

6-24-11 DATE IN	SUSPENSE	ENGINEER DB	LOGGED IN	TYPE NSL	APP NO 1117551172
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



Calral Energy 194930
Madera 24 #2H

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

- [D] Other: Specify _____

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2011 JUN 24 P 1:42

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
[B] ☒ Offset Operators, Leaseholders or Surface Owner
[C] ☐ Application is One Which Requires Published Legal Notice
[D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U S Bureau of Land Management - Commissioner of Public Lands, State Land Office
[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
[F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

William F. Carr Print or Type Name
Signature
Title ATTORNEY
Date 6/24/11
e-mail Address wccarr@hollandhart.com



June 24, 2011

HAND-DELIVERED

Jami Bailey, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

RECEIVED OGD
2011 JUN 24 P 1:42

Re: Application of Cabal Energy Corporation for Administrative Approval of an Unorthodox Well Location for its Madera 24 Fed Well #2H, to be horizontally drilled from an unorthodox surface location 10 feet from the South line and 500 feet from the East line (Unit P) to a standard bottom hole location 330 feet from the North line and 500 feet from the East line (Unit A) of Section 24, Township 26 South, Range 34 East, N.M.P.M., Lea County, New Mexico.

Dear Ms. Bailey:

Pursuant to the provisions of Oil Conservation Division General Rule 19.15.15.13 NMAC, Cabal Energy Corporation hereby seeks administrative approval of an unorthodox oil well location for its Madera 24 Fed Well #2H to be drilled as a horizontal well at a point 10 feet from the South line and 500 feet from the East line (Unit P) and then in a northerly direction with a lateral length in the Delaware formation of approximately 4942.8 feet to a standard bottom hole location 330 feet from the North line and 500 feet from the East line (Unit A) of Section 24, Township 26 South, Range 34 East, N.M.P.M., Lea County, New Mexico. This well will evaluate the Upper Brushy Canyon Sand interval in the Delaware formation which is the principal objective in the well. A 160-acre non-standard spacing and proration unit/project area comprised of the E/2 E/2 of Section 24 will be dedicated to the well in the Delaware formation.

This well is governed by the General Rules and Regulations of the Oil Conservation Division which provide for oil wells to be located on spacing units consisting of approximately 40 contiguous surface acres with wells located no closer than 330 feet to a boundary of the unit. This well location is unorthodox in the Delaware formation because it is 10 feet from the South line of Section 24 – or 320 feet closer to the project area boundary than permitted by the applicable rules.

This unorthodox oil well surface location is needed to enable Cabal Energy Corporation to maximize the horizontal portion of the wellbore in the Delaware formation. The horizontal portion of the wellbore in the Delaware formation will be within the well's producing area.



June 24, 2011

Attached hereto as **Exhibit A** is a plat showing the location of the subject spacing unit, the proposed unorthodox well location and offsetting wells. **Exhibit B** is a copy of the Acreage Dedication Plat for the well (Division Form C-102) that shows the survey location of the well.

The mineral interest in the subject spacing unit is owned by Black Rock Capital LLC, 415 West Wall Street, Suite 1700, Midland, TX 79701. **Exhibit C** is a list of all current affected persons as defined in Paragraph (2) of Subsection A of 19.15.4.12 NMAC. A copy of this application, including all attachments, has been mailed to each of these offset operators/affected persons by certified mail-return receipt requested in accordance with Rule 19.15.4.12 A (2)(a). Each owner has been advised that if it has an objection to this application it must be filed in writing with the Division's Santa Fe office within twenty days from the date this notice was sent.

Your attention to this application is appreciated.

