

DATE 8.17.04	SUSPENSE	ENGINEER Stogner	LOGGED IN 8.18.04	TYPE NSL	APP NO. PSEM 0423126182
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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



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]

2009 AUG 17 PM 3 28

- [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 _____
- [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.

Michael H. Feldewest *Michael H. Feldewest* Attorney 8/17/04
 Print or Type Name Signature Title Date

M.Feldewest @ HollandHart.com
 e-mail Address



Michael H. Feldewert
Recognized Specialist in the Area of
Natural Resources - oil and gas law -
New Mexico Board of Legal
Specialization

mfeldewert@hollandhart.com

August 17, 2004

VIA HAND DELIVERY

Mr. Mark E. Fesmire, P.E.
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 Cabal Energy Corporation for Administrative Approval of an Unorthodox Well Location for its Palms 20 Federal Com Well No. 1 to be located 2130 feet from the North line and 1880 feet from the West line (Unit F) of Section 20, Township 19 South, Range 27 East, N.M.P.M., Eddy County, New Mexico.

Dear Mr. Fesmire:

Cabal Energy Corporation hereby seeks administrative approval pursuant to the provisions of Division Rule 104.F for an unorthodox gas well location for the above referenced well in the Morrow formation (East Lake Morrow Gas Pool), and any other potentially productive gas pools spaced on 320-acres and governed by the Division's statewide rules. A standard 320-acre spacing and proration unit comprised of the W/2 of Section 20 will be dedicated to the well.

This location is unorthodox because Rule 104.C(2)(a) of the General Rules of the Division provides that wells in the Wolfcamp or any older formation shall be "no closer than 660 feet to the outer boundary of the quarter section on which the well is located and no closer than 10 feet to any quarter-quarter section line or subdivision inner boundary." This proposed location is 510 feet from the southern boundary of the quarter section, and therefore encroaches on the SW/4 by 150 feet.

The Bureau of Land Management and the Bureau of Reclamation require this unorthodox location due to topographic conditions in the area. As noted by the Vicinity Map and the Location Verification Map provided with this application, Cabal is unable to move the well further North due to bluffs overlooking the Pecos River channel. See Exhibit A and B.

Holland & Hart LLP

Phone [505] 988-4421 Fax [505] 983-6043 www.hollandhart.com

110 North Guadalupe Suite 1 Santa Fe, NM 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Billings Boise Boulder Cheyenne Colorado Springs Denver Denver Tech Center Jackson Hole Salt Lake City Santa Fe Washington, D.C. ♻



Exhibit C land locator map showing the 320-acre spacing and proration unit, the unorthodox well location, and the adjoining spacing unit and wells. Exhibit D is the C-102 originally filed for this well showing the surveyed location.

Cabal is the operator of the W/2 of Section 20 under an Operating Agreement signed by all of the working interest owners. The mineral royalty ownership is federal. As a result, this is an internal non-standard location with no affected parties.

Your attention to this application is appreciated.

