

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:

	[DHC-Down [PC-Po	ndard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedic nhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commin ool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measuremen [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion] [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase] lified Enhanced Oil Recovery Certification] [PPR-Positive Production Respo	gling] t]
[1]	TYPE OF AF [A]	PLICATION - Check Those Which Apply for [A] Location - Spacing Unit - Simultaneous Dedication [] NSL [] NSP [] SD	2005 JUN 27
	Check [B]	Cone Only for [B] or [C] Commingling - Storage - Measurement DHC CTB PLC PC OLS OLM	1 27 PM
	[C]	Injection - Disposal - Pressure Increase - Enhanced Oil Recovery WFX PMX SWD IPI EOR PPR	n 1 48
	[D]	Other: Specify	8
[2]	NOTIFICAT [A]	ION REQUIRED TO: - Check Those Which Apply, o Does Not Apply 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]		CURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS ATION INDICATED ABOVE.	5 THE TYPE

[4] **CERTIFICATION:** I hereby sertify 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 action are submitted to the Distribution.

application until the requ	ired information and notifications ar	re submitted to the Division.	
Note: S	tatement must be completed by an individ	lual with managerial and/or supervisory capacity.	. []
James Bruce	1 any me	Attorney for Applicant	6/2/05
Print or Type Name	Signature	Title	Date
		jamesbruc@aol.com	
		e-mail Address	

JAMES BRUCE ATTORNEY AT LAW

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

(505) 982-2043 (Phone) (505) 660-6612 (Cell) (5050 982-2151 (Fax)

jamesbruc@aol.com

June 27, 2005

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 approval of an unorthodox oil well location for the following well:

Well name:	Munchkin Federal Well No. 9
Well location:	990 feet FNL & 300 feet FEL
Well unit:	NE ¹ / ₄ NE ¹ / ₄ of Section 11, Township 19 South, Range 30 East,
	N.M.P.M., Eddy County, New Mexico

The well will be drilled to a depth sufficient to test the Delaware formation (Undesignated Benson-Delaware Pool). The pool is spaced on statewide rules, with 40 acre spacing, and wells to be located no closer than 330 feet to a quarter-quarter section line.

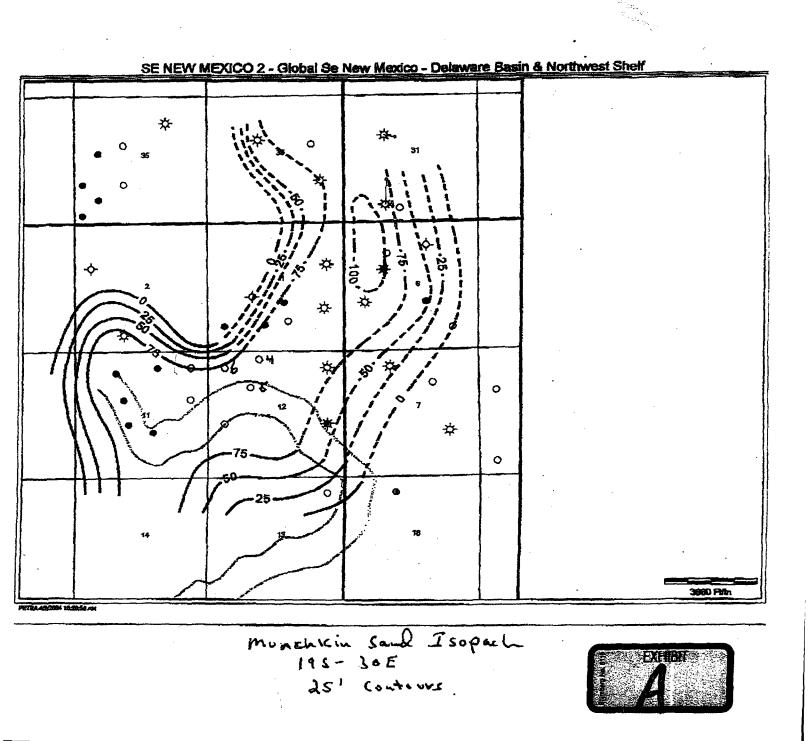
Applicant had intended to drill the well at an orthodox location. However, the NE¼ of Section 11 is in the oil-potash area, and the Bureau of Land Management requested that the well be moved slightly east from an orthodox location.

In addition, applicant desires to leave the well in the southern portion of the well unit for geographic reasons. Attached as Exhibit A is an isopach of the Delaware formation, which shows that the Delaware thins rapidly as you move north of the proposed location. In addition, within the constraints of locating wells in a potash area, applicant is trying to maintain approximately equal distances between its wells in Sections 11 and 12.

The E½NE¼ of Section 11, and the offsetting $W\frac{1}{2}NW\frac{1}{4}$ of Section 12, among other acreage, are subject to U.S. Oil and Gas Lease NM 0560353. See Exhibit B. This acreage has common ownership in the Delaware formation, so notice of this application has not been given to anyone.

Please contact me if you need any further information on this application.

Nery truly yours, Sler James Bruce Attorney for Chi Energy, Inc.



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