Very truly yours,

William F. Carr
Attorney for Cabal Energy Corporation

cc: New Mexico Oil Conservation Division – Hobbs

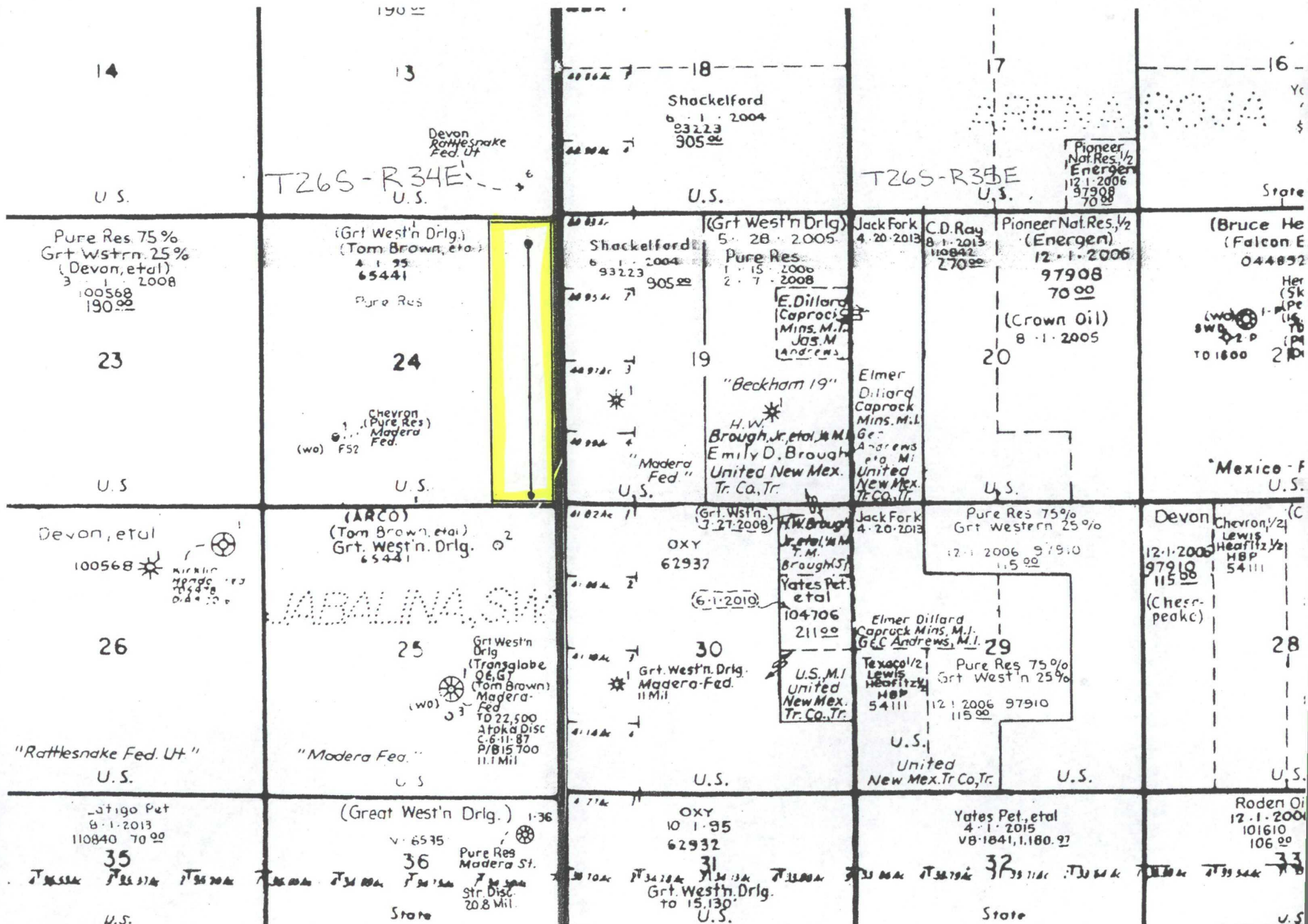


EXHIBIT A

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240
DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210
DISTRICT III
1000 RIO BRAZOS RD., AZTEC, NM 87410
DISTRICT IV
11885 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
Revised July 16, 2010
Submit to Appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name <i>under SW Jabalina Dles</i>
Property Code	Property Name MADERA 24 FEDERAL	Well Number 2H
OGRID No. <i>194930</i>	Operator Name CABAL ENERGY CORPORATION	Elevation 3190'

Surface Location									
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	24	26-S	34-E		10	SOUTH	500	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
A	24	26-S	34-E		330	NORTH	500	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

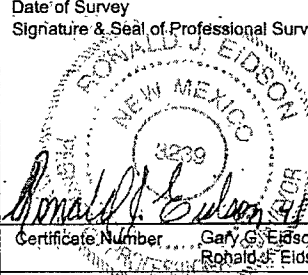
<p><i>Y=378013.1 N X=783357.1 E</i></p> <p>GEODETIC COORDINATES NAD 27 NME</p> <p>SURFACE LOCATION Y=372745.6 N X=784223.3 E LAT.=32°02'14.76" N LONG.=103°41'62.72" W</p> <p>BOTTOM HOLE LOCATION Y=377687.4 N X=784179.8 E</p> <p>DETAIL</p> <p>3190.2' 3189.5' 600' 3191.7' 3189.0'</p> <p><i>Y=372731.2 N X=783404.5 E</i></p>	<p><i>Y=378019.9 N X=784676.8 E</i></p> <p>B.H. O 330' 500'</p> <p>GRID AZ=179°29'33" HORZ DIST=4942.8'</p> <p><i>Y=372738.3 N X=784723.3 E</i></p> <p>S.L. SEE DETAIL 10' 500'</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division</p> <p><i>Randell Ford</i> 5-13-11 Signature Date <i>Randell Ford</i> Printed Name <i>donnae.rkford.com</i> E-mail Address</p> <p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>APRIL 15, 2011</p> <p>Date of Survey Signature & Seal of Professional Surveyor:  <i>Ronald J. Eidson</i> 4/23/2011 Certificate Number Gary G. Eidson 12641 Ronald J. Eidson 3239 LA - REV. 4/28/11 WSC W.O.: 11.11.0853</p>
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EXHIBIT B

