHAEL L. KLEIN

110 N. MARIENFELD ST.

MIDLAND, TX 79701

Signature (Agent)

Signature (Addressee)

Form 3811, December, 1991

U.S. GPO: 1990-322-402

DOMESTIC RETURN RECEIPT

PS Form 3811, December, 1991

U.S. GPO: 1990-322-402

DOMESTIC RETURN RECEIPT

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DOMESTIC RETURN RECEIPT

PS Form 3811, December, 1991

U.S. GPO: 1990-322-402

DOMESTIC RETURN RECEIPT

I also wish to receive the following services (for an extra fee):

1. ☐ Addressee's Address2. ☐ Restricted Delivery

Consult postmaster for fee.

4a. Article Number

P101784041

4b. Service Type

☐ Registered ☐ Insured☒ Certified ☐ COD☐ Express Mail ☒ Return Receipt for Merchandise

7. Date of Delivery

2-23-95

8. Addressee's Address (Only if requested and fee is paid)

Thank you for using Return Receipt Service.

PS Form 3811, December, 1991

U.S. GPO: 1990-322-402

DOMESTIC RETURN RECEIPT

PS Form 3811, December, 1991

U.S. GPO: 1990-322-402

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U.S. GPO: 1990-322-402

DOMESTIC RETURN RECEIPT

PS Form 3811, December, 1991

U.S. GPO: 1990-322-402

DOMESTIC RETURN RECEIPT



784 042

**First Certified Mail**  
Average Provided.  
International Mail (See reverse)

30X 41065	ZIP Code	MT 49270	\$	.55	1.40	1.25	3.20
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101 784 042

**CERTIFIED**

did at line over top of envelope to  
the right of the return address

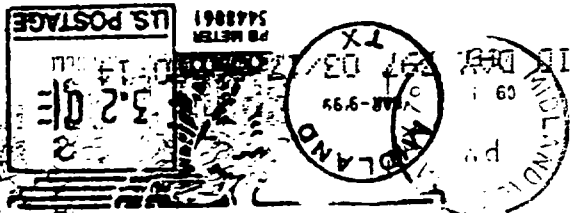
**MAIL**

**NO SUCH ADDRESS**

TO RETURNED  
TO SENDER

**Sent Twice**  
**2 addresses**  
**no response**

LARRY NERMYR  
P. O. BOX 41065  
SIDNEY, MONTANA 59270



**CHI ENERGY, INC.**

P.O. BOX 1799

MIDLAND, TEXAS 79702

February 15, 1999

Ronnie H. Westbrook  
c/o John H. Hendrix Corporation  
110 N. Marienfeld St.  
Midland, Texas 79701

**Re: Well Proposal & AFE  
Greenstone Fed Com. No. 1  
480' FSL & 1650' FEL-Surface Location  
760' FSL & 1650' FEL-Bottomhole Location  
Section 19-T-20S-R-34E  
Lea County, New Mexico**

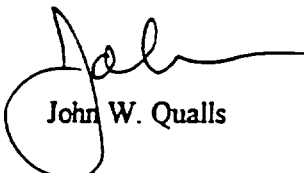
Gentlemen:

Chi Operating, Inc. is proposing a Morrow test in the E/2 of Section 19-T-20S-R-34E, Lea County, New Mexico at a surface location of 480' FSL & 1650' FEL and a bottomhole location of 760' FSL & 1650' FEL.

Enclosed is an AFE for the drilling and completion of the proposed Greenstone Fed Com No. 1 along with an approval page for your signature. Please sign in the space provided and return to Chi at your earliest convenience. A Joint Operating Agreement is in the process of being prepared.

Thank you for your prompt attention to this matter and please call should you have any questions.

Sincerely,

  
John W. Qualls  
JWQ/fh

**CHI ENERGY, INC.**

P.O. BOX 1799  
MIDLAND, TEXAS 79702

February 15, 1999

Michael L. Klein  
c/o John H. Hendrix Corporation  
110 N. Marienfeld St.  
Midland, Texas 79701

**Re: Well Proposal & AFE  
Greenstone Fed Com. No. 1  
480' FSL & 1650' FEL-Surface Location  
760' FSL & 1650' FEL-Bottomhole Location  
Section 19-T-20S-R-34E  
Lea County, New Mexico**

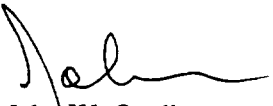
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Thank you for your prompt attention to this matter and please call should you have any questions.

Sincerely,



John W. Qualls

JWQ/fh



**CHI ENERGY, INC.**

P.O. BOX 1799  
MIDLAND, TEXAS 79702

February 15, 1999

Doyle Hartman  
P. O. Box 10426  
Midland, Texas 79702

**Re: Well Proposal & AFE  
Greenstone Fed Com. No. 1  
480' FSL & 1650' FEL-Surface Location  
760' FSL & 1650' FEL-Bottomhole Location  
Section 19-T-20S-R-34E  
Lea County, New Mexico**

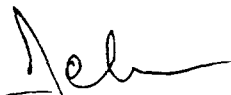
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Sincerely,



John W. Qualls

JWQ/fh

**CHI ENERGY, INC.**

P.O. BOX 1799  
MIDLAND, TEXAS 79702

February 15, 1999

James E. Burr  
P. O. Box 8050  
Midland, Texas 79708

**Re: Well Proposal & AFE  
Greenstone Fed Com. No. 1  
480' FSL & 1650' FEL-Surface Location  
760' FSL & 1650' FEL-Bottomhole Location  
Section 19-T-20S-R-34E  
Lea County, New Mexico**

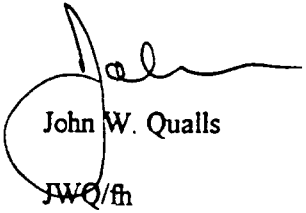
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Thank you for your prompt attention to this matter and please call should you have any questions.