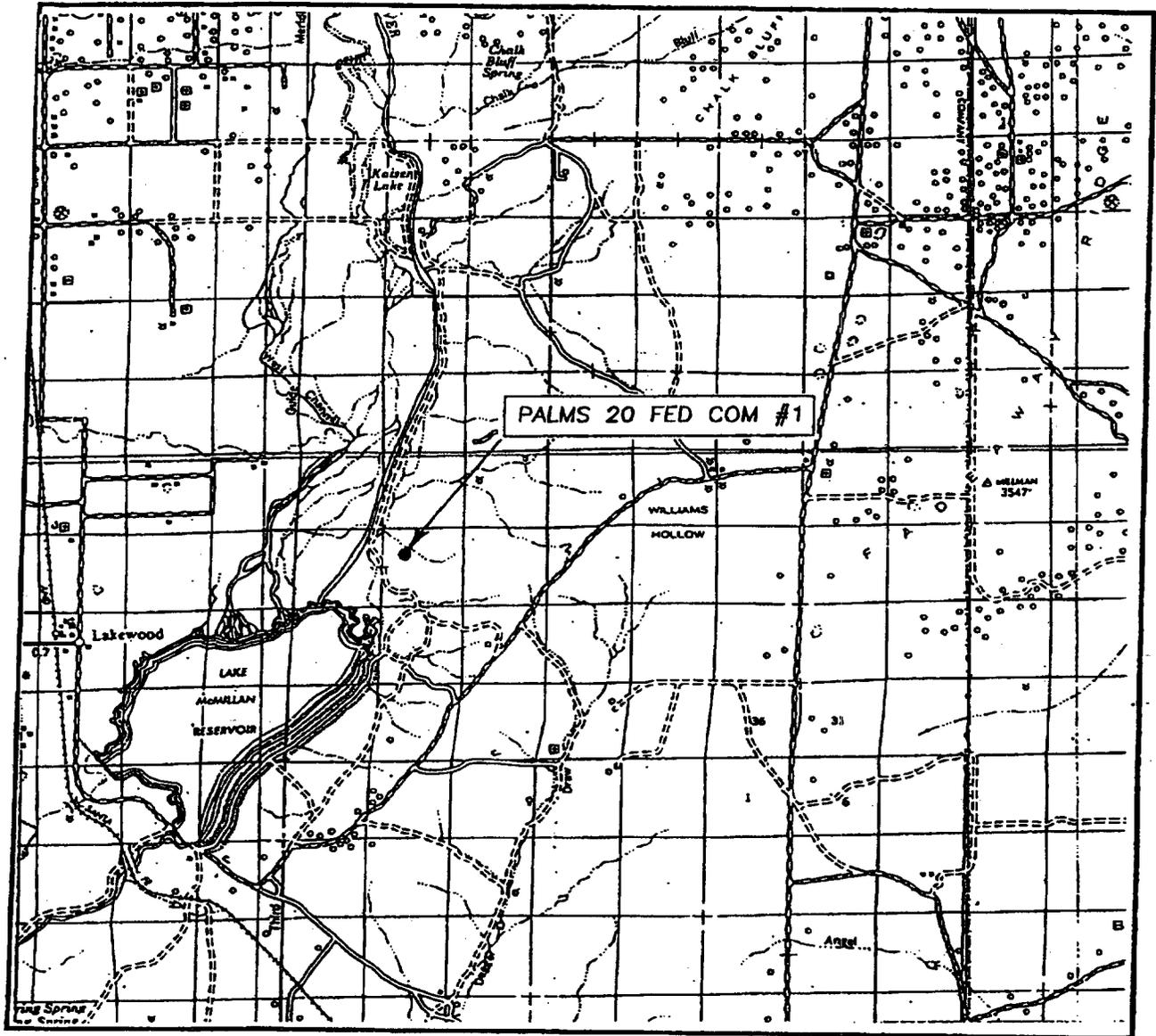
Sincerely,

A handwritten signature in black ink, appearing to read "Michael H. Feldewert".