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

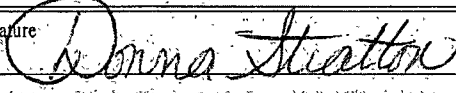
FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM 065441
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee, or Tribe Name N/A
2. Name of Operator Cabal Energy Corporation		7. If Unit or CA Agreement, Name and No.
3a. Address 415 W. Wall Street, Suite 1700 Midland, TX 79701		8. Lease Name and Well No. Madera 24 Federal 2H
3b. Phone No. (include area code) (432) 682-0440		9. API Well No.
4. Location of Well (Report location, clearly and in accordance with any State requirements.) At surface: Section 24, T26S, R34E 10-FSL and 500 FEL At proposed prod. zone: Section 24, T26S, R34E 330-FNL and 500-FEL		10. Field and Pool, or Exploratory Undesignated Delaware
14. Distance in miles and direction from nearest town or post office* 18 miles southwest of Jal, NM		11. Sec., T, R, M. or Bk. and Survey or Area Sec 24, T26S, R34E
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) Surface 10' Bottom Hole 330'	16. No. of acres in lease 1280 acres +/-	12. County or Parish Lea County
17. Spacing Unit dedicated to this well E2E2	18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. Surf 1610' Bottom 5000'	13. State NM
19. Proposed Depth 9050' TVD - 13,650' MD	20. BLM/BIA Bond No. on file NM2860	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3190' GL	22. Approximate date work will start* 08/01/2011	23. Estimated duration 35 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification. |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature 	Name (Printed/Typed) Donna Stratton	Date 05/18/2011
Title Regulatory Clerk		

Approved by (Signature)	Name (Printed/Typed)	Date
Title		Office

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

COPY

EXHIBIT C

Application of Cabal Energy Corp.
for Administrative Approval of an Unorthodox Well Location
for its Madera 24 Fed Well #2H,
Section 24, Township 26 South, Range 34 East, N.M.P.M.,
Lea County, New Mexico.

NOTICE LIST

Section 13: All **Township 26 South, Range 34 East, NMPM**

Devon Energy Corporation
20 North Broadway, Suite 1500
Oklahoma City, Oklahoma 73102

Chesapeake Operating, Inc.
Post Office Box 18496
Oklahoma City, Oklahoma 73154-0496

Section 24: E/2 E/2 **Township 26 South, Range 34 East, NMPM**

Black Rock Capital LLC
415 West Wall Street, Suite 1700
Midland, TX 79701

Section 24: W/2, W/2 E/2 and Section 25: All **Township 26 South, Range 34 East, NMPM**

Black Rock Capital LLC
415 West Wall Street, Suite 1700
Midland, TX 79701

Great Western Drilling Company
700 West Louisiana
Midland, TX 79701

Cimarex Energy Company
600 North Marienfeld, Suite 600
Midland, TX 79701

Standard Energy
900 609 West Hastings Street
BC V6B 4W4

Newkumet Exploration Inc.
P.O. Box 11330
Midland, TX 79702

H.E. Davis Family Partnership
P.O. Box 3065
Odessa, TX 79760

John McCormack
1303 Campbell
Houston, TX 77055

Pevehouse Inc.
3300 N. A. Street, Bldg. 1-201
Midland, TX 79705

Section 18: All
Township 26 South, Range 35 East, NMPM

Black Rock Capital LLC
415 West Wall Street, Suite 1700
Midland, TX 79701

Ownership is identical to the ownership under
the proposed spacing unit / project area

Section 19: W/2 W/2
Township 26 South, Range 35 East, NMPM

Black Rock Capital LLC
415 West Wall Street, Suite 1700
Midland, TX 79701

Ownership is identical to the ownership under
the proposed spacing unit / project area

Section 19: E/2, E/2 W/2
Township 26 South, Range 35 East, NMPM

Chevron USA Inc.
15 Smith Road
Midland, TX 79705

Section 30: All
Township 26 South, Range 35 East, NMPM

Occidental Permian Ltd.
5 Greenway Plaza East, Suite 110
Houston, TX 77046

July __, 2011

Cabal Energy Corp.
P.O. Box 2208
Santa Fe, NM 87504-2208
Attention: William F. Carr

Administrative Order NSL-_____

Dear Mr. Carr:

Reference is made to the following: (i) your application dated June 23, 2011, on behalf of the operator, Cabal Energy Corp. ("Cabal"); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Cabal's request for approval of a non-standard gas well location to be applicable to the Delaware formation, which is governed by Oil Conservation Division General Rule 19.15.15.9 NMAC.

The E/2 E/2 of Section 24, Township 26 South, Range 34 East, NMPM, Lea County, New Mexico is dedicated to this well to form a non-standard 160-acre oil spacing and proration unit. This application has been duly filed under the provisions of Rule 19.15.15.9 NMAC.

By the authority granted me under the provisions of Rule 19.15.15.9 NMAC of the general rules of the Oil Conservation Division, the following described unorthodox gas well location within this 160-acre unit is hereby approved:

Madera 24 No. 2H
Surface Location: 10' FSL & 500' FEL (Unit P)
Bottom hole Location: 330 ' FNL & 500' FEL (Unit A)
Section 24, Township 26 South, Range 34 East, NMPM
Lea County, New Mexico.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

Jami Bailey
Director

cc: New Mexico Oil Conservation Division – Hobbs
U. S. Bureau of Land Management – _____