Sincerely,



John W. Qualls

JWQ/fh

**CHI ENERGY, INC.**

P.O. BOX 1799  
MIDLAND, TEXAS 79702

February 15, 1999

Ruth Sutton  
2826 Moss  
Midland, Texas 79705

**Re: Well Proposal & AFE  
Greenstone Fed Com. No. 1  
480' FSL & 1650' FEL-Surface Location  
760' FSL & 1650' FEL-Bottomhole Location  
Section 19-T-20S-R-34E  
Lea County, New Mexico**

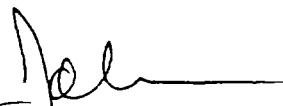
Ms. Sutton:

Chi Operating, Inc. is proposing a Morrow test in the E/2 of Section 19-T-20S-R-34E, Lea County, New Mexico at a surface location of 480' FSL & 1650' FEL and a bottomhole location of 760' FSL & 1650' FEL.

Enclosed is an AFE for the drilling and completion of the proposed Greentstone Fed Com No. 1 along with an approval page for your signature. Please sign in the space provided and return to Chi at your earliest convenience. A Joint Operating Agreement is in the process of being prepared.

Thank you for your prompt attention to this matter and please call should you have any questions.

Sincerely,



John W. Qualls

JWQ/fh



**CHI ENERGY, INC.**

P.O. BOX 1799  
MIDLAND, TEXAS 79702

February 15, 1999

John H. Hendrix Corporation  
110 N. Marienfeld St.  
Midland, Texas 79701

**Re: Well Proposal & AFE  
Greenstone Fed Com. No. 1  
480' FSL & 1650' FEL-Surface Location  
760' FSL & 1650' FEL-Bottomhole Location  
Section 19-T-20S-R-34E  
Lea County, New Mexico**

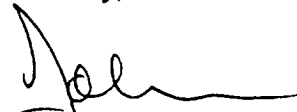
Gentlemen:

Chi Operating, Inc. is proposing a Morrow test in the E/2 of Section 19-T-20S-R-34E, Lea County, New Mexico at a surface location of 480' FSL & 1650' FEL and a bottomhole location of 760' FSL & 1650' FEL.

Enclosed is an AFE for the drilling and completion of the proposed Greentstone Fed Com No. 1 along with an approval page for your signature. Please sign in the space provided and return to Chi at your earliest convenience. A Joint Operating Agreement is in the process of being prepared.

Thank you for your prompt attention to this matter and please call should you have any questions.

Sincerely,



John W. Qualls

JWQ/mh

**CHI ENERGY, INC.**

P.O. BOX 1799  
MIDLAND, TEXAS 79702

February 15, 1999

Larry Nermyr  
P. O. Box 41065  
Sidney, Montana 49270

**Re: Well Proposal & AFE  
Greenstone Fed Com. No. 1  
480' FSL & 1650' FEL-Surface Location  
760' FSL & 1650' FEL-Bottomhole Location  
Section 19-T-20S-R-34E  
Lea County, New Mexico**

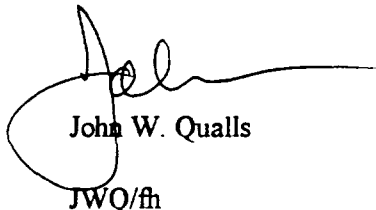
Gentlemen:

Chi Operating, Inc. is proposing a Morrow test in the E/2 of Section 19-T-20S-R-34E, Lea County, New Mexico at a surface location of 480' FSL & 1650' FEL and a bottomhole location of 760' FSL & 1650' FEL.

Enclosed is an AFE for the drilling and completion of the proposed Greentstone Fed Com No. 1 along with an approval page for your signature. Please sign in the space provided and return to Chi at your earliest convenience. A Joint Operating Agreement is in the process of being prepared.

Thank you for your prompt attention to this matter and please call should you have any questions.

Sincerely,



John W. Qualls  
JWQ/fh

**CHI ENERGY, INC.**

P.O. BOX 1799  
MIDLAND, TEXAS 79702

February 15, 1999

James A. Davidson  
P. O. Box 494  
Midland, Texas 79702

**Re: Well Proposal & AFE  
Greenstone Fed Com. No. 1  
480' FSL & 1650' FEL-Surface Location  
760' FSL & 1650' FEL-Bottomhole Location  
Section 19-T-20S-R-34E  
Lea County, New Mexico**

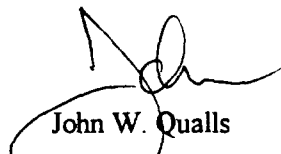
Gentlemen:

Chi Operating, Inc. is proposing a Morrow test in the E/2 of Section 19-T-20S-R-34E, Lea County, New Mexico at a surface location of 480' FSL & 1650' FEL and a bottomhole location of 760' FSL & 1650' FEL.

Enclosed is an AFE for the drilling and completion of the proposed Greentstone Fed Com No. 1 along with an approval page for your signature. Please sign in the space provided and return to Chi at your earliest convenience. A Joint Operating Agreement is in the process of being prepared.

Thank you for your prompt attention to this matter and please call should you have any questions.

Sincerely,



John W. Qualls  
JWQ/fh



Afe Estimate Summary  
CHI OPERATING, INC  
Report Date: 02/22/99

Afe Id: 1 GREENSTONE FED COM #1  
Property Id: 971512-1 GREENSTONE FED COM #1  
Location: SEC 19 T-20-S R-34-E  
Operator: CHI OPERATING INC.

