

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]

[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.

James Bruce _____ Attorney for Applicant *8/20/04*
 Print or Type Name Signature Title Date

 jamesbruc@aol.com
 e-mail Address

2009 AUG 20 PM 3 03

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruc@aol.com

August 20, 2004

Hand Delivered

Michael E. Stogner
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Pursuant to Division Rule 104.F.(2), Chi Energy, Inc. applies for administrative approval of an unorthodox gas well location for the following well:

Well:	Otis 33 Well No. 2
Location:	990 feet FNL & 2310 feet FWL
Well Unit:	N½ of Section 33, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico

Attached as Exhibit A is the original Form C-102 for the well. It was drilled in 1984 to an approximate depth of 12070 feet, to test the Morrow formation (South Carlsbad-Morrow Gas Pool). See Exhibit B. The well produced from the Morrow, and later from the Strawn formation (see Exhibit C). The well's location was orthodox at the time it was drilled.

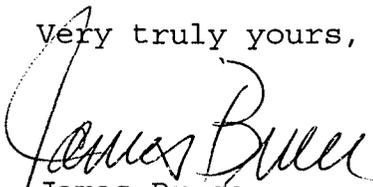
The well will be re-entered to test the Wolfcamp formation (Undesignated Cass Draw-Wolfcamp Gas Pool) at an approximate depth of 9000 feet. In addition, applicant may re-test the Morrow formation. Well spacing in both formations is 320 acres, with wells to be located no closer than 660 feet to a quarter section line nor closer than 10 feet to a quarter-quarter section line.

The location is based on economics. Re-entering and deepening the well will be substantially less costly than drilling a new well.

A land plat is attached as Exhibit D. The unorthodox location is internal to the well unit, and thus there are no adversely affected interest offset owners to notify of the application.

Please contact me if you need any further information.

Very truly yours,



James Bruce

Attorney for Chi Energy, Inc.

**NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT**

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

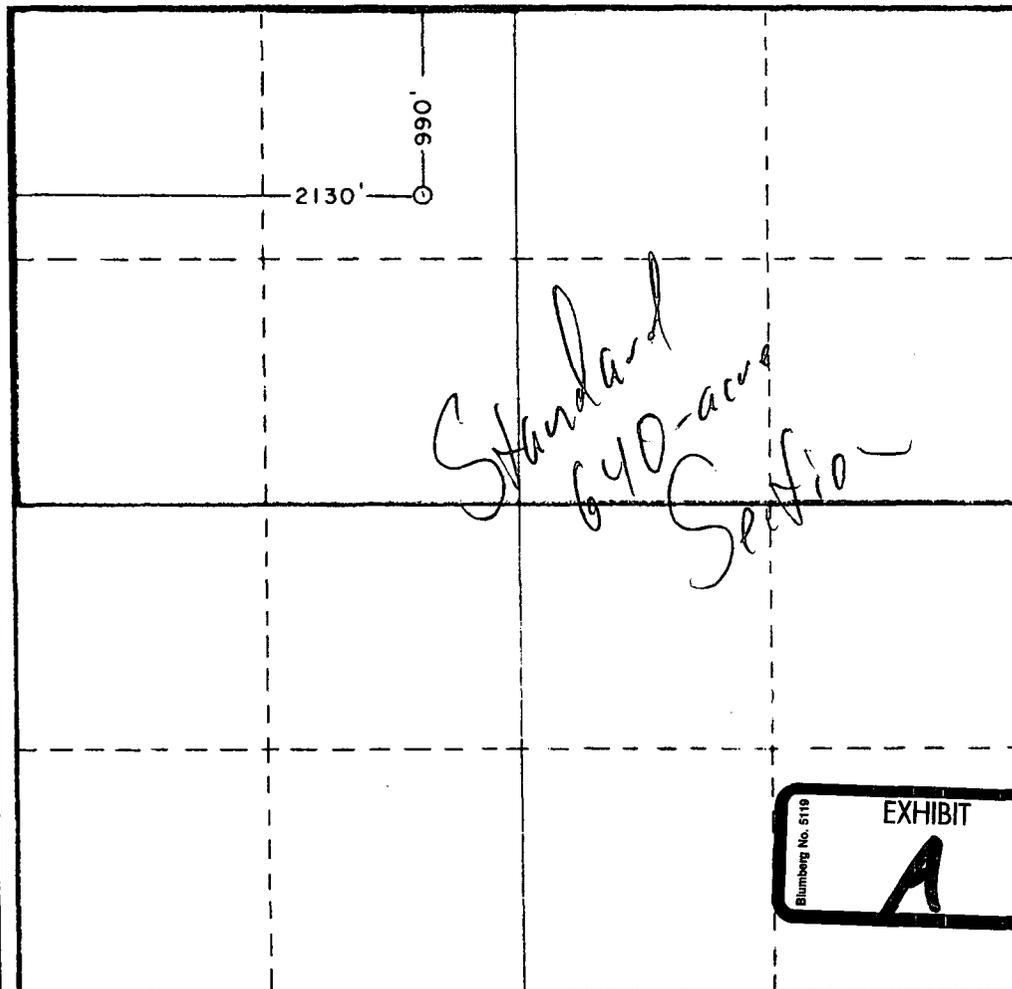
Operator READ & STEVENS, INC.			Lease Otis 33			Well No. 2		
Unit Letter C	Section 33	Township 22 South	Range 27 East	County Eddy				
Actual Footage Location of Well: 990 feet from the North line and 2130 feet from the West line								
Ground Level Elev. 3135.6	Producing Formation Morrow			Loc. Und. South Carlsbad Morrow			Dedicated Acreage: 320 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation Fee acreage

