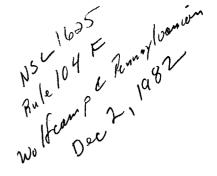
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STATE OF NEW MEXICO DEPARTMENT OF NATURAL RESOURCES OIL CONSERVATION DIVISION



IN THE MATTER OF THE APPLICATION OF CHAMA PETROLEUM COMPANY FOR AN UNORTHODOX LOCATION, EDDY COUNTY, NEW MEXICO

CASE	NO.	

APPLICATION

comes Now Chama Petroleum Company and hereby makes application for a new unorthodox location without penalty for the drilling of a well to test the Permo-Penn, Strawn, Atoka and Morrow formations at a location 735 feet from the south line and 660 feet from the west line of Section 35, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico, and as grounds therefor states:

- 1. The S/2 of said Section 35 would be dedicated to that well.
- 2. The existing well located and previously approved 660' FSL and 660' FEL of said Section 35 at present has cable tools stuck in the hole and junking and abandoning the existing hole will require moving to a new location.
- 3. A well at that unorthodox location will better enable Applicant to produce the gas underlying the proration unit, and afford Applicant the opportunity to produce his just and equitable share of gas in the undesignated pool, prevent economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and otherwise prevent waste and protect correlative rights.
- 4. That moving more than 75' will violate archeological clearance already granted the existing location.
- 5. That this location is a Federal Lease extended past the primary term by continuous drilling activity and time is of the essence in commencing the new hole.
- 6. That all offset operators have been notified by certified mail.

Respectfully submitted,
CHAMA PETROLEUM COMPANY

By: all have

Charles E. Nearburg, President

P.O. Box 31405 Dallas, Texas 75231

Date: 11/10/8Z

SUBMIT IN TRIPLICATE*

Form approved. Budget Bureau No. 42-R1425.

(Other instructions on reverse side)

UNITED STATES DEPARTMENT OF THE INTERIOR

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P.O. Box 31405, Dallas	Texas 75231			,	10. FIELD AND	POOL, OR WILDCAT	
4. LOCATION OF WELL (Report location clearl	y and in accordance wi	th any State	requirements.*)		ີ່ Undesigr	nated Morrow	
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15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT.		16. No. OF	ACRES IN LEASE	TO TE	F.ACRES ASSIGN	&D	
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1. Outline the acreage dedicated to the subject well by colored pencil or hachure 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?												
[X] Yes [7] No If answer is "yes;" type of consolidation Communitization Agreement is being processed. Contract No. SCR-274												
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OFFSET LEASES