Field:  
St/County: NM/LEA

Sub-Category	Estimate Cost	
=====		
Intangible Drilling		
SURVEYING & PERMIT	1,000.00	
ROADS & LOCATIONS	18,000.00	
RIG MOVE	30,000.00	
DRILLING - DAYWORK	535,000.00	
CEMENT - SURFACE	8,000.00	
CEMENT - INTERMEDIATE	24,000.00	
DRILLSTEM TESTING	5,000.00	
DRILLING FLUIDS	60,000.00	
WATER	30,000.00	
BITS & REAMERS	42,000.00	
GEOLOGICAL	2,000.00	
ENGINEERING	26,000.00	
MUD LOGGING	14,000.00	
OPENHOLE LOGGING	34,000.00	
EQUIPMENT RENTAL	26,000.00	
TRUCKING	10,000.00	
LABOR	5,000.00	
LEGAL	7,000.00	
OVERHEAD & EXPENSES	9,000.00	
CASING CREWS	3,000.00	
MISCELLANEOUS INTANGIBLES	30,000.00	
	-----	
Sub-Total Intangible Drilling		919,000.00
Tangible Drilling		
CASING - SURFACE	14,000.00	
CASING - INTERMEDIATE	118,000.00	
WELLHEAD EQUIPMENT	11,000.00	
MISCELLANEOUS TANGIBLES	3,000.00	
	-----	
Sub-Total Tangible Drilling		146,000.00
Total All Drilling		1,065,000.00
Intangible Completion		
LOCATIONS	1,000.00	
COMPLETION UNIT	16,000.00	
LOGGING & PERFORATE	15,000.00	
CEMENT - PRODUCTIONS	28,000.00	
ACIDIZING	12,000.00	
WATER	2,000.00	
ENGINEERING	4,000.00	
	Examiner _____	
	Case No. _____	
	EXHIBIT NO. 5	

Afe Estimate Summary  
CHI OPERATING, INC  
Report Date: 02/22/99

PAGE 2

Afe Id: 1 GREENSTONE FED COM #1  
Property Id: 971512-1 GREENSTONE FED COM #1  
Location: SEC 19 T-20-S R-34-E  
Operator: CHI OPERATING INC.

Field:  
St/County: NM/LEA

Sub-Category	Estimate Cost
=====	
Intangible Completion	
EQUIPMENT RENTAL	4,000.00
TRUCKING	2,000.00
LABOR	6,000.00
LEGAL	2,000.00
OVERHEAD & EXPENSES	2,000.00
MISCELLANEOUS INTANGIBLES	10,000.00
	-----
Sub-Total Intangible Completion	104,000.00
Tangible Completion	
CASING - PRODUCTION	104,000.00
WELLHEAD	12,000.00
TUBING	38,000.00
SEPARATOR	10,000.00
TANKS - PRODUCTION & WATER	10,000.00
VALVES & FITTINGS	8,000.00
FLOWLINES	2,000.00
MISCELLANEOUS TANGIBLES	8,000.00
	-----
Sub-Total Tangible Completion	192,000.00
Total All Completion	296,000.00
	=====
Total AFE	1,361,000.00

**BEFORE THE  
OIL CONSERVATION DIVISION  
Santa Fe, New Mexico**

Case Nos. 12157 and 12158 Exhibit No. 5  
(Consolidated)

Submitted by: Chi Energy, Inc.

Hearing Date: April 15, 1999

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF CHI ENERGY,  
INC. FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.

Case No. 12,157

AFFIDAVIT REGARDING NOTICE

STATE OF NEW MEXICO           )  
  ) ss.  
COUNTY OF SANTA FE         )

James Bruce, being duly sworn upon his oath, deposes and states:

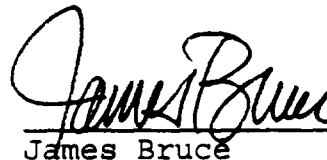
1. I am over the age of 18, and have personal knowledge of the matters stated herein.

2. I am an attorney for Applicant.

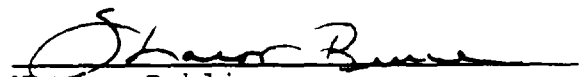
3. Applicant has conducted a good faith, diligent effort to find the names and correct addresses of the interest owners entitled to receive notice of the Application filed herein.

4. Notice of the Application was provided to the interest owners at their correct addresses by mailing them, by first class and/or certified mail, copies of the Application. Copies of the notice letters and certified return receipt are attached hereto as Exhibit A.

5. Applicant has complied with the notice provisions of Division Rule 1207.

  
James Bruce

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

  
Notary Public

My Commission Expires:  
3/14/2001

BEFORE THE  
OIL CONSERVATION DIVISION  
Santa Fe, New Mexico

Case Nos. 12157 and 12158 Exhibit No. 6  
(Consolidated)  
Submitted by: Chi Energy, Inc.

Hearing Date: April 15, 1999



**JAMES BRUCE**  
**ATTORNEY AT LAW**

**POST OFFICE BOX 1056**  
**SANTA FE, NEW MEXICO 87504**

**3304 CAMINO LISA**  
**SANTA FE, NEW MEXICO 87501**

**(505) 982-2043**  
**(505) 982-2151 (FAX)**

March 12, 1999

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

Larry Nermyr  
P.O. Box 41065  
Sydney, Montana

Doyle Hartman  
500 North Main  
Midland, Texas 79701

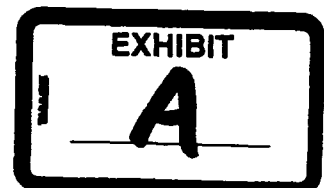
Dear Sirs:

Enclosed is a copy of an application for compulsory pooling, filed with the New Mexico Oil Conservation Division by Chi Energy, Inc., regarding the E½ of Section 19, Township 20 South, Range 34 East, N.M.P.M., Lea County, New Mexico. Chi's records indicate that you own an interest in the proposed well unit. This matter will be heard at 8:15 a.m. on Thursday, April 1, 1999 at the Division's offices at 2040 South Pacheco Street, Santa Fe, New Mexico 87505. As an interest owner in the well unit, you have the right to enter an appearance and participate in the hearing. Failure to appear at that time will preclude you from contesting this matter at a later date.

Very truly yours,

  
James Bruce

Attorney for Chi Energy, Inc.



Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

3. Article Addressed to:

Doyle Hartman  
500 North Main  
Midland, Texas 79701

4a. Article Number

2559 543 947

4b. Service Type

- ☐ Registered
- ☐ Express Mail
- ☒ Return Receipt for Merchandise
- ☐ Certified
- ☐ Insured
- ☐ COD

7. Date of Delivery

3-16-99

5. Received By: (Print Name)

Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)

*Doyle Hartman*

Thank you for using Return Receipt Service.

PS Form 3811, December 1994

102595-98-B-0229

Domestic Return Receipt

Z 559 543 947

US Postal Service

**Receipt for Certified Mail**

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to	
Street &	Doyle Hartman 500 North Main Post Office Midland, Texas 79701
Postage	\$ 0.53
Certified Fee	1.40
Special Delivery Fee	<del>1.40</del>
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.25
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$ 3.20
Postmark or Date	

PS Form 3800, April 1995

Z 559 543 946

US Postal Service

**Receipt for Certified Mail**

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to	
Street & Nu	Larry Nermyr P.O. Box 41065 Sydney, Montana
Post Office	
Postage	\$ 0.55
Certified Fee	1.40
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.25
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$3.20
Postmark or Date	

PS Form 3800, April 1995

59270



MAR 20 1999

1ST CLASS  
2ND CLASS  
3RD CLASS

**NOT DELIVERABLE  
AS ADDRESSED -  
UNABLE TO FORWARD**

Larry Nermyr  
P.O. Box 41065  
Sydney, Montana

Fold at line over top of envelope to  
the right of the return address

**CERTIFIED**

Z 559 543 946

**MAIL**

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1066  
SANTA FE, NEW MEXICO 87504

JAMES BRUCE  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA  
SANTA FE, NEW MEXICO 87501

(505) 982-2043  
(505) 982-2151 (FAX)

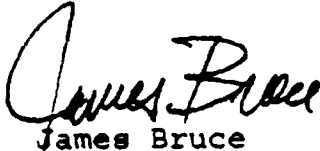
March 12, 1999

Larry Nermyr  
P.O. Box 41065  
Sidney, Montana 59270

Dear Mr. Nermyr:

Enclosed is a copy of an application for compulsory pooling, filed with the New Mexico Oil Conservation Division by Chi Energy, Inc., regarding the E $\frac{1}{4}$  of Section 19, Township 20 South, Range 34 East, N.M.P.M., Lea County, New Mexico. Chi's records indicate that you own an interest in the proposed well unit. This matter will be heard at 8:15 a.m. on Thursday, April 1, 1999 at the Division's offices at 2040 South Pacheco Street, Santa Fe, New Mexico 87505. As an interest owner in the well unit, you have the right to enter an appearance and participate in the hearing. Failure to appear at that time will preclude you from contesting this matter at a later date.

Very truly yours,

A handwritten signature in cursive script that reads "James Bruce". The signature is written in dark ink and is positioned above the printed name "James Bruce".

James Bruce

Attorney for Chi Energy, Inc.

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA  
SANTA FE, NEW MEXICO 87501

(505) 982-2043  
(505) 982-2151 (FAX)

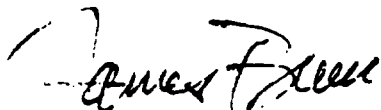
March 12, 1999

Larry Nermyr  
P.O. Box 4106  
Sidney, Montana 59270

Dear Mr. Nermyr:

Enclosed is a copy of an application for compulsory pooling, filed with the New Mexico Oil Conservation Division by Chi Energy, Inc., regarding the E½ of Section 19, Township 20 South, Range 34 East, N.M.P.M., Lea County, New Mexico. Chi's records indicate that you own an interest in the proposed well unit. This matter will be heard at 8:15 a.m. on Thursday, April 1, 1999 at the Division's offices at 2040 South Pacheco Street, Santa Fe, New Mexico 87505. As an interest owner in the well unit, you have the right to enter an appearance and participate in the hearing. Failure to appear at that time will preclude you from contesting this matter at a later date.

Very truly yours,



James Bruce

Attorney for Chi Energy, Inc.

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

AFFIDAVIT REGARDING NOTICE

STATE OF NEW MEXICO            )  
                                      ) ss.  
COUNTY OF SANTA FE            )

James Bruce, being duly sworn upon his oath, deposes and states:

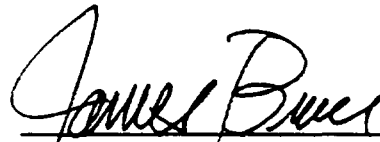
1. I am over the age of 18, and have personal knowledge of the matters stated herein.

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.

  
James Bruce

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



My Commission Expires:

3/14/2001

BEFORE THE  
OIL CONSERVATION DIVISION  
Santa Fe, New Mexico

Case Nos. 12157 and 12158 Exhibit No. 7  
(Consolidated)

Submitted by: Chi Energy, Inc.

Hearing Date: April 15, 1999



Consult postmaster

3. Article Addressed to:

Santa Fe Energy Resources, Inc.  
Suite 1330  
550 West Texas  
Midland, Texas 79701  
Attention: Steven J. Smith

4a. Article Number **2 559 543**

4b. Service Type  
☐ Registered  
☐ Express Mail  
☒ Return Receipt for Merchandise

7. Date of Delivery **3-15-99**

8. Addressee's Address (Only if requested and fee is paid)

5. Received By: (Print Name)  
**M. C. Harte**

6. Signature: (Addressee or Agent)  
**X M. C. Harte**

PS Form **3811**, December 1994

102595-98-B-0229

Domestic Return

is your RETURN ADDRESS completed on 1

2 559 542 538

al Service

ipt for Certified Mail

ance Coverage Provided.

se for International Mail (See reverse)

ates Petroleum Corporation  
05 South Fourth Street  
tesia, New Mexico 88210  
e, State, & ZIP Code

Fee **\$ 0.33**  
**1.40**

elivery Fee

Delivery Fee

ceipt Showing to Whom & Date Delivered **1.25**

ipt Showing to Whom & Date Delivered

essee's Address

Postage & Fees **2.98**

Chi

PS Form **3800**, April 1995

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

Santa Fe Energy Resources, Inc.  
Suite 1330  
550 West Texas  
Midland, Texas 79701  
Attention: Steven J. Smith

Postage **\$ 0.33**

Certified Fee **1.40**

Special Delivery Fee

Restricted Delivery Fee

Return Receipt Showing to Whom & Date Delivered **1.25**

Return Receipt Showing to Whom, Date, & Addressee's Address

TOTAL Postage & Fees **\$ 2.98**

Postmark or Date

Thank you for using Return Receipt Service.