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

Debra Butcher

Name

Debra Butcher

Position

Authorized Agent

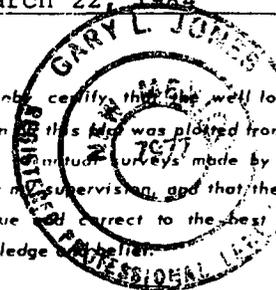
Company

Read & Stevens, Inc.

Date

March 22, 1984

I hereby certify that the well location shown on this plat was plotted from field notes and 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.



Date Surveyed

March 9, 1984

Registered Professional Engineer and/or Land Surveyor

Gary L. Jones

Certificate No. **7077**



OIL CONSERVATION DIVISION
 P.O. BOX 2088
 SANTA FE, NEW MEXICO AUG 21 1984

NO. OF COPIES RECEIVED	
SANTA FE	<input checked="" type="checkbox"/>
FILE	<input checked="" type="checkbox"/>
U.S.G.S.	<input checked="" type="checkbox"/>
LAND OFFICE	<input checked="" type="checkbox"/>
OPERATOR	<input checked="" type="checkbox"/>

WELL COMPLETION OR RECOMPLETION REPORT AND LOG
 ARTESIA, OFFICE

5a. Indicate Type of Lease
 State Fee

5. State Oil & Gas Lease
 -
 XXXXXXXXXXXXXXXXXXXXXXXX
 XXXXXXXXXXXXXXXXXXXXXXXX

1a. TYPE OF WELL *BML* GAS WELL WELL DRY OTHER _____

b. TYPE OF COMPLETION
 NEW WORK PLUG DIFF.
 WELL OVER DEEPEN BACK RESVR. OTHER _____

2. Name of Operator
 Read & Stevens, Inc.

3. Address of Operator
 P.O. Box 1518, Roswell, NM 88201

4. Location of Well
 UNIT LETTER *E* LOCATED 2130 FEET FROM THE West LINE AND 990 FEET FROM THE North LINE OF SEC. 33 TWP. 22S RGE. 27E NMPM

7. Unit Agreement Name
 -

8. Farm or Lease Name
 Otis "33"

9. Well No.
 2

10. Field and Pool, or Well Name
 and South Carlsbad Morrow

12. County
 Eddy

15. Date Spudded 3-29-84 16. Date T.D. Reached 5-7-84 17. Date Comp. (Ready to Prod.) 7-31-84 18. Elevations (DF, RKB, RT, GR, etc.) -3107' GL 19. Elev. Casing -

