

A. R. KENDRICK

P.O. BOX 516 • AZTEC, NEW MEXICO 87410 • (505) 334-2555
SEP. 4 1992

OIL CONSERVATION DIVISION
RECEIVED

SEP 10 1992

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

Re: Application for Non-Standard Location
Evergreen Operating Corporation
Schalk 32 #2
560' FSL 1800' FWL Sec. 32 - T 31 N - R 4 W
Basin Fruitland Coal Gas Pool
Rio Arriba County, New Mexico

Gentlemen:

We, on behalf of Evergreen Operating Corporation, hereby make application for approval of the location of the Schalk 32 #2 well to be located 560' FSL 1800' FEL of Section 32 Township 31 North, Range 4 West, Basin Fruitland Coal Gas Pool, Rio Arriba County, New Mexico.

The reason for the non-standard location is because of topography and at the request of the U.S. Forest Service to avoid further damage to the environment and wildlife habitat.

We believe that directional drilling should not be required because a beam pump and rods may be required to lift water from the wellbore to sustain production.

The distances between wells is within the footage parameters required by Order R-8759.

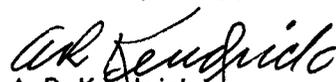
The attached exhibits show the situation at the location and surrounding area.

It is our belief that the information contained in this application is true and correct according to the information available to us.

All offset operators and lease owners are being notified by certified mail at this mailing. The Return Receipt Cards will be provided when they are returned.

If further information is needed, please contact us.

Yours very truly,


A. R. Kendrick

Enclosures

xc: Offset owners and interested parties as listed on Exhibit G

Exhibits for Application for Non-Standard Location

Evergreen Operating Corporation
Schalk 32 #2
560' FSL 1800' FWL Sec. 32 - T 31 N - R 4 W
Lease No. NM-23044
Basin Fruitland Coal Gas Pool
Rio Arriba County, New Mexico

The following exhibits are enclosed :

- EXHIBIT A Form C-102, Well Location and Acreage Dedication Plat, showing the location of the well with respect to the section lines, the dedicated acreage, and the proration unit.
- EXHIBIT B Copy of Topographic Map showing the location.
- EXHIBIT C Ownership and Offset Well Location Plat showing the location and ownership and offset wells.
- EXHIBIT D Location Windows Plat showing the "windows" for standard locations as provided by Order R-8768.
- EXHIBIT E Copy of Application for Permit to Drill.
- EXHIBIT F On-Site Inspection report showing the findings of the On-Site Inspection.
- EXHIBIT G List of names and addresses of offset owners and other interested parties.