I also to receive the following services (for an extra fee):  
1. ☐ Addressee's Address  
2. ☐ Restricted Delivery  
Consult postmaster for fee.

4a. Article Number **2 539 542 538**

4b. Service Type  
☐ Registered  
☐ Express Mail  
☒ Return Receipt for Merchandise  
☒ Certified  
☐ Insured  
☐ COD

7. Date of Delivery **031599**

8. Addressee's Address (Only if requested and fee is paid)

ates Petroleum Corporation  
05 South Fourth Street  
tesia, New Mexico 88210

MAN GRIGGS

Addressed to:

11, December 1994

102595-98-B-0229

Domestic Return Receipt

US Postal Service  
**Receipt for Certified Mail**  
 No Insurance Coverage Provided.  
 Do not use for International Mail (See reverse)

PS Form 3800, April 1995

1. Complete items 1 and 4b.  
 2. Complete items 3, 4a, and 4b.  
 3. Print your name and address on the reverse of this form so that we can return this card to you.  
 4. Attach this form to the front of the mailpiece, or on the back if space does not permit. "Return Receipt Requested" on the mailpiece below the article number.  
 5. The Return Receipt will show to whom the article was delivered and the date delivered.

3. Article Addressed to:

4a. Article Number  
 7559543790

4b. Service Type  
☐ Registered  
☐ Express Mail  
☒ Return Receipt for Merchandise  
☐ COD

5. Date of Delivery  
 3-15

6. Addressee's Address (Only if requested and fee is paid)

7. Received By: (Print Name)  
 Louis Dreyfus Natural Gas Corp.  
 Suite 600  
 14000 Quail Springs Parkway  
 Oklahoma City, Oklahoma 74134  
 Attention: Joe W. Hammond

8. Signature (Addressee or Agent)  
 [Signature]

9. PS Form 3811, December 1994

102595-98-B-0229 Domestic Return Receipt

Thank you for using Return Receipt Service.

US Postal Service  
**Receipt for Certified Mail**  
 No Insurance Coverage Provided.

PS Form 3800, April 1995

1. Complete items 1 and 4b.  
 2. Complete items 3, 4a, and 4b.  
 3. Print your name and address on the reverse of this form so that we can return this card to you.  
 4. Attach this form to the front of the mailpiece, or on the back if space does not permit. "Return Receipt Requested" on the mailpiece below the article number.  
 5. The Return Receipt will show to whom the article was delivered and the date delivered.

3. Article Addressed to:

4a. Article Number  
 7559543790

4b. Service Type  
☐ Registered  
☐ Express Mail  
☒ Return Receipt for Merchandise  
☐ COD

5. Date of Delivery  
 3-15

6. Addressee's Address (Only if requested and fee is paid)

7. Received By: (Print Name)  
 Louis Dreyfus Natural Gas Corp.  
 Suite 600  
 14000 Quail Springs Parkway  
 Oklahoma City, Oklahoma 74134  
 Attention: Joe W. Hammond

8. Signature (Addressee or Agent)  
 [Signature]

9. PS Form 3811, December 1994

102595-98-B-0229 Domestic Return Receipt

Thank you for using Return Receipt Service.

US Postal Service  
**Receipt for Certified Mail**  
 No Insurance Coverage Provided.  
 Do not use for International Mail (See reverse)

PS Form 3800, April 1995

1. Complete items 1 and 4b.  
 2. Complete items 3, 4a, and 4b.  
 3. Print your name and address on the reverse of this form so that we can return this card to you.  
 4. Attach this form to the front of the mailpiece, or on the back if space does not permit. "Return Receipt Requested" on the mailpiece below the article number.  
 5. The Return Receipt will show to whom the article was delivered and the date delivered.

3. Article Addressed to:

4a. Article Number  
 7559542539

4b. Service Type  
☐ Registered  
☐ Express Mail  
☒ Return Receipt for Merchandise  
☐ COD

5. Date of Delivery  
 3-16-99

6. Addressee's Address (Only if requested and fee is paid)

7. Received By: (Print Name)  
 Harvard Petroleum Corp.  
 P.O. Box 936  
 Roswell, New Mexico 88202

8. Signature (Addressee or Agent)  
 [Signature]

9. PS Form 3811, December 1994

102595-98-B-0229 Domestic Return Receipt

Thank you for using Return Receipt Service.

US Postal Service  
**Receipt for Certified Mail**  
 No Insurance Coverage Provided.  
 Do not use for International Mail (See reverse)

PS Form 3800, April 1995

1. Complete items 1 and 4b.  
 2. Complete items 3, 4a, and 4b.  
 3. Print your name and address on the reverse of this form so that we can return this card to you.  
 4. Attach this form to the front of the mailpiece, or on the back if space does not permit. "Return Receipt Requested" on the mailpiece below the article number.  
 5. The Return Receipt will show to whom the article was delivered and the date delivered.

