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ABOVE THIS LINE FOR DIVISION USE ONLY

# NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

## ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

### Application Acronyms:

[NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]  
[DD-Directional Drilling] [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 - Directional Drilling

☒ NSL ☐ NSP ☐ DD ☐ 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

### [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

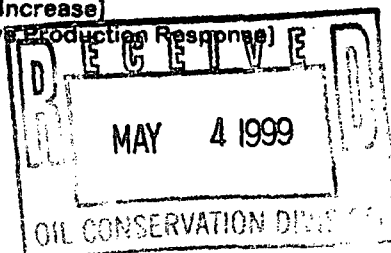
[C] ☐ Application is One Which Requires Published Legal Notice

[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] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

JAMES BRUCE  
P.O. BOX 1056  
SANTA FE, NM 87504

Note: Statement must be completed by an individual with supervisory capacity.

*James Bruce*

Signature

*Attorney for Applicant*

Title

*5/4/99*

Date

Print or Type Name

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA  
SANTA FE, NEW MEXICO 87501

(505) 982-2043  
(505) 982-2151 (FAX)

May 4, 1999

**Hand Delivered**

Michael E. Stogner  
Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

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

Silver Streak State Com. Well No. 1  
1400 feet FNL & 1650 feet FEL  
N $\frac{1}{2}$  §8, Township 17 South, Range 28 East, NMPM  
Eddy County, New Mexico

The well will be drilled to test the Morrow formation. Well spacing is 320 acres, with wells to be located no closer than 1650 feet to the end line and 660 feet to the side line of the well unit, nor closer than 330 feet to a quarter-quarter section line. Attached hereto as Exhibit A is a Form C-102 for the well.


The reason for the location is topographic and geologic. Attached as Exhibit B is a topographic map, which shows that the location is on a flat area crossing the middle of the NE $\frac{1}{4}$  of Section 8, providing the best drillsite.

The primary zone of interest is the Morrow formation. Attached as Exhibit C is an isopach map of the gross Morrow clastics, which shows that the Morrow sands should be thick at the proposed location. Chi desires to remain in the NE $\frac{1}{4}$  of Section 8 because the sands thin as you move west. Thus, the proposed location will lessen the risk involved in drilling the well.

The proposed well only moves toward a quarter-quarter section line in the interior of the well unit, and thus notice has not been given to any offset operator. As a result, Chi requests that the 20 day notice period be waived.

This application is submitted in duplicate. Please call me if you need anything further on this matter.

Very truly yours,

  
James Bruce

Attorney for Chi Energy, Inc.

cc: John Qualls

**DISTRICT I**  
P.O. Box 1080, Hobbs, NM 88241-1980

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised February 10, 1994  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fed Lease - 3 Copies

**DISTRICT II**  
P.O. Drawer 20, Artesia, NM 88211-0719

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

OIL CONSERVATION DIVISION

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

**□ AMENDED REPORT**

**DISTRICT IV**  
P.O. Box 2038, Santa Fe, NM 87504-2038

## WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name SILVER STREAK	Well Number 1
OCRID No.	Operator Name CHI OPERATING, INC.	Elevation 3517