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

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

*Standard
640 acre
Section*

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

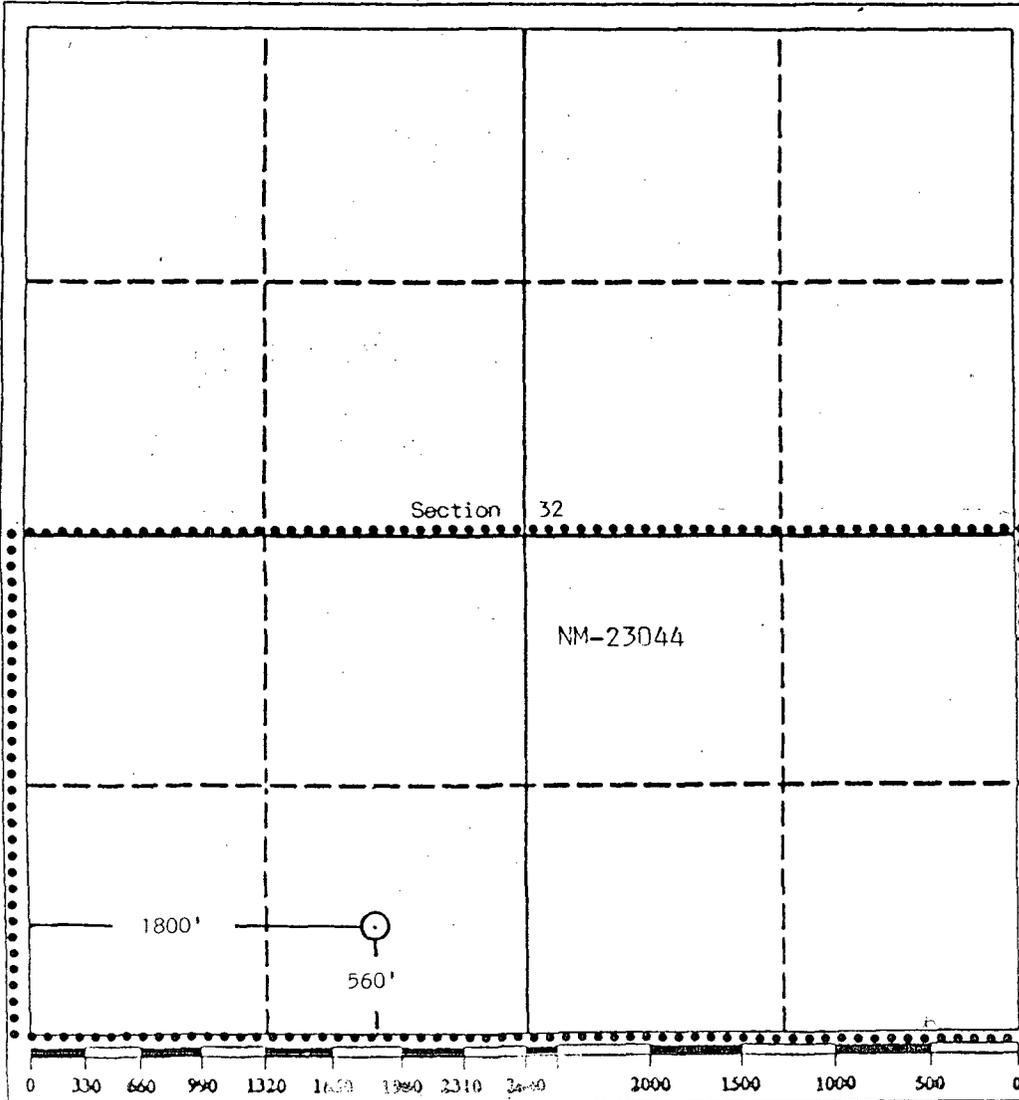
Operator Evergreen Operating Corporation		Lease Schalk 32		Well No. 2
Unit Letter N	Section 32	Township 31 North	Range 4 West	County Rio Arriba
Actual Footage Location of Well: 560 feet from the South line and 1800 feet from the West line				
Ground level Elev. 6940 Est.	Producing Formation Fruitland Coal	Pool Basin Fruitland Coal	Dedicated Acreage: 320 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?

Yes No If answer is "yes" type of consolidation _____

If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



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

Signature: *A. R. Kendrick*
Printed Name: A. R. Kendrick
Position: Agent
Company: Evergreen Operating Corp.
Date: September 4, 1992

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 knowledge and belief.

