

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

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN  
WILLIAM P. SLATTERY

PATRICIA A. MATTHEWS  
MICHAEL H. FELDEWERT

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  
TELECOPIER (505) 983-6043

October 26, 1992

HAND-DELIVERED

William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
State Land Office Building  
Santa Fe, New Mexico 87503

RECEIVED

OCT 26 1992

OIL CONSERVATION DIVISION

10602

Re: Application of Chi Operating, Inc. for Compulsory Pooling, Roosevelt County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the application of Chi Operating, Inc. in the above-referenced case. Chi requests that this matter be placed on the docket for the November 19, 1992 Examiner hearing.

This application is identical to the application filed by Chi in Case No. 10389 which resulted in Division Order No. R-9595 entered on October 10, 1991. Due to economic considerations, no well was drilled pursuant to this order. However, with the recent increase in natural gas prices, this well is now an economically viable prospect. The interests to be pooled are the same as those pooled in 1991, and Chi has again attempted to locate each of the owner's whose interest will be subject to pooling and obtain their voluntary participation in this well.

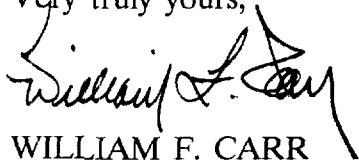
At the time of the Examiner hearing, Chi intends to appear through counsel, incorporate the record in Case No. 10389, present an affidavit confirming the Division's notice requirements have been met and request that the case be taken under advisement on that record.

William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
October 26, 1992  
Page 2

If this procedure does not meet with your approval, please advise.

Your attention to this request is appreciated.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr", with a stylized flourish at the end.

WILLIAM F. CARR

WFC:mlh

Enclosures

cc w/enc.: Mr. Bill Seltzer  
214 West Texas Avenue, Suite 507  
Midland, Texas 79701

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

IN THE MATTER OF THE APPLICATION  
OF CHI OPERATING, INC.  
FOR COMPULSORY POOLING,  
ROOSEVELT COUNTY, NEW MEXICO.

RECEIVED

OCT 24 1997

OIL CONSERVATION DIVISION

CASE NO. 10602

**APPLICATION**

CHI OPERATING, INC. through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat.Ann. § 70-2-17, (1978), for an order pooling all of the mineral interests in all formations developed on 320-acre spacing from the surface to the base of the San Andres formation in the W/2 of Section 5, Township 8 South, Range 37 East, N.M.P.M., Roosevelt County, New Mexico, and in support thereof states:

1. Applicant owns or represents approximately 85% of the working interest in and under the W/2 of Section 5, and Applicant has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced spacing or proration unit to a well to be drilled at an orthodox location in the SW/4 of Section 5, to a depth of approximately 4,750 feet to test all formations to the base of the San Andres formation.
3. Applicant has sought and obtained either voluntary agreement for pooling or farmout from all other interest owners in the S/2 of said Section 5, except for the following:

J.C. Ainsworth, Jr. Estate Trust  
c/o Joe C. Ainsworth, III  
David B. Ainsworth and  
Nancy Ainsworth Johnson  
1413 Broodmore Lane  
Irving, Texas 75061

6% WI

Ross Neil Ainsworth  
RFD  
Milnesand, New Mexico 88125

3% WI

Woodlan P. Saunders  
Post Office Box 1536  
Santa Fe, New Mexico 87504

4% WI

Mary Ann Gelder Estate  
(address unknown)

2% WI

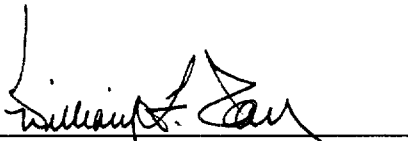
4. Said pooling interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled, and Applicant should be designated the operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before an appointed Examiner of the Oil Conservation Division on November 19, 1992 and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well.

Respectfully submitted,

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

By: 

WILLIAM F. CARR  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
Telephone: (505) 988-4421

ATTORNEYS FOR CHI OPERATING, INC.