

|                   |          |                       |                     |             |                           |
|-------------------|----------|-----------------------|---------------------|-------------|---------------------------|
| DATE IN<br>3/6/09 | SUSPENSE | ENGINEER<br>D. Brooks | LOGGED IN<br>3/9/09 | TYPE<br>NSL | APP NO.<br>PKAA0906841877 |
|-------------------|----------|-----------------------|---------------------|-------------|---------------------------|

ABOVE THIS LINE FOR DIVISION USE ONLY

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



30-039  
Many Canyons 29-04-24 #114  
Black Hills Gas R. Inc.  
13925

**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 \_\_\_\_\_

RECEIVED  
2009 MAR 6 PM 3 31

[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.

Ocean Monds-Dry Ocean Monds-Dry attorney 3-6-09  
Print or Type Name Signature Title Date  
omondsdry@hollanphart.com  
e-mail Address



March 6, 2009

**HAND DELIVERY**

Mr. Mark Fesmire, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

Re: Application of Black Hills Gas Resources, Inc. for administrative approval of an unorthodox well location for its Many Canyons 29-04-24 Well No. 114 in the Pictured Cliffs formation, Choza Mesa Pictured Cliffs Pool (**Pool Code 74960**) at a surface location 675 feet from the North line and 1120 feet from the East line of Section 24 and a bottomhole location 1150 feet from the North line and 2530 feet from the East line of Section 23, Township 29 North, Range 4 West, N.M.P.M., Rio Arriba County, New Mexico.

Dear Mr. Fesmire:

Black Hills Gas Resources, Inc. ("Black Hills") hereby seeks administrative approval pursuant to the provisions of Division Rules 19.15.15.13 and 19.15.16.14, of an unorthodox well location for its Many Canyons 29-04-24 Well No. 114 in the Pictured Cliffs formation, at a surface location 675 feet from the North line and 1120 feet from the East line of Section 24 and a bottomhole location 1150 feet from the North line and 2350 feet from the East line of Section 23, Township 29 North, Range 4 West, N.M.P.M., Rio Arriba County, New Mexico.

This location in the Pictured Cliffs formation is unorthodox because it is governed by the Division's statewide rules that provide for wells on 320-acre spacing units to be located no closer than 660 feet to the outer boundary of the quarter section or project area on which the well is located. The proposed well location is unorthodox because it is only 50.84 feet from the outer boundary of the spacing unit or project area.

Black Hills request this unorthodox location for geologic reasons. Please see **Exhibit A**. This well is designed to develop a Northwest-trending sand body in the Pictured Cliffs formation. The lateral length will be 6570ft, which will traverse the bulk of the sand body. Failure to reach the proposed length will result in non-development of a portion of the pay



zone—resulting in a diminishing of the objective to efficiently and effectively drain the reservoir.

Attached hereto as **Exhibit B** is the Form C-102 plat for the well that shows its surveyed location and the project area for the well. This well encroaches on offsetting federal acreage to the west where Black Hills is the operator. The mineral interest owner is the same in Section 23. All interest owners are common in the offsetting spacing unit and therefore there are no affected parties to notify pursuant to Division rules.

Your attention to this application is appreciated.

Sincerely,

*Ocean Munds-Dry*

Ocean Munds-Dry  
ATTORNEY FOR BLACK HILLS GAS  
RESOURCES, INC.

Enclosures

cc: Janet Whitmore (w/o attachments)



EXHIBIT

D

abbey



Black Hills Gas Resources

MC 29-04-24 #114

Rio Arriba County, New Mexico

Prepared by: L. M. / R. Nelson  
Checked by: D. H. / R. Nelson  
Land Dept. J. H. / R. Nelson  
Geology: A. H. / R. Nelson  
10 19 2007 / J. H. Nelson

Drawn by: D. H. / R. Nelson  
Date: 2008/06/06  
Scale: 1" = 1000'

DISTRICT I  
1625 N. French Dr., Hobbs, N.M. 88240

DISTRICT II  
1301 W. Grand Ave., Artesia, N.M. 88210

DISTRICT III  
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV  
1220 South 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, NM 87505

Form C-102  
Revised October 12, 2005  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

|                                      |   |   |
|--------------------------------------|---|---|
| <sup>1</sup> API Number              | <sup>2</sup> Pool Code<br>74960                         | <sup>3</sup> Pool Name<br><i>under.</i> CHOZA MESA PICTURED CLIFF |
| <sup>4</sup> Property Code<br>301950 | <sup>5</sup> Property Name<br>MANY CANYONS 29-04-24     | <sup>6</sup> Well Number<br>114H                                  |
| <sup>7</sup> OGRID No.<br>013925     | <sup>8</sup> Operator Name<br>BLACK HILLS GAS RESOURCES | <sup>9</sup> Elevation<br>6896'                                   |

