

ABOVE THIS LINE FOR DIVISION USE ONLY

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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]

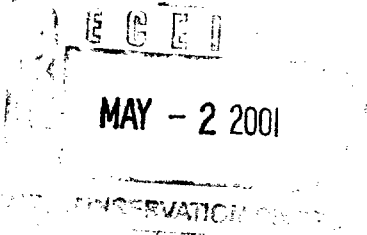
[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [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
- [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.

Signature: James Bruce

Title: Attorney for Applicant

Date: 4/30/01

Print or Type Name

Signature

Title

Date

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA
HYDE PARK ESTATES
SANTA FE, NEW MEXICO 87501

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

April 30, 2001

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. ("Chi") applies for administrative approval of an unorthodox oil well location for the following well:

Munchkin Fed. Well No. 5
1200 feet FSL & 2150 feet FEL
SW $\frac{1}{4}$ SE $\frac{1}{4}$ of §1, Township 19 South, Range 30 East, NMPM
Eddy County, New Mexico

A Form C-102 for the well is being prepared, and will be submitted later. The well will be drilled to test the Delaware formation (Undesignated Benson-Delaware Pool).¹ Well spacing is 40 acres, with wells to be located no closer than 330 feet to a quarter-quarter section line.

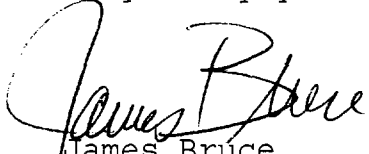
The location is based on topographic reasons. Attached as Exhibit A is a topographic map of the area. The Bureau of Land Management has required Chi to move the well to the proposed location due to arroyos/drainage patterns at orthodox locations in the well unit.

A land plat is attached as Exhibit B. The N $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 1 is covered by Federal Lease LC 063613, and the S $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 1 is covered by Federal Lease NM 0560353. Lease NM 0560353 was segregated from Lease LC 063613, and royalty and overriding royalty ownership is common in both leases. Also, working interest ownership in the Delaware formation in the well unit and in the

¹The Benson-Delaware Pool is a new pool being created under a nomenclature case to be heard on May 3rd.

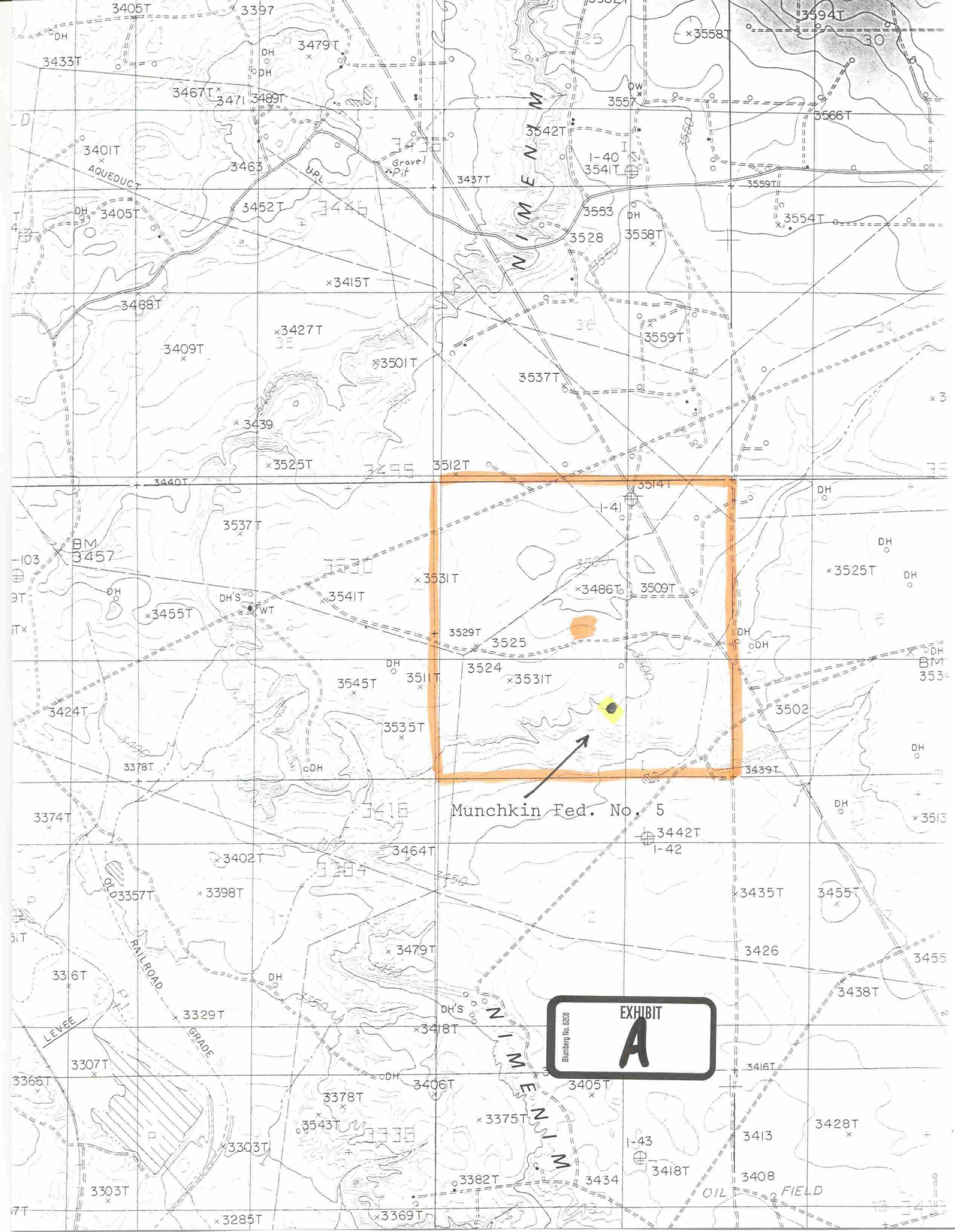
offsetting well unit (NW $\frac{1}{4}$ SE $\frac{1}{4}$) is the same. Thus, notice of this application has not been given to any offset owner.