### Surface Location

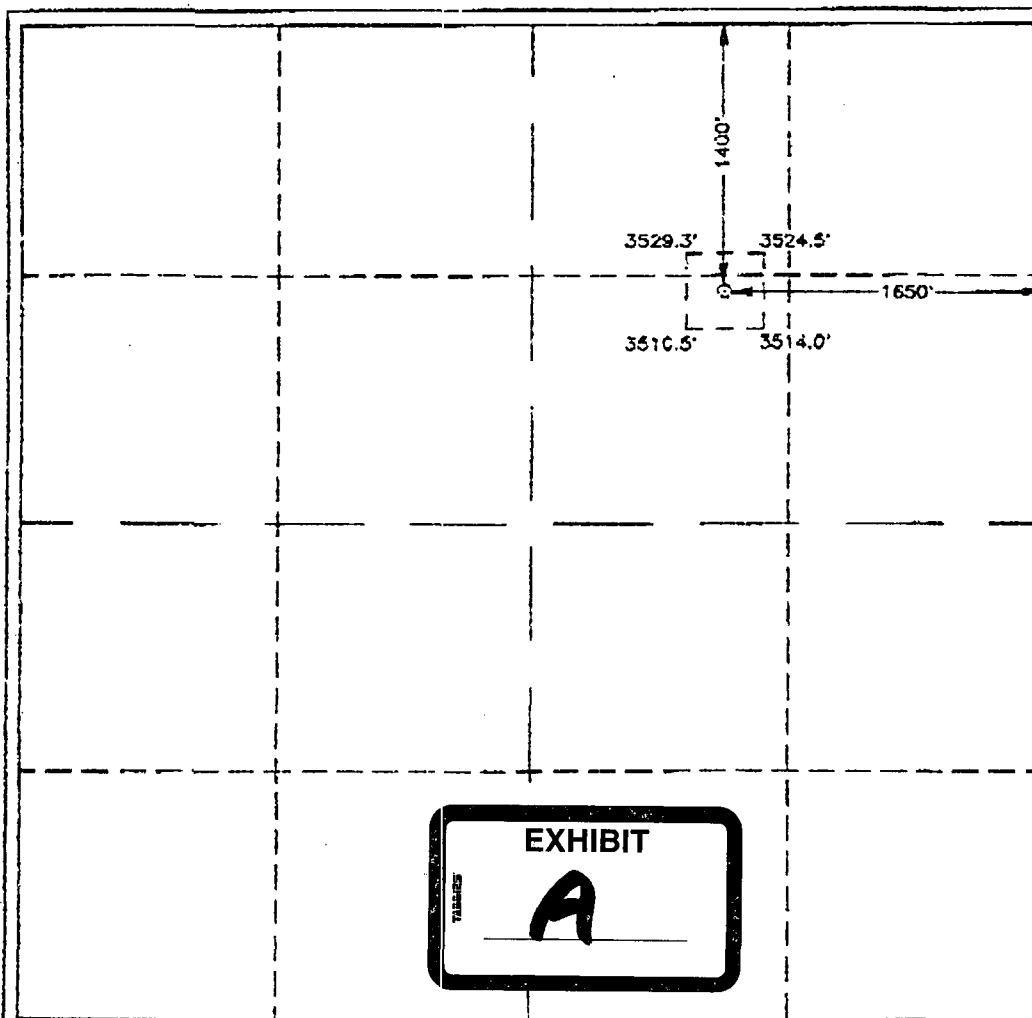
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	8	17 S	28 E		1400	NORTH	1650	EAST	EDDY

## Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Ldn	Feet from the	North/South line	Feet from the	East/West line	County
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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.

John W. Gull  
Signature

John W. Qualls  
Printed Name

Geologist

Title 4-27-99  
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.