20. Total Depth 12,070' 21. Plug Back T.D. 11,870' 22. If Multiple Compl., How Many - 23. Intervals Rotary Tools Cable Tools Drilled By 0'-12,070' -

24. Producing Interval(s), of this completion-Top, Bottom, Name
 11,664'-11,680', 11,761'-11,766' Morrow 25. Was Directional S Made No

26. Type Electric and Other Logs Run
 DLL, MLL, GR, CNL, FDC, SONIC 27. Was Well Cored No

28. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT LB./FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
13 3/8"	54.5#	443'	17 1/2"	475sx	Circ. 136sx
9 5/8"	40#	5480'	12 1/4"	1900sx	Circ. 300sx
5 1/2"	17# & 20#	12052'	7 7/8"	2400sx	None

29. LINER RECORD

SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN	30. TUBING RECORD
					SIZE DEPTH SET PACKER SE
					2 7/8" 9301.36' 11830.2
					2 7/8" 11625.77' 11610.1

31. Perforation Record (Interval, size and number)

11934'-11951', 17', 2 shots/'
 11761'-11766', 5', 4 shots/'
 11664'-11680', 16', 4 shots/'

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USE
11934'-11951'	Acidize w/4000gals 7 1/2% Morc acid w/1000 SCFN ₂ w/4 ball sea
11664'-11766'	Acidize w/4000gals 7 1/2% Morc acid w/60 ball sealers

33. PRODUCTION

Date First Production 7-28-84 Production Method (Flowing, gas lift, pumping-Size and type pump) Flowing - Well Status (Prod. or Shu) SI WOPL

Date of Test 7-31-84 Hours Tested 4 Choke Size 5/64"-10/64" Prod'n For Oil-Bbl. Gas-MCF Water-Bbl. Gas-Oil R Test Period - CAOF 3870 - -

Flow Tubing Press. 3645psi-2740psi Casing Pressure - Calculated 24- Hour Rate - Oil-Bbl. Gas-MCF Water-Bbl. Oil Gravity-API (Corr.) CAOF 3870 - -

34. Disposition of Gas (Sold, used for fuel, vented, etc.)
 SI WOPL Test Witnessed By Daryl Lowder *Post ID 11-16-84 Pump #1*

35. List of Attachments
 Logs, Deviation Survey

36. I hereby certify that the information shown on both knowledge and belief true and complete to the best of my
 SIGNED *Bob Hobbs* TITLE Drilling & Production Manager DATE 5-11



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

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-102
 Revised 1-1-89

OIL CONSERVATION DIVISION
 P.O. Box 2088
 Santa Fe, New Mexico 87504-2088

DISTRICT I
 P.O. Box 1980, Hobbs, NM 88240

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

DISTRICT III
 1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT
 All Distances must be from the outer boundaries of the section