Very truly yours,



James Bruce

Attorney for Chi Energy, Inc.



Munchkin Fed. No. 5

Blumberg No. 2208
EXHIBIT
A

13 14 15

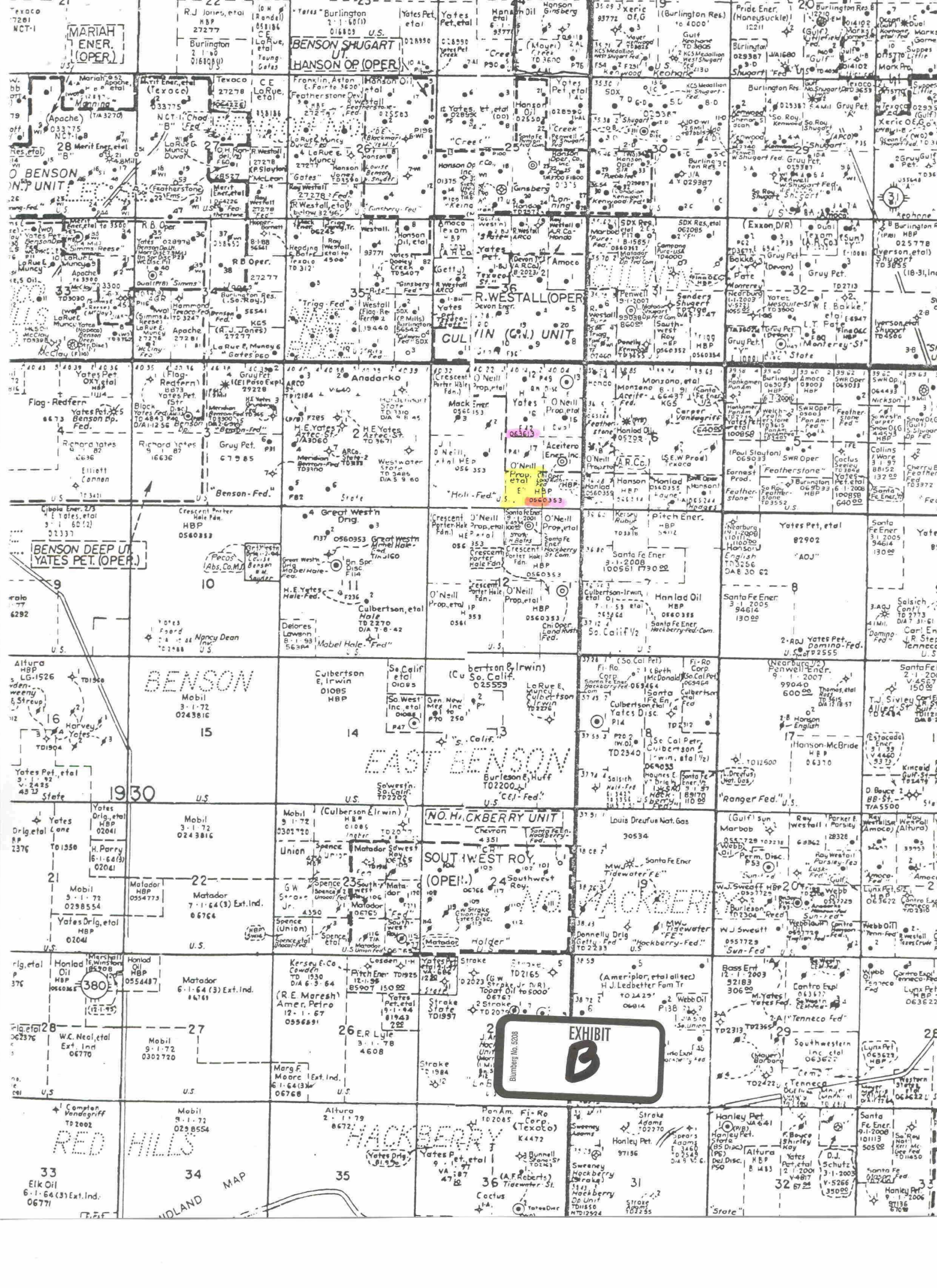


EXHIBIT
B
Burlington No. 5208

Map containing various text labels for wells and fields, including:
- **MARIHA ENER. (OPER.)**
- **BENSON SHUGART UNIT**
- **BENSON DEEP UNIT**
- **EAST BENSON**
- **NO. H. HACKBERRY UNIT**
- **SOUTHWEST ROY (OPER.)**
- **RED HILLS**
- **HACKBERRY**
- **Yates Pet. et al.**
- **Hanson Oil**
- **Ginsberg**
- **Westall**
- **Gulfin**
- **Hankland**
- **Mariha**
- **Benson**
- **Shugart**
- **Deep**
- **East**
- **Southwest**
- **Red Hills**
- **Hackberry**
- **Yates**
- **Hanson**
- **Ginsberg**
- **Westall**
- **Gulfin**
- **Hankland**
- **Mariha**
- **Benson**
- **Shugart**
- **Deep**
- **East**
- **Southwest**
- **Red Hills**
- **Hackberry**

JAMES BRUCE
ATTORNEY AT LAW

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SANTA FE, NEW MEXICO 87501

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May 3, 2001

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

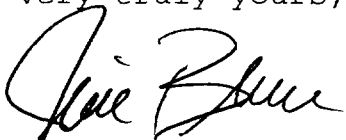
Re: Chi Energy, Inc. application for administrative approval
of an unorthodox oil well location:

Munchkin Fed. Well No. 5
1200 feet FSL & 2150 feet FEL
SW $\frac{1}{4}$ SE $\frac{1}{4}$ of §1, Township 19 South, Range 30 East, NMPM
Eddy County, New Mexico

Dear Mr. Stogner:

Enclosed is a Form C-102 for the above well.

Very truly yours,



James Bruce

Attorney for Chi Energy, Inc.

RECEIVED
MAY - 4 2001
CONSERVATION DIVISION

MINTEL
 1000 N. French Dr., Hobbs, NM 88240
MINTEL
 211 South Blvd., Arroyo, NM 88210
MINTEL
 1000 Old Spanish Rd., Aztec, NM 87410
MINTEL
 2000 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals & Natural Resources

Form C-102
 Revised March 17, 1999