APRIL 12, 1999

Date 2004. 11. 11 JLF

Signature of Signatory \_\_\_\_\_  
Professional Engineer No. \_\_\_\_\_



U.S. Pat. & Tm. Off. 99-14-99 0287

CELESTINE, RONALD D. EDSON. 1238

PROFESSIONAL	G. EIDSON.	12841
CONSTRUCTION	CON MCDONALD.	12183



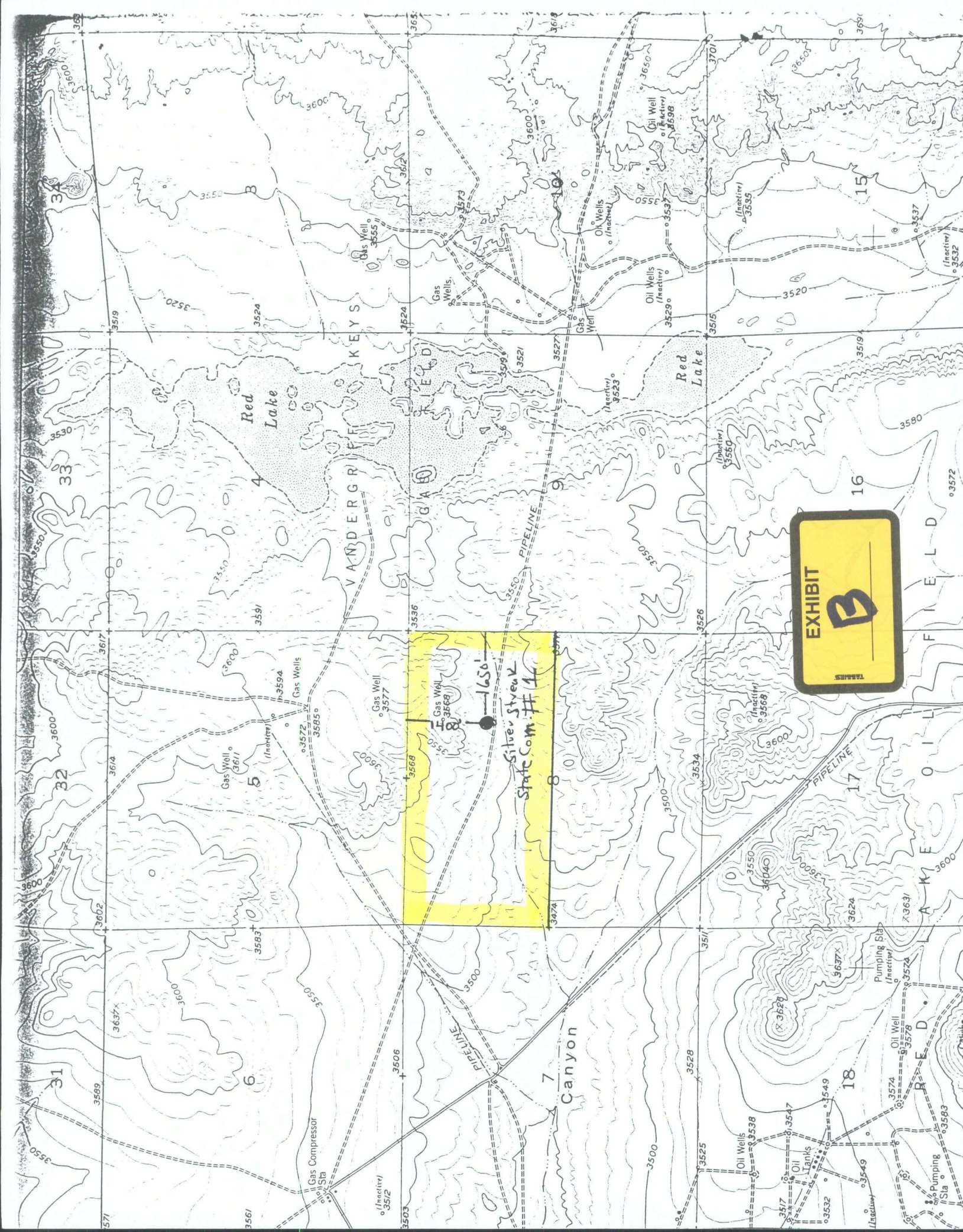
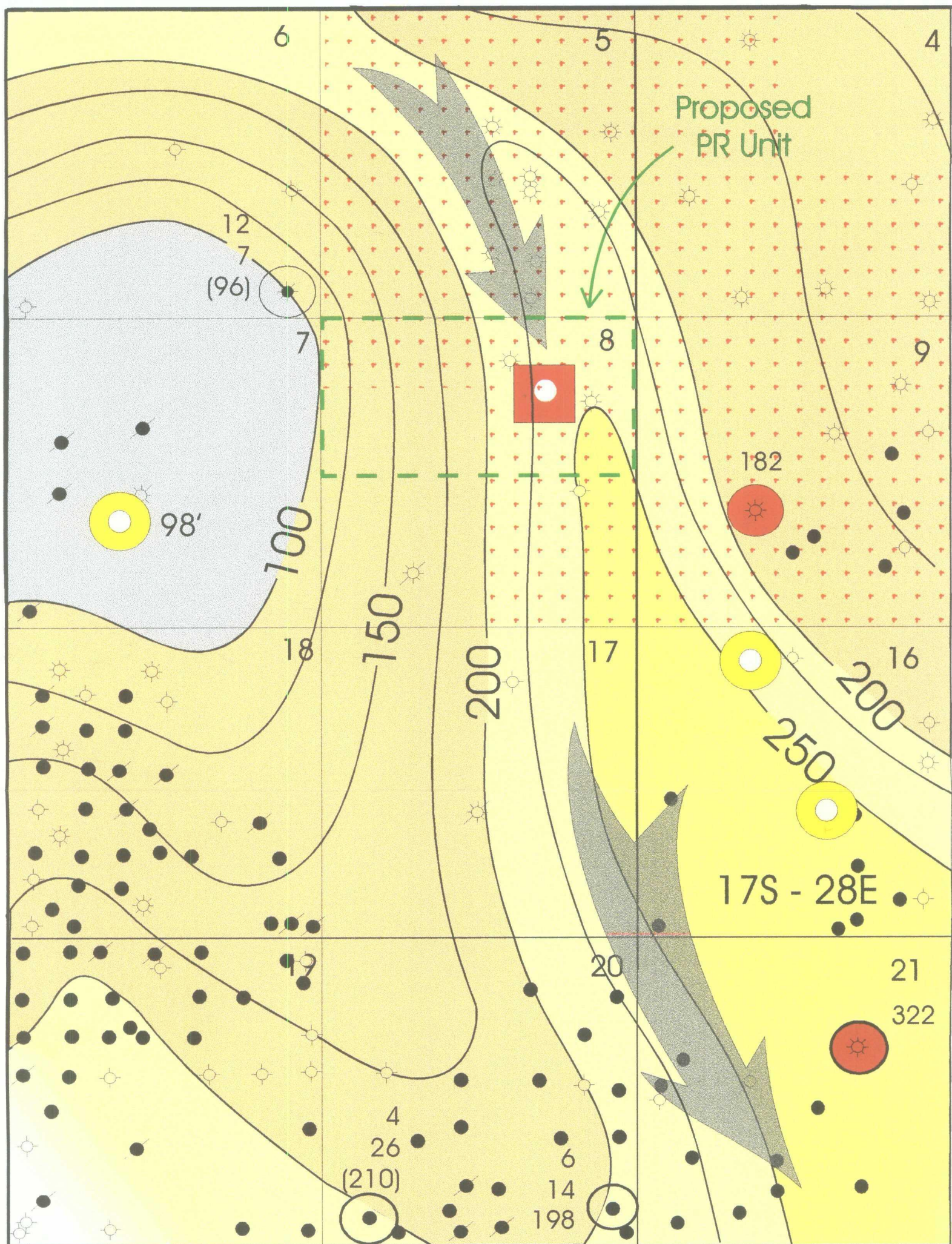