Michael H. Feldewert

MHF

VICINITY MAP



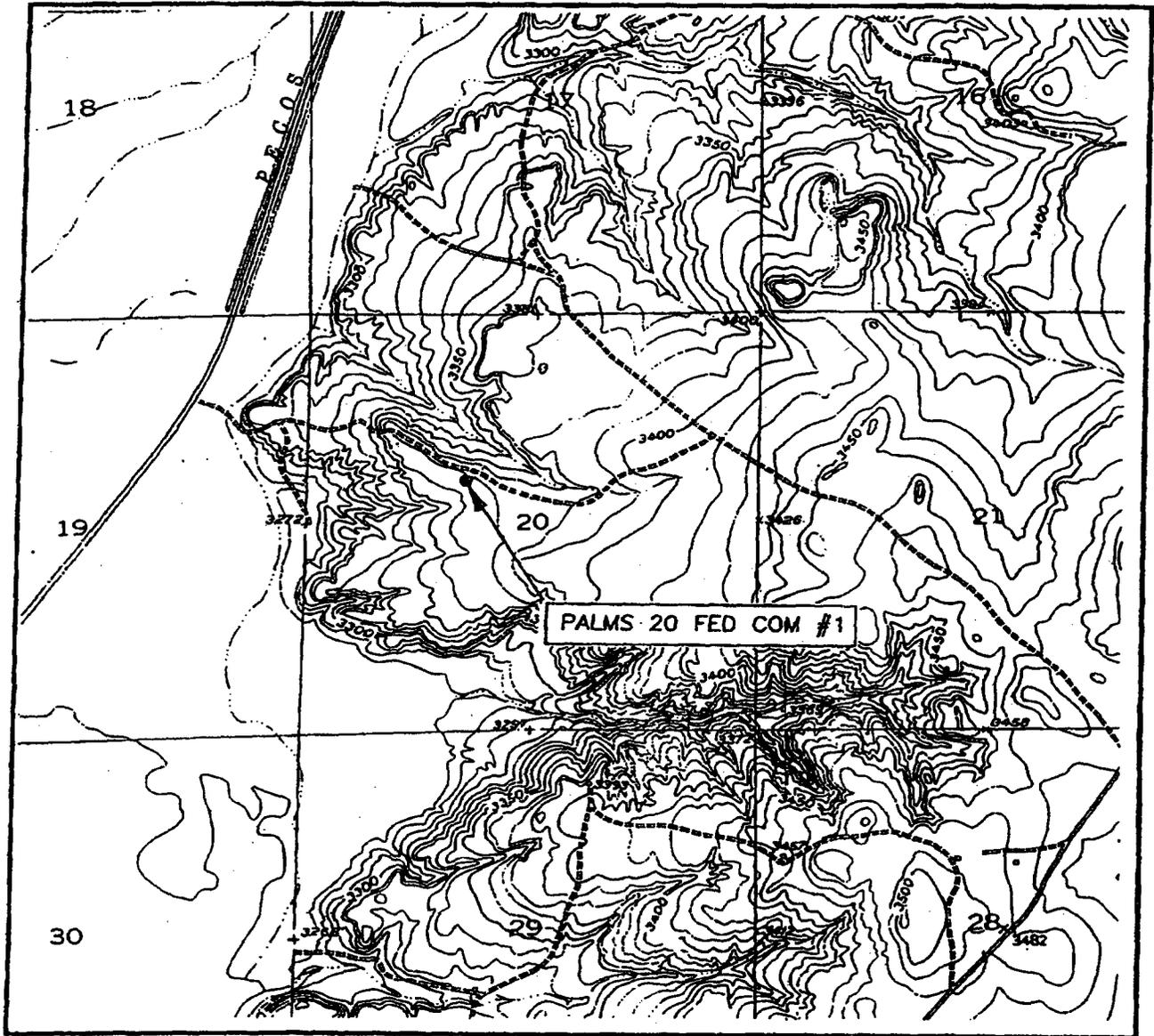
SCALE: 1" = 2 MILES

SEC. 20 TWP. 19-S RGE. 27-E
SURVEY N.M.P.M.
COUNTY EDDY
DESCRIPTION 2130' FNL & 1880' FWL
ELEVATION 3370'
OPERATOR CABAL ENERGY CORPORATION
LEASE PALMS 20 FEDERAL COM

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117

Exhibit
A

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'
LAKE McMILLAN NORTH, N.M.

SEC. 20 TWP. 19-S RGE. 27-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 2130' FNL & 1880' FWL

ELEVATION 3370'

OPERATOR CABAL ENERGY CORPORATION

LEASE PALMS 20 FEDERAL COM

U.S.G.S. TOPOGRAPHIC MAP
LAKE McMILLAN NORTH, N.M.