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

* API Number		* Post Code		* Post Name	
* Property Code		* Property Name			* Well Number
* O&G No.		* Operator Name			* Elevation
		MURCHKIN FEDERAL			5
		CHI OPERATING INC.			3501.

10 Surface Location

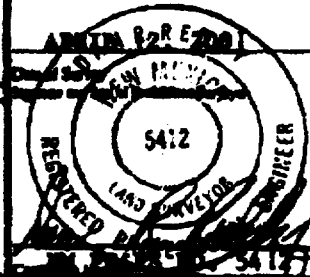
UL or lot no.	Section	Township	Range	Lot 1/4	Feet from the	North/South line	Feet from the	East/West line	County
0	1	19-S	30-E		1200	SOUTH	2150	EAST	EDDY

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot 1/4	Feet from the	North/South line	Feet from the	East/West line	County

* Easement Acres	* Job or well	* Commission 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

<p>16</p>	<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p>			
	<p>Signature _____</p> <p>Printed Name _____</p> <p>Title _____</p> <p>Day _____</p>			
	<p>18 SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was obtained 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.</p>			
				

ILLEGIBLE

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

06/12/01 07:57:18
OGOMES -TPWH
PAGE NO: 1

Sec : 01 Twp : 19S Rng : 30E Section Type : NORMAL

4 40.32 Federal owned	3 40.22 Federal owned U	2 40.14 Federal owned U A	1 40.04 Federal owned U A
E 40.00 Federal owned A	F 40.00 Federal owned A	G 40.00 Federal owned U A	H 40.00 Federal owned U A

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

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

06/12/01 07:57:22
OGOMES -TPWF
PAGE NO: 2

Sec : 01 Twp : 19S Rng : 30E Section Type : NORMAL

L 40.00 Federal owned A	K 40.00 Federal owned A A	J 40.00 Federal owned U A	I 40.00 Federal owned U C A
M 40.00 Federal owned A	N 40.00 Federal owned A	O 40.00 Federal owned	P 40.00 Federal owned

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