3. Article Addressed to:

4a. Article Number  
 7559542539

4b. Service Type  
☐ Registered  
☐ Express Mail  
☒ Return Receipt for Merchandise  
☐ COD

5. Date of Delivery  
 3-16-99

6. Addressee's Address (Only if requested and fee is paid)

7. Received By: (Print Name)  
 Harvard Petroleum Corp.  
 P.O. Box 936  
 Roswell, New Mexico 88202

8. Signature (Addressee or Agent)  
 [Signature]

9. PS Form 3811, December 1994

102595-98-B-0229 Domestic Return Receipt

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

**3. Article Addressed to:**

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

**4a. Article Number**

2559 542 540

**4b. Service Type**

- ☐ Registered ☒ Certified  
☐ Express Mail ☐ Insured  
☒ Return Receipt for Merchandise ☐ COD

**7. Date of Delivery**

3-15-94

**8. Addressee's Address (only if requested and fee is paid)**

Received By: Samuel Glenn Thompson  
 Signature: (Addressee or Agent) [Signature]

**X**

PS Form 3811, December 1994

102595-98-9-0229

Domestic Return Receipt

Thank you for using Return Receipt Service.

2 559 542 540

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 East  
Houston, Texas 77032  
Attention: Samuel Glenn Thompson

PS Form 3800 April 1995

Postage	\$ 0.33
Certified Fee	1.40
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1-25
Return Receipt Showing to Whom, Date, & Addressee's Address	
<b>TOTAL Postage &amp; Fees</b>	<b>\$ 2.98</b>
Postmark or Date	USPS

**JAMES BRUCE**  
**ATTORNEY AT LAW**

**POST OFFICE BOX 1056**  
**SANTA FE, NEW MEXICO 87504**

**3304 CAMINO LISA**  
**SANTA FE, NEW MEXICO 87501**

**(505) 982-2043**  
**(505) 982-2151 (FAX)**

February 25, 1999

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

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

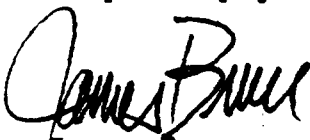
Ladies and Gentlemen:

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 E½ 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 W½ of Section 29 of the application. The BLM's records indicate that the N½SW¼ and SW¼SW¼ 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.

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. ☐ Addressee's Address
2. ☐ Restricted Delivery

Consult postmaster for fee.

**3. Article Addressed to:**

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

**4a. Article Number** 2559 543 948

**4b. Service Type**

- ☐ Registered ☒ Certified  
☐ Express Mail ☐ Insured  
☒ Return Receipt for Merchandise ☐ COD

**7. Date of Delivery** 3-1-94

**5. Received By: (Print Name)**

**6. Signature: (Addressee or Agent)**

**8. Addressee's Address (Only if requested and fee is paid)**

PS Form 3811, December 1994

102595-98-8-0229

Domestic Return Receipt

Thank you for using Return Receipt Service.

2 559 543 948

US Postal Service

**Receipt for Certified Mail**

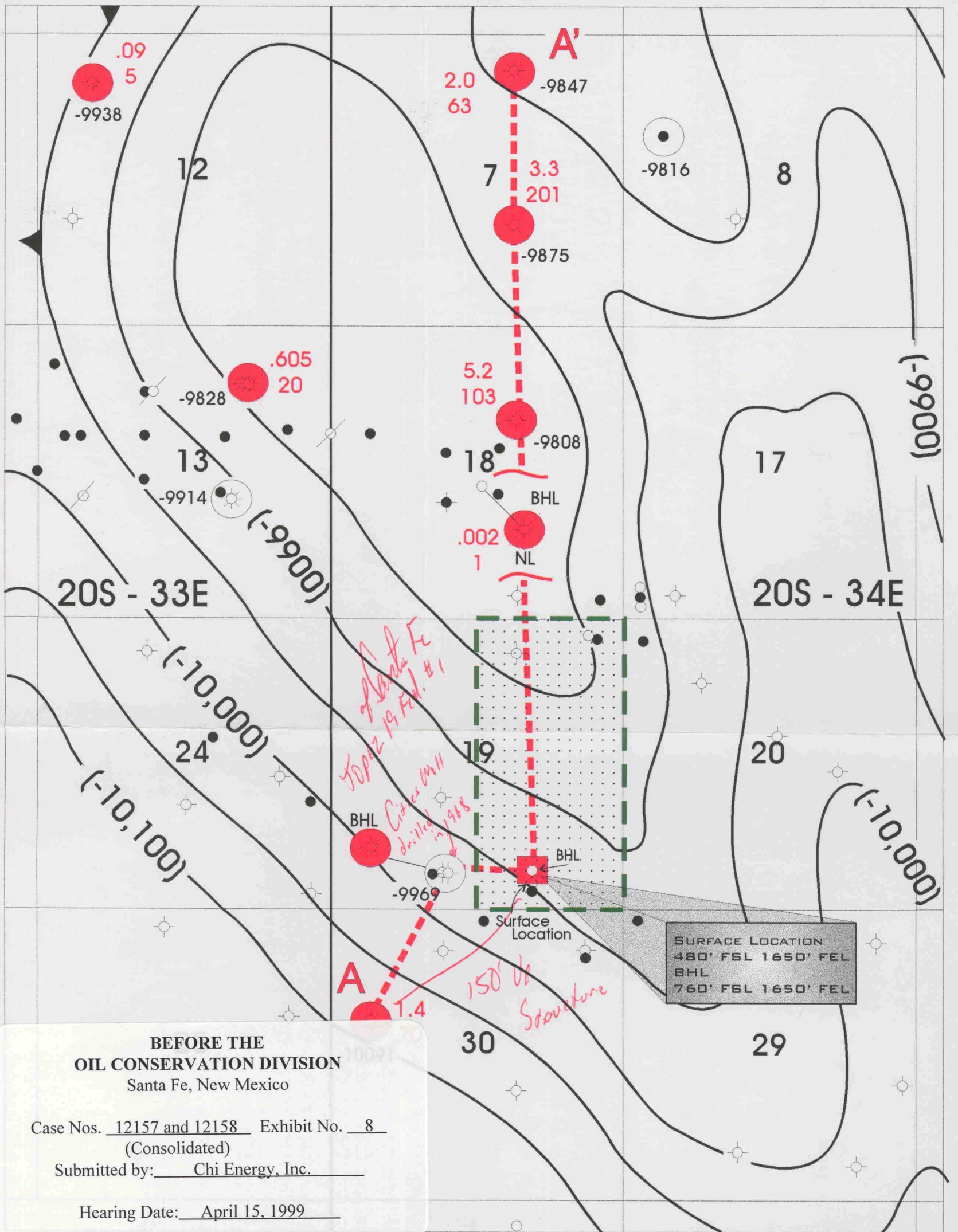
No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to	
Bureau of Land Management Street & 2909 West Second Street Roswell, New Mexico 88201	
Post Office, State, & ZIP Code	
Postage	\$ 0.33
Certified Fee	1.40
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.25
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$ 2.98
Postmark of Date	APR 1 1994

PS Form 3800, April 1995

USPS



BEFORE THE  
OIL CONSERVATION DIVISION  
Santa Fe, New Mexico

Case Nos. 12157 and 12158 Exhibit No. 8  
(Consolidated)  
Submitted by: Chi Energy, Inc.