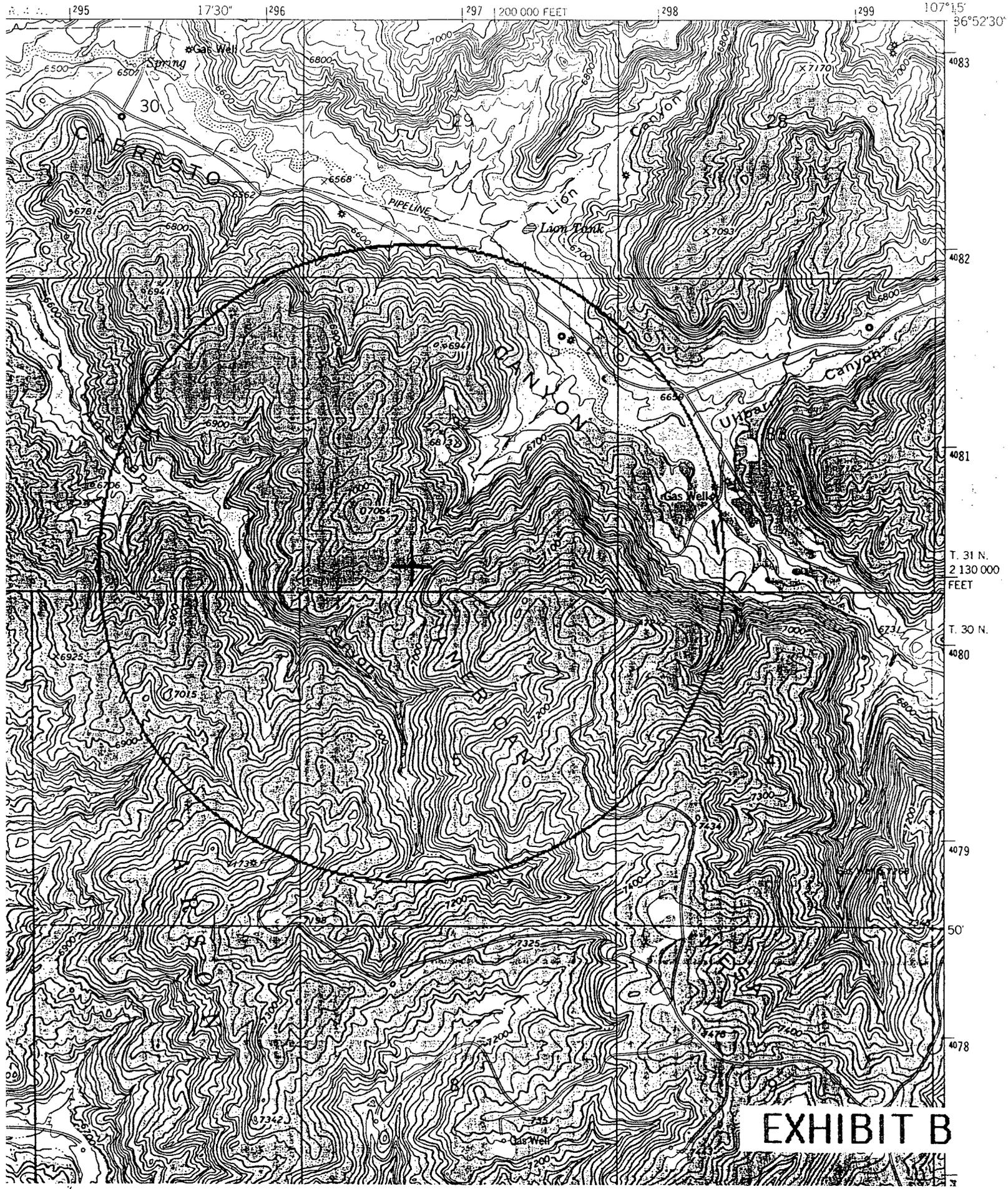
Date Surveyed: August 21, 1992

Signature & Seal of Professional Surveyor: *Edgar S. Risenburger*
Certificate No. 5979
Edgar S. Risenburger

FRUIT A

ESPINOSA RANCH QUADRANGLE
NEW MEXICO-RIO ARRIBA CO.
7.5 MINUTE SERIES (TOPOGRAPHIC)

(G.A.R.F.)



