A. R. KENDRICK

P.O. BOX 516 • AZTEC, NEW MEXICO 87410 • (505) 334-2555 OIL CONSERVATION DIVISION AND SEP. 4 1992

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

Re: Application for Non-Standard Location **Evergreen Operating Corporation Schalk 32 #2** 560' FSL 1800' FWL Sec. 32 - T 31 N - R 4 W Basin Fruitland Coal Gas Pool Rio Arriba County, New Mexico

Gentlemen:

We, on behalf of Evergreen Operating Corporation, hereby make application for approval of the location of the Schalk 32 #2 well to be located 560' FSL 1800' FEL of Section 32 Township 31 North, Range 4 West, Basin Fruitland Coal Gas Pool, Rio Arriba County, New Mexico.

The reason for the non-standard location is because of topography and at the request of the U.S. Forest Service to avoid further damage to the environment and wildlife habitat.

We believe that directional drilling should not be required because a beam pump and rods may be required to lift water from the wellbore to sustain production.

The distances between wells is within the footage parameters required by Order R-8759.

The attached exhibits show the situation at the location and surrounding area.

It is our belief that the information contained in this application is true and correct according to the information available to us.

All offset operators and lease owners are being notified by certified mail at this mailing. The Return Receipt Cards will be provided when they are returned.

If further information is needed, please contact us.

Yours very truly,

A. R. Kendiciek

Enclosures xc: Offset owners and interested parties as listed on Exhibit G

Exhibits for Application for Non-Standard Location

Evergreen Operating Corporation Schalk 32 #2 560' FSL 1800' FWL Sec. 32 - T 31 N - R 4 W Lease No. NM-23044 Basin Fruitland Coal Gas Pool Rio Arriba County, New Mexico

The following exhibits are enclosed :

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- EXHIBIT A Form C-102, Well Location and Acreage Dedication Plat, showing the location of the well with respect to the section lines, the dedicated acreage, and the proration unit.
- EXHIBIT B Copy of Topographic Map showing the location.
- EXHIBIT C Ownership and Offset Well Location Plat showing the location and ownership and offset wells.
- EXHIBIT D Location Windows Plat showing the "windows" for standard locations as provided by Order R-8768.
- EXHIBIT E Copy of Application for Permit to Drill.
- EXHIBIT F On-Site Inspection report showing the findings of the On-Site Inspection.
- EXHIBIT G List of names and addresses of offset owners and other interested parties.

Submit to Appropriate District Office State Lease - 4 copies For Lease - 3 copies

DISTRICT | P.O. Buy 1980, Hobby, NM 88240

DISTRICT II P.O. Drawer DD, Artesia, NM 88210

DISTRICT III 1000 Reo Brazos Rd., Aziec, NM 87410 State of New Mexico Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION P.O. Box 2088

