



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**  
Governor  
**Joanna Prukop**  
Cabinet Secretary

July 12, 2005

**Mark E. Fesmire, P.E.**  
Director  
Oil Conservation Division

**Chi Energy, Inc.**  
c/o James Bruce  
P. O. Box 1056  
Santa Fe, New Mexico 87501

*Administrative Order NSL-5233*

Dear Mr. Bruce:

Reference is made to the following: (i) your application on behalf of the operator, Chi Energy, Inc. ("Chi"), dated June 27, 2005 (*administrative application reference No. pSEM0-517935761*); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Chi's request for an unorthodox Delaware oil well location for its proposed Munchkin Federal Well No. 9 to be drilled 990 feet from the North line and 300 feet from the East line (Unit A) of Section 11, Township 19 South, Range 30 East, NMPM, Eddy County, New Mexico.

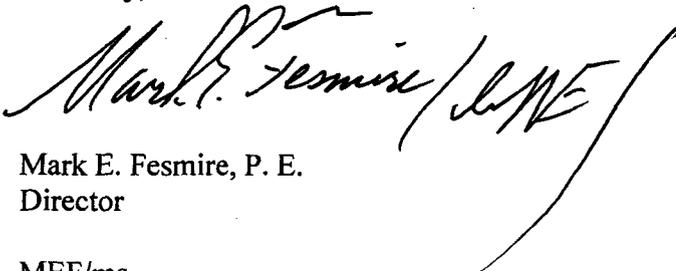
The NE/4 NE/4 of Section 11, being a standard 40-acre oil spacing and proration unit pursuant to Division Rule 104.B (1) within the Undesignated Benson-Delaware Pool (97083), is to be dedicated to this well.

This application has been duly filed under the provisions of Division Rule 104.F.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Delaware oil well location for Chi's proposed Munchkin Federal Well No. 9 is hereby approved.

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

Sincerely,



Mark E. Fesmire, P. E.  
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Artesia  
U. S. Bureau of Land Management – Carlsbad