EXHIBIT  
**B**





## LEGEND:

-  Chi Energy, Inc. Et.Al. Acreage
-  Proposed Location
-  Industry Location
-  Morrow "B" (Lower) Producer

8 = "A" Sand  
 47 = "B" Sand  
 252 = Gross Interval  
 (In Feet)



*Chi Energy, Inc.*

**Freight Train Prospect**

Eddy County, New Mexico

**Isopach Map**

Gross Morrow Clastics Interval

Scale: 1" = 2000'

3-99  
 Geol: C. Anderson



**JAMES BRUCE**  
ATTORNEY AT LAW

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SANTA FE, NEW MEXICO 87504

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SANTA FE, NEW MEXICO 87501

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Very truly yours,

  
James Bruce

Attorney for Chi Energy, Inc.

cc: John Qualls



Form C-102  
Revised February 10, 1964  
Submit to Appropriate District Office  
State Loans - 4 Copies  
Fed Loans - 3 Copies

**AMENDED REPORT**

# WELL LOCATION AND ACREAGE DEDICATION PLAT

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Property Code	Property Name SILVER STREAK	Well Number 1
OGUID No.	Operator Name CHI OPERATING, INC.	Elevation 3517

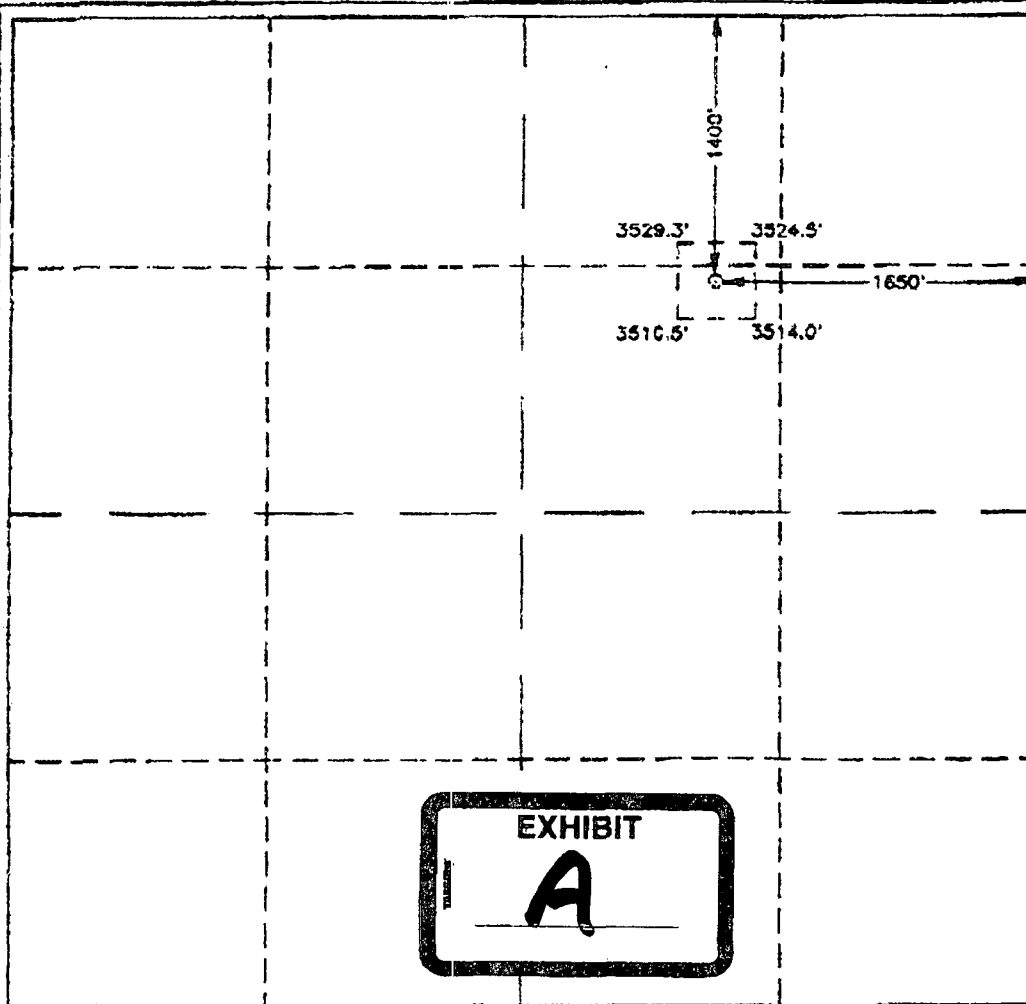
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UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						

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OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



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

John W. Gull  
Signature

John W. Qualls  
Printed Name

Geologist  
Title:

4-27-99  
Date

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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.

APRIL 12, 1999

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

JUL 1968

NEW YORK  
JAN 14 1999  
U.S. DEPT. OF JUSTICE  
FBI NEW YORK  
100-44-1499  
JAN 14 1999  
U.S. DEPT. OF JUSTICE  
FBI NEW YORK  
100-44-1499