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117

Exhibit
B

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0710

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT III
609 Rio Hondo Rd., Artesia, NM 87410

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number		Pool Code	Pool Name
Property Code	Property Name PALMS 20 FEDERAL COM		Well Number 1
OGRID No. 194930	Operator Name CABAL ENERGY CORPORATION		Elevation 3370'

Surface Location

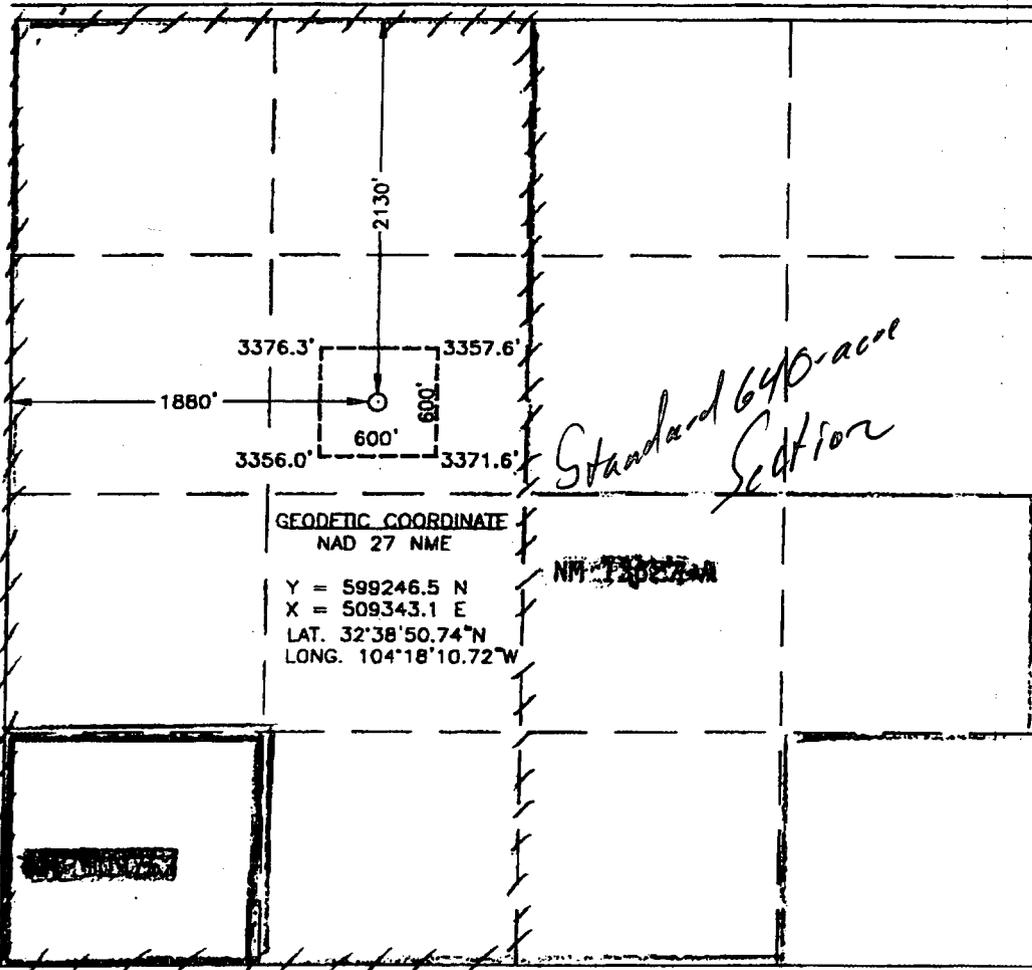
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	20	19-S	27-E		2130'	NORTH	1880'	WEST	EDDY

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



OPERATOR CERTIFICATION

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

Randell K Ford
Signature

Randell K. Ford
Printed Name

President
Title

October 15, 2003
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.

September 17, 2003
Date Surveyed

Ronald J. Kidson
Signature & Seal of Professional Surveyor

AWB

03.11.1026

Certificate No. RONALD J. KIDSON 3836
GARY KIDSON 12841