T. 31 N.
2 130 000
FEET

T. 30 N.
4080

4079

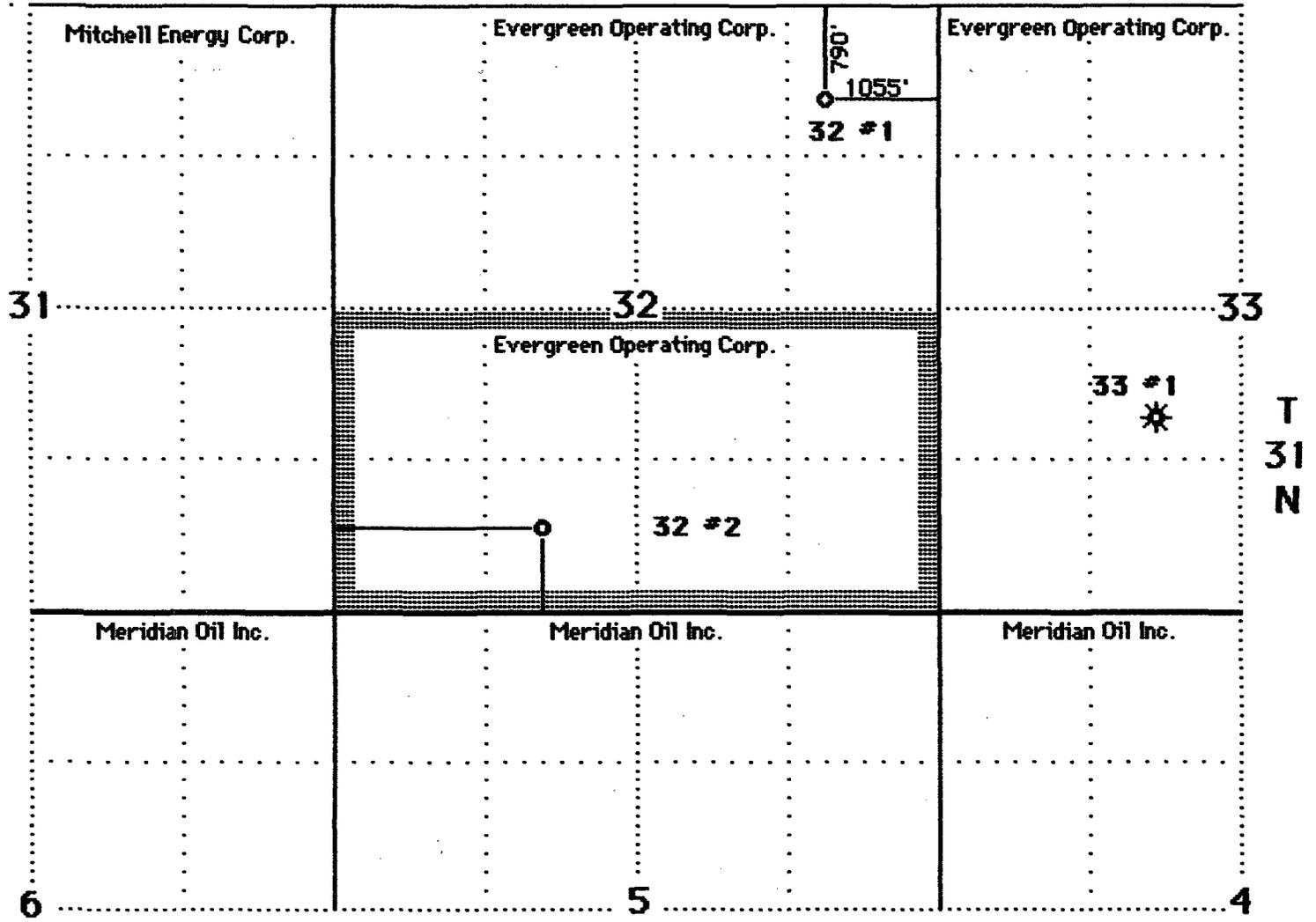
50'

4078

EXHIBIT B

**Offset Owners and Fruitland Coal Wells
Non-Standard Location Schalk 32 #2
560' FSL 1800' FWL, 32-31N-4W
Basin Fruitland Coal Gas Pool**

R 4 W



WINDOWS PLAT

Non-Standard Location For Schalk 32 #2
560' FSL 1800' FWL, N-32-31N-4W
Basin Fruitland Coal Gas Pool