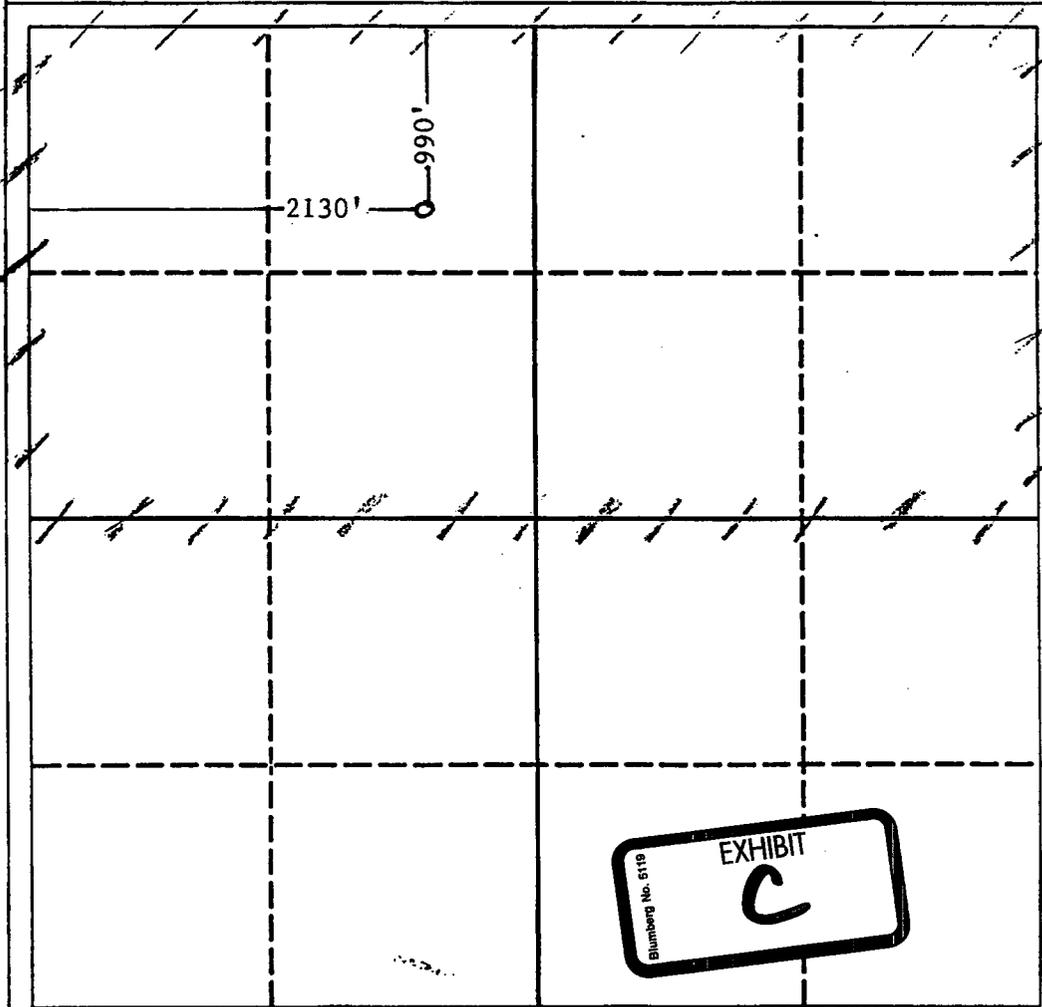
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Unit Letter C	Section 33	Township 22 South	Range 27 East	County NMPM Eddy	
Actual Footage Location of Well: 990 feet from the North line and 2130 feet from the West line					
Ground level Elev. 3135.6	Producing Formation Strawn		Pool Und. South Carlsbad Strawn	Dedicated Acreage: 320 Acres	

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OPERATOR CERTIFICATION

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

Signature: *John C. Maxey, Jr.*

Printed Name: John C. Maxey, Jr.

Position: Engineer

Company: Read & Stevens, Inc.