Santa Fe, New Mexico 87504-2088

Revised 1-1-89

Furm C-102

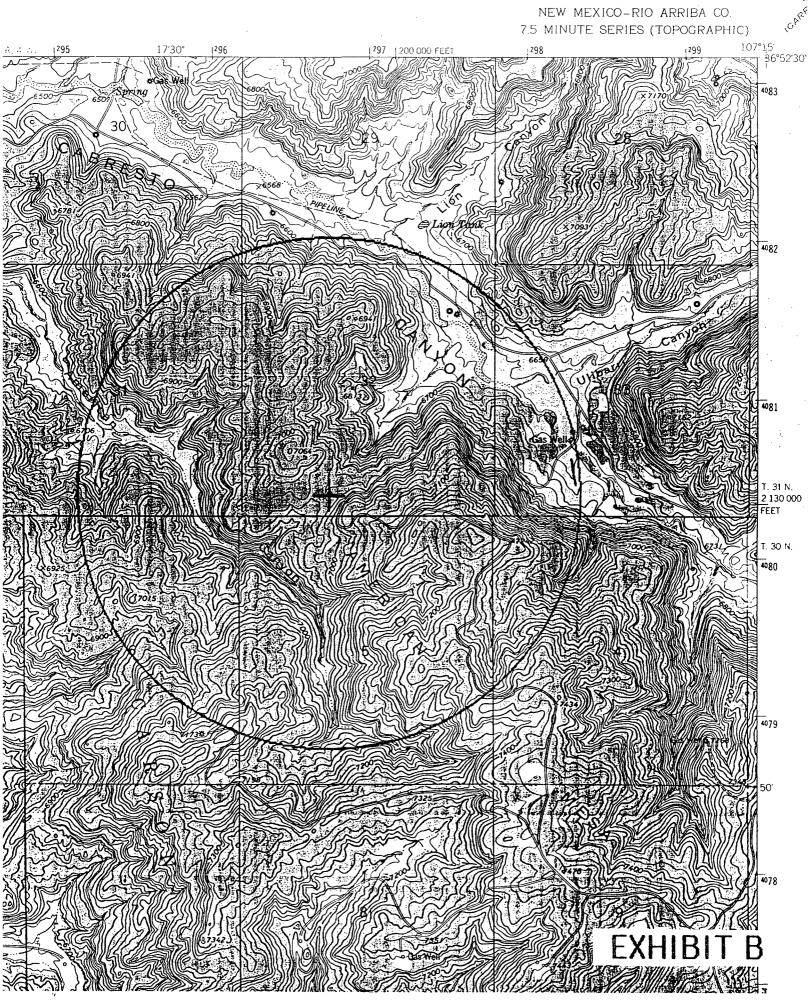
WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

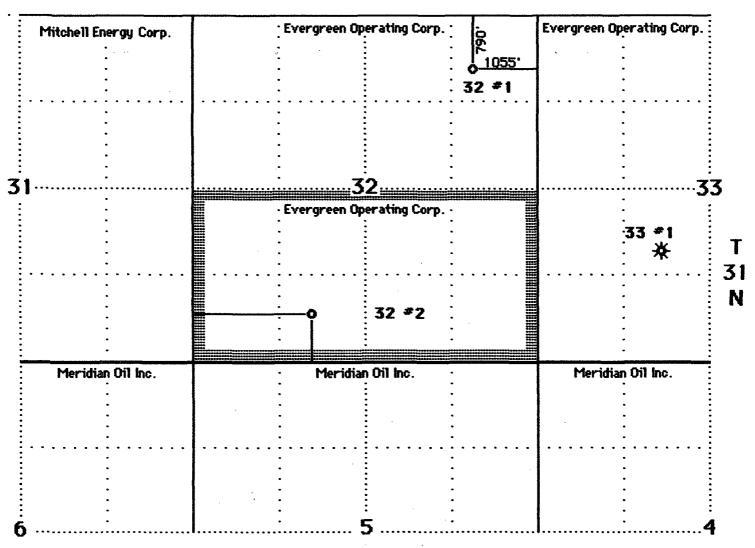
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7.5 MINUTE SERIES (TOPOGRAPHIC)



Offset Owners and Fruitland Coal Wells Non-Standard Location Schalk 32 #2 560' FSL 1800' FWL, 32-31N-4W Basin Fruitland Coal Gas Pool



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EXHIBIT C

WINDOWS PLAT

Non-Standard Location For Schalk 32 #2 560' FSL 1800' FWL, N-32-31N-4W Basin Fruitland Coal Gas Pool