Hearing Date: April 15, 1999

LEGEND:

- Chi Energy, Inc. Acreage
- Proposed Location
- Morrow Producer
- Proposed Proration Unit

5.4 = Gas in BCF  
70 = Oil in MBO

*Chi Energy, Inc.*

**CS/Oxy Prospect**

Lea County, New Mexico

**Structure Map**

Top Lower Morrow

Production Cumulative to 6-98

Scale: 1" = 2000'

Cl: 50'

11- 98  
Geol: C. Anderson





**BEFORE THE  
OIL CONSERVATION DIVISION**  
Santa Fe, New Mexico

Case Nos. 12157 and 12158 Exhibit No. 9  
(Consolidated)

Submitted by: Chi Energy, Inc.

Hearing Date: April 15, 1999

LARGE FORMAT  
EXHIBIT HAS  
BEEN REMOVED  
AND IS LOCATED  
IN THE NEXT FILE

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

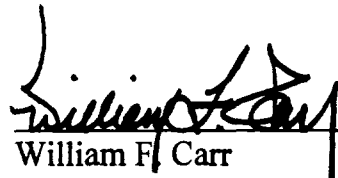
APPLICATION OF CHI ENERGY, INC.  
FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.

CASE NO. 12157

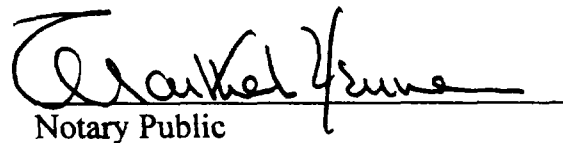
AFFIDAVIT

STATE OF NEW MEXICO       )  
  ) ss.  
COUNTY OF SANTA FE       )

William F. Carr, authorized representative of Chi Energy, Inc., the Applicant herein, being first duly sworn, upon oath, states that in accordance with the notice provisions of Division rules, the Applicant has attempted to find the correct addresses of all interested persons entitled to receive notice of this application and that notice has been given at the addresses shown on Exhibit "A" attached hereto.

  
\_\_\_\_\_  
William F. Carr

SUBSCRIBED AND SWORN to before me this 8th day of June, 1999 by William F. Carr.

  
\_\_\_\_\_  
Notary Public

My Commission Expires: August 19, 1999

BEFORE THE  
OIL CONSERVATION DIVISION  
Santa Fe, New Mexico

Case No. 12157 Exhibit No. 12

Submitted by: Chi Energy, Inc.

Hearing Date: April 15, 1999

**EXHIBIT A**

James E. Burr  
Post Office Box 8050  
Midland, TX 79708

CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.  
LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN  
MICHAEL H. FELDEWERT  
PAUL R. OWEN  
KATHERINE M. MOSS  
JACK M. CAMPBELL  
OF COUNSEL

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
FACSIMILE: (505) 983-6043  
E-MAIL: ccbspa@ix.netcom.com

May 11, 1999

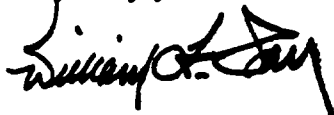
**CERTIFIED MAIL  
RETURN RECEIPT REQUESTED**

James E. Burr  
Post Office Box 8050  
Midland, TX 79708

Dear Mr. Burr:

Enclosed is a copy of an application for compulsory pooling, filed with the New Mexico Oil Conservation Division by Chi Energy, Inc., regarding the E/2 of Section 19, Township 20 South, Range 34 East, N.M.P.M., Lea County, New Mexico. Chi's records indicate that you own an interest in the proposed well unit. This matter will be heard at 8:15 a.m. on Thursday, June 10, 1999 at the Division's offices at 2040 South Pacheco Street, Santa Fe, New Mexico 87505. As an interest owner in the well unit, you have the right to enter an appearance and participate in the hearing. Failure to appear at that time will preclude you from contesting this matter at a later date.

Very truly yours,



WILLIAM F. CARR

WFC:mlh  
Enc.



**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA  
SANTA FE, NEW MEXICO 87501

(505) 982-2043  
(505) 982-2151 (FAX)

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 SW~~1~~SE~~4~~ (E~~1~~ 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 date.

Very truly yours,

  
James Bruce

Attorney for Chi Energy, Inc.