Date: December 16, 1992

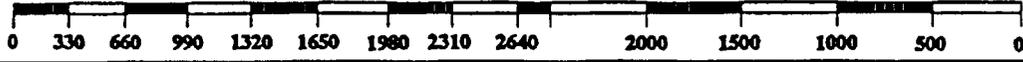
SURVEYOR CERTIFICATION

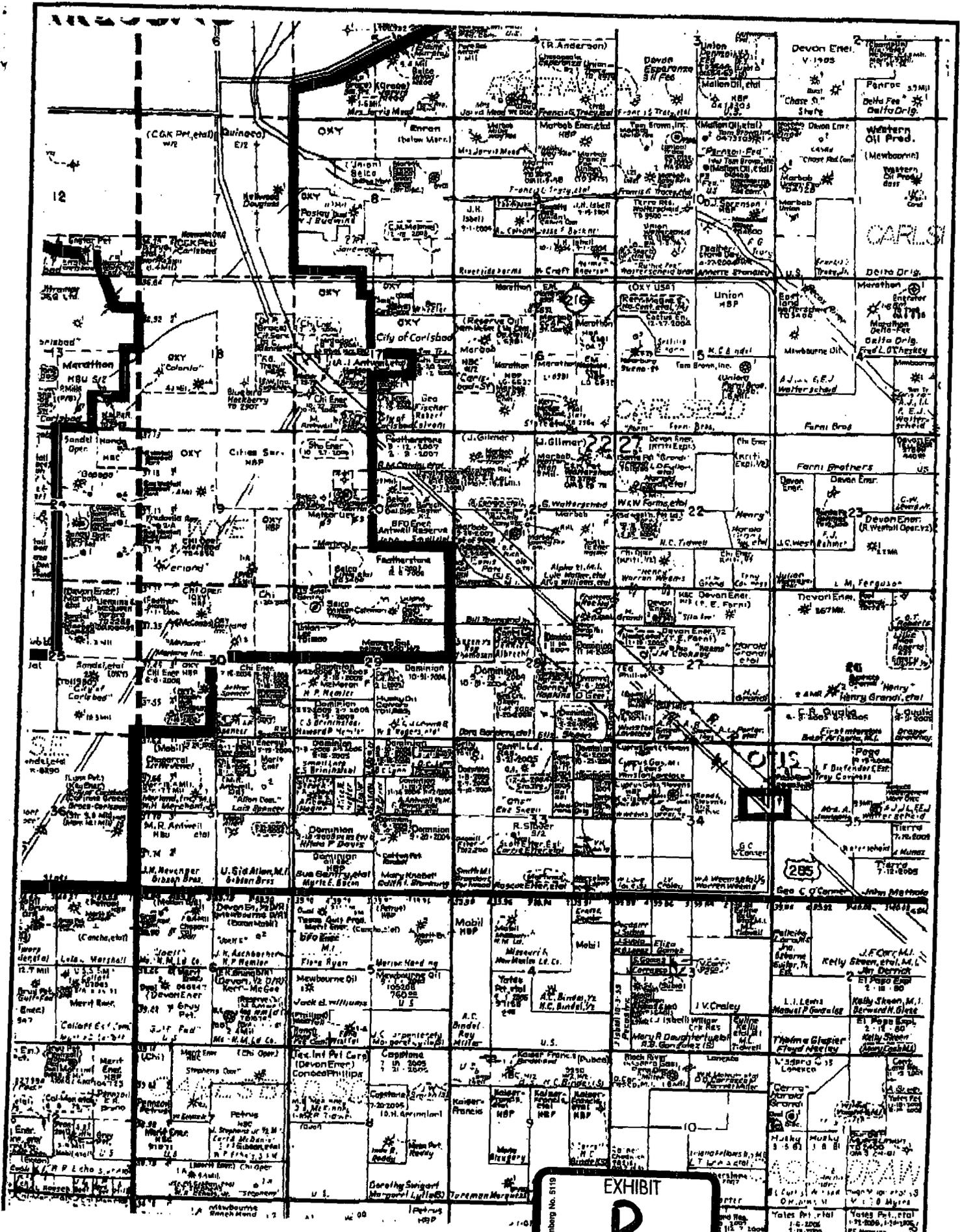
I hereby certify that the well location shown on this plat was plotted from field notes or actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed:

Signature & Seal of Professional Surveyor:

Certificate No.:





Blumberg No. 5110
EXHIBIT
D

Stogner, Michael

From: JamesBruc@aol.com
Sent: Tuesday, August 24, 2004 6:55 AM
To: mstogner@state.nm.us
Subject: Chi Energy/NSL application/Otis 33/§33-22S-27E

Mike: In the body of the application I asked for a location 2310 feet FWL. However, the C-102 attached to the application shows the location as 2130 feet FWL. My dyslexia is acting up again.

Jim

This email has been scanned by the MessageLabs Email Security System.
For more information please visit <http://www.messagelabs.com/email>

8/24/2004