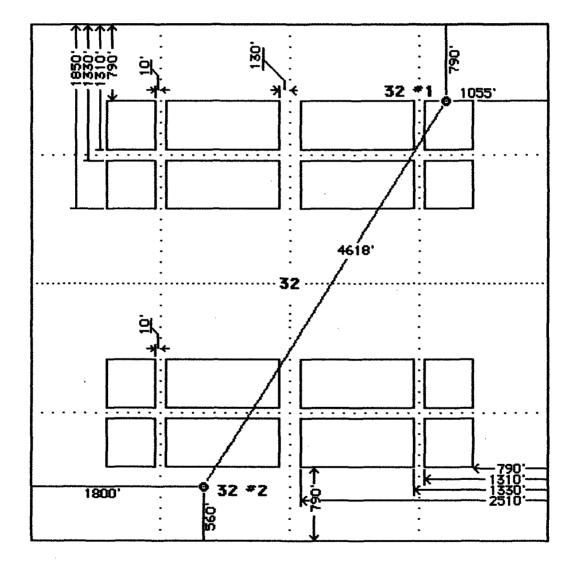


EXHIBIT D

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

		ND MANAGEMENT		PACK			
APPLICATION FO	R PERMIT IU	5. Lease Number	, UK PLUO				
DRILL		6. If Indian, Name of Tribe or Allottee					
-	1						
1b Type of Well GAS							
2. Operator		7. Unit Agreement Name					
Evergreen Operating Corpor	etion						
3. Address & Phone No. of Operator		8. Farm or Lease M	Varne				
SA. R. KENDRICK		SCHALK 32					
BOX 516, AZTEC, NM 874	10	9. Well Number					
(505) 334-2555			2				
4. Location of Well		10. Field, Pool, or	Wildcat				
		BASIN-I	FRUITLAND	COAL BAS POOL			
		11. Section, Town	ship, & Rang	e, Meridian, or Block			
560' FSL 1800' FWL		<u>N - 32 - 31N - 4W</u>					
14. Distance in Miles from Nearest Town		12. County		13. State			
12 Airline miles north of Oober	nador, NM	RIO ARR	IBA	NEW MEXICO			
15. Distance from	16. Acr	es in Lease	. 17. A	cres Assigned to Well			
Proposed Location			Į.				
To Nearest Property 560'	640	ACRES		S-320			
Line or Lease Line.		· · ·					
18. Distance From	19. Pro	posed Depth	20. F	lotary or Cable Tools			
Proposed Location			Į				
To Nearest Well Dr, 4618	4	080' ROTARY					
Compl., Or Applied			к. 1				
For On Lease.	l		L				
21. Elevations (DF, RT, GR, El	(C.)	22. Appr		e Work Will Start.			
6940' GR	.		<u>Fall, 1</u>	992			
23. Proposed Casing and Cementing Progra	m:		· · ·				
Exhibits attached as follows:							
"A" Location and Elevation	n Plat	"F" Location	Profile	·			
"B" Vicinity Map – Access		"0" Drill Rig Løyout					
"C" Ten-Point Compliance							
"D" Multi-Point Require	-						
"E" Blowout Preventer Sc							
		· · · · · · · · · · · · · · · · · · ·					
24. Signed Ar Kenning	Title	Agent	Da	te SEP. 4 1992			
Permit No.	nit No Approval Date						
Approved By	Title		Da	¹⁰ FXHIRIT F			
NOTE: THIS FORMA	AL IS ISSUED IN	LIEU OF U.S. BLM	rukm 5160	- 5.			

ON-SITE FIELD INSPECTION

Evergreen Operating Corporation Schalk 32 #2

560' FSL 1800' FWL Sec. 32 - T 31 N - R 4 W Lease No. NM-23044 Basin Fruitland Coal Oas Pool Rio Arriba County, New Mexico

During our On-Site Inspection, we found the following to exist:

- The location is within the Carson National Forest.
- The terrain in the area is severe.
- The location was staked according to the instructions we received earlier from the US Forest Service with respect to avoiding unnecessary road construction, excessive cuts and fills, excessive timber removal, and other ecological damage.
- The location does not crowd any drill tract inside or outside of Section 32 according to the footage requirements in Order R-8768.

EXHIBIT F

• The location is satisfactory to the Forest Service.

LIST OF OFFSET OWNERS AND OTHER INTERESTED PARTIES

Evergreen Operating Corp. Schalk 32 *2

560' FSL 1800' FWL Sec. 32 - T 31 N - R 4 W Lease No. NM-23044 Basin Fruitland Coal Gas Pool Rio Arriba County, New Mexico

> Amoco Production Company • P. O. Box 800 Denver, Colorado 80201

Meridian Oil, Inc. • P.O. Box 4289 Farmington, New Mexico 87499-4289

> Mitchell Energy Corporation • 2001 Timberlock Place The Woodlands, Texas 77380

U. S. Forest Service • Jicarilla Ranger District Gobernador Route Blanco, New Mexico 87412

Bureau of Land Management 1235 La Plata Highway Farmington, New Mexico 87401

Oil Conservation Division. 1000 Rio Brazos Road Aztec, New Mexico 87410

Notified by certified mail Return Receipt.