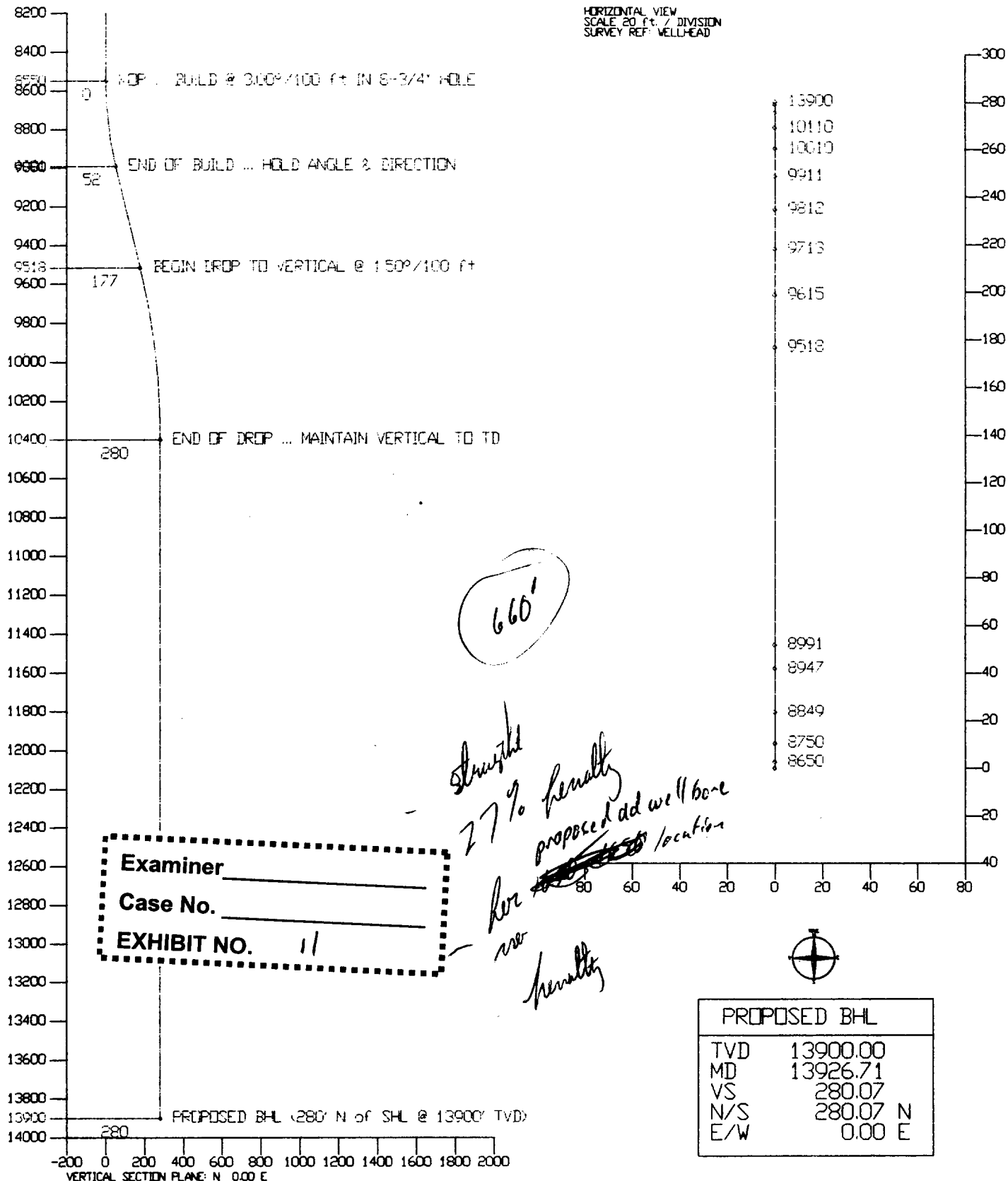


2/9/99 8:10 am

LOUIS DREYFUS NATURAL GAS CORP.  
LEA COUNTY, NEW MEXICO  
SEC. 19 - T20S - R34E  
GREENSTONE FED. #1  
SHORT DISPLACEMENT (PROPOSAL)

VERTICAL VIEW  
SCALE 200 ft. / DIVISION  
TVD REF: WELLHEAD  
VERTICAL SECTION REF: WELLHEAD

HORIZONTAL VIEW  
SCALE 20 ft. / DIVISION  
SURVEY REF: WELLHEAD



**BEFORE THE  
OIL CONSERVATION DIVISION  
Santa Fe, New Mexico**

Case Nos. 12157 and 12158 Exhibit No. 11  
(Consolidated)

Submitted by: Chi Energy, Inc.

Hearing Date: April 15, 1999

2 559 541 864

US Postal Service  
**Receipt for Certified Mail**

James E. Burr  
Post Office Box 8050  
Midland, TX 79708

Postage	\$ 33
Certified Fee	140
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.25
Return Receipt Showing to Whom & Addressee's Address	02
<b>TOTAL Postage &amp; Fees</b>	<b>\$ 2.98</b>
Postmark for Date 1 1999	

PS Form 3800 April 1995

Is your RETURN ADDRESS completed on the reverse side?

<p><b>SENDER:</b></p> <ul style="list-style-type: none"> <li>Complete items 1 and/or 2 for additional services.</li> <li>Complete items 3, 4a, and 4b.</li> <li>Print your name and address on the reverse of this form so that we can return this card to you.</li> <li>Attach this form to the front of the mailpiece, or on the back if space does not permit.</li> <li>Write "Return Receipt Requested" on the mailpiece before the article number.</li> <li>The Return Receipt will show to whom the article was delivered and the date delivered.</li> </ul>		<p>I also wish to receive the following services (for an extra fee):</p> <p>1. <input type="checkbox"/> Addressee's Address</p> <p>2. <input type="checkbox"/> Restricted Delivery</p> <p>Consult postmaster for fee.</p>	
<p>3. Article Addressed to:</p> <p>James E. Burr Post Office Box 8050 Midland, TX 79708</p>		<p>4a. Article Number</p> <p>Z 559 541 864</p>	
<p>5. Received By: (Print Name)</p> <p>JIM BURR</p>		<p>4b. Service Type</p> <p><input type="checkbox"/> Registered</p> <p><input type="checkbox"/> Express Mail</p> <p><input checked="" type="checkbox"/> Certified</p> <p><input type="checkbox"/> Insured</p> <p><input type="checkbox"/> COD</p>	
<p>6. Signature: (Addressee or Agent)</p> <p>X <i>[Signature]</i></p>		<p>7. Restricted Delivery</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	
<p>8. Return Receipt Address (Only if requested)</p> <p>102595-80-B-022a Domestic Return Receipt</p>		<p>USPS</p>	

Thank you for using Return Receipt Service.