

6-27-05 DATE IN	SUSPENSE	STOGER ENGINEER	6-28-05 LOGGED IN	NSL TYPE	PSEM0517935761 APP NO.
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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:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [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 - Simultaneous Dedication

☒ NSL ☐ NSP ☐ 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

[D] Other: Specify _____

[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] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] **CERTIFICATION:** I hereby certify 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 notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

James Bruce
 Print or Type Name

Signature

Attorney for Applicant
 Title

Date

jamesbruc@aol.com
 e-mail Address

2005 JUN 27 PM 1 48

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

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

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 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:

<u>Well name:</u>	Munchkin Federal Well No. 9
<u>Well location:</u>	990 feet FNL & 300 feet FEL
<u>Well unit:</u>	NE $\frac{1}{4}$ NE $\frac{1}{4}$ 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.

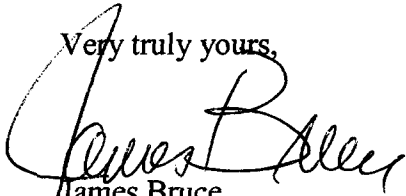
Applicant had intended to drill the well at an orthodox location. However, the NE $\frac{1}{4}$ of Section 11 is in the oil-potash area, and the Bureau of Land Management requested that the well be moved slightly east from an orthodox location.

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 E $\frac{1}{2}$ NE $\frac{1}{4}$ 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.

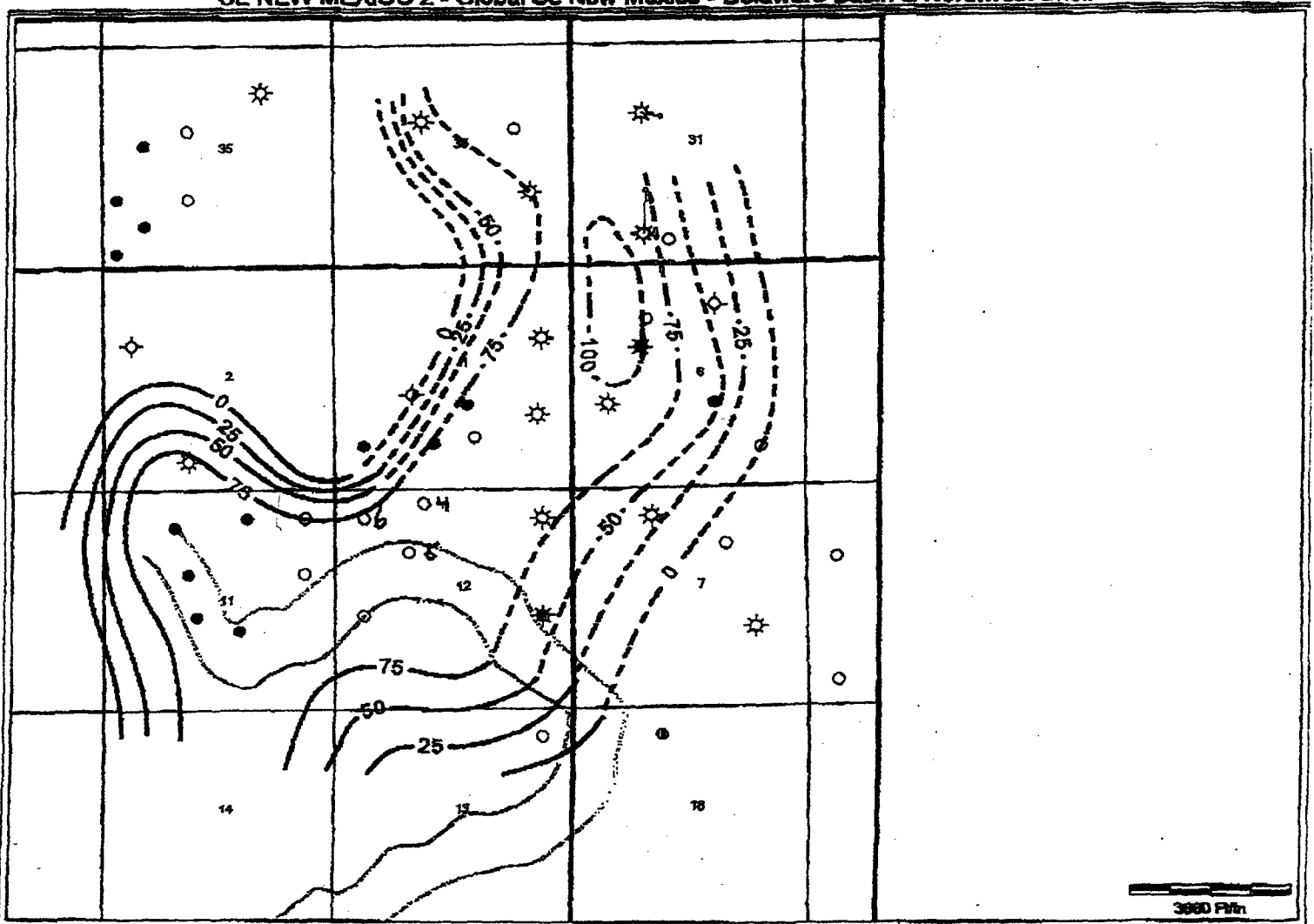
Very truly yours,



James Bruce

Attorney for Chi Energy, Inc.

SE NEW MEXICO 2 - Global Se New Mexico - Delaware Basin & Northwest Shelf



PETBA-42/2004 10/20/04 PM

Munciekin sand Isopach
195-30E
25' contours



COUNTY *Eddy*

POOL *Benson-Delaware*

TOWNSHIP *19 South*

RANGE *30 East*

NMPM

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

Description: *SW 1/4 Sec. 1 (R-11583, 5-7-01) Ext: SE 1/4 Sec. 1 (R-12002, 8-11-03)*