EDSON.	3259
C. EDSON.	126-1
EDSON McDONALD.	12183

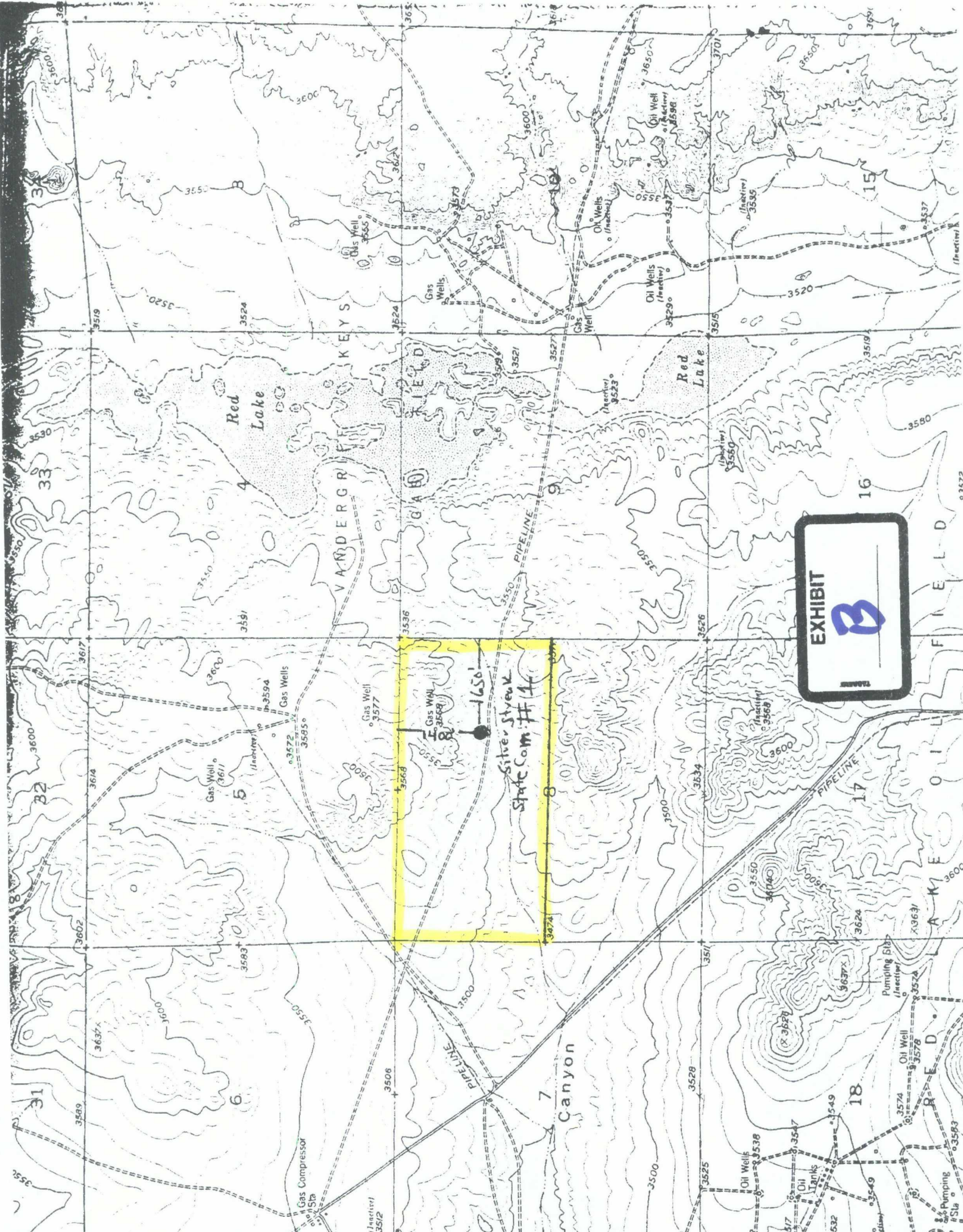


EXHIBIT  
**B**

CMD :  
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OGOMES -TPNX  
PAGE NO: 1

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D 40.00  Federal owned	C 40.00  Federal owned	B 40.00  Federal owned A	A 40.00  Federal owned
E 40.00 CS VB0512 0000 01/02 YATES PETROLEUM C	F 40.00 CS VB0512 0000 01/02 YATES PETROLEUM C	G 40.00 CS B02178 0016 10/99 CONOCO INC & FINA	H 40.00 CS B02178 0016 10/99 CONOCO INC & FINA

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07 BKWD	PF08 FWD	PF09 PRINT	PF10 SDIV	PF11	PF12



CMD :  
OG5SECTONGARD  
INQUIRE LAND BY SECTION05/17/99 13:31:26  
OGOMES -TPNX  
PAGE NO: 2

Sec : 08 Twp : 17S Rng : 28E Section Type : NORMAL

L 40.00 CS VB0512 0000 01/02 YATES PETROLEUM C	K 40.00 CS VB0512 0000 01/02 YATES PETROLEUM C	J 40.00 CS B02178 0016 10/99 CONOCO INC & FINA A	I 40.00 CS B02178 0016 10/99 CONOCO INC & FINA
M 40.00 CS VB0512 0000 01/02 YATES PETROLEUM C	N 40.00 CS VB0512 0000 01/02 YATES PETROLEUM C A	O 40.00 CS B02178 0016 10/99 CONOCO INC & FINA	P 40.00 CS B02178 0016 10/99 CONOCO INC & FINA

PF01 HELP  
PF07 BKWDPF02  
PF08 FWDPF03 EXIT  
PF09 PRINTPF04 GoTo  
PF10 SDIVPF05  
PF11PF06  
PF12