<sup>10</sup> Surface Location

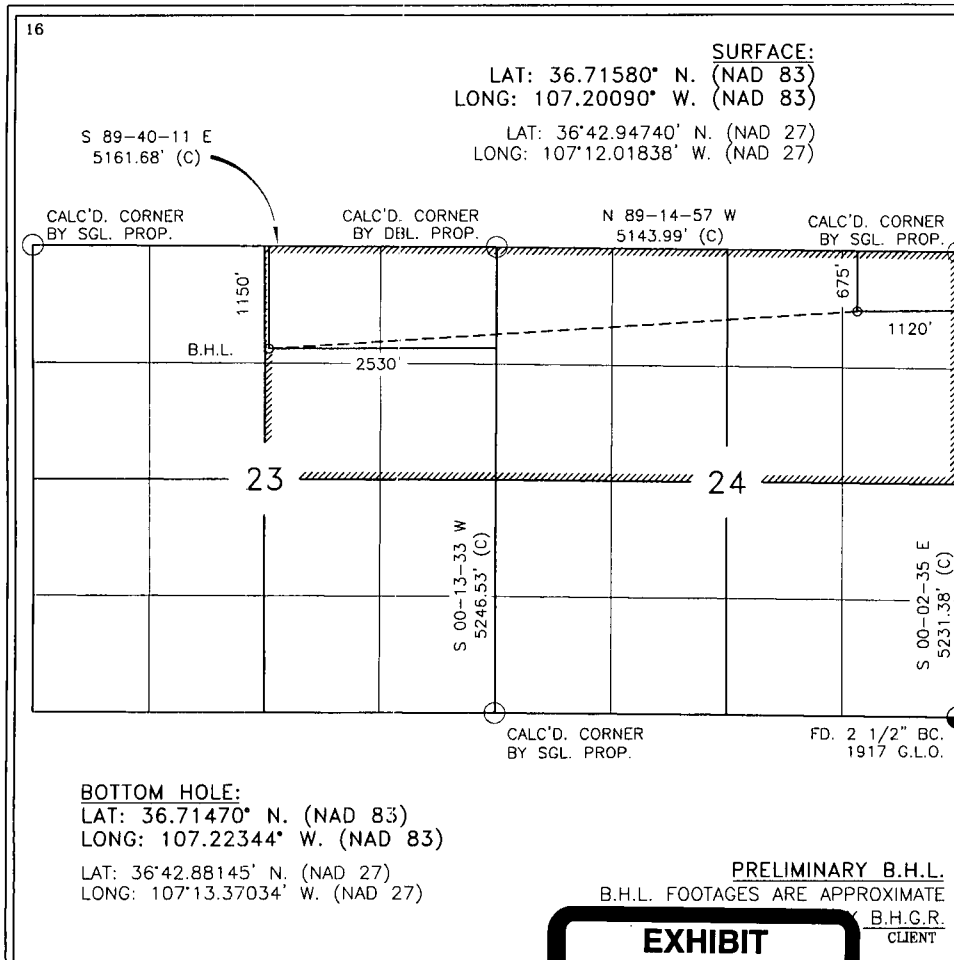
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County     |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|------------|
| A             | 24      | 29-N     | 4-W   |         | 675           | NORTH            | 1120          | EAST           | RIO ARRIBA |

<sup>11</sup> 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     |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|------------|
| B             | 23      | 29-N     | 4-W   |         | 1150          | NORTH            | 2530          | EAST           | RIO ARRIBA |

|  |                               |                                  |                         |
|--|-------------------------------|----------------------------------|-------------------------|
| <sup>12</sup> Dedicated Acres<br>N/2 SEC. 24<br>NE/4 SEC. 23 | <sup>13</sup> Joint or Infill | <sup>14</sup> Consolidation Code | <sup>15</sup> 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



17

**OPERATOR CERTIFICATION**

I hereby certify that the information contained 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature \_\_\_\_\_ Date \_\_\_\_\_

Printed Name \_\_\_\_\_

18 **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 knowledge and belief.

JULY 9, 2005

Date of Survey \_\_\_\_\_

Signature and Seal of Professional Surveyor: \_\_\_\_\_

8894

Certificate Number

EXHIBIT

**B**

**Brooks, David K., EMNRD**

---

**From:** Ocean Munds-Dry [Omundsdry@hollandhart.com]  
**Sent:** Thursday, April 02, 2009 10:50 AM  
**To:** Brooks, David K., EMNRD  
**Subject:** RE: Black Hills - Many Canyons 29-04-24: NSL Application

David: The penetration point is 752' FNL and 2188' FEL of Section 24.

Thanks,  
Ocean

---

**From:** Brooks, David K., EMNRD [mailto:david.brooks@state.nm.us]  
**Sent:** Tuesday, March 24, 2009 9:59 AM  
**To:** Ocean Munds-Dry  
**Subject:** Black Hills - Many Canyons 29-04-24: NSL Application

Dear Ocean

I do not see any indication of the footages for the point of penetration of the Pictured Cliffs for this well. Is the point of penetration the same as the surface location? If not, we will need the footage location.

Thanks

David

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## Brooks, David K., EMNRD

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**From:** Ocean Munds-Dry [Omundsdry@hollandhart.com]  
**Sent:** Sunday, March 29, 2009 11:11 AM  
**To:** Brooks, David K., EMNRD  
**Subject:** RE: Black Hills - Many Canyons 29-04-24: NSL Application

David - I have asked Black Hills and I will let you know.

Thanks,  
Ocean

---

**From:** Brooks, David K., EMNRD [mailto:david.brooks@state.nm.us]  
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**To:** Ocean Munds-Dry  
**Subject:** Black Hills - Many Canyons 29-04-24: NSL Application

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