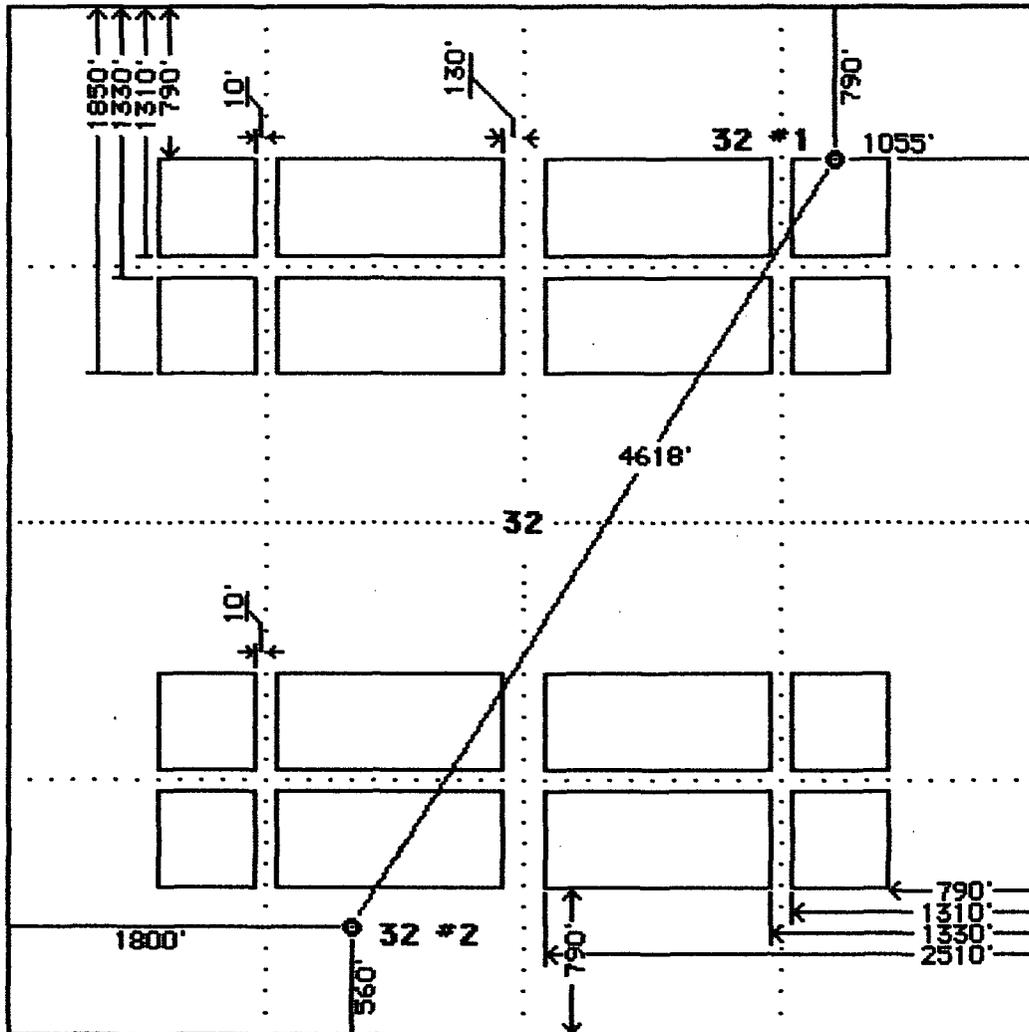


EXHIBIT D

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work <p style="text-align: center;">DRILL</p>	5. Lease Number <p style="text-align: center;">NM-23044</p>
1b Type of Well <p style="text-align: center;">GAS</p>	6. If Indian, Name of Tribe or Allottee
2. Operator <p style="text-align: center;">Evergreen Operating Corporation</p>	7. Unit Agreement Name
3. Address & Phone No. of Operator <p style="text-align: center;">SA. R. KENDRICK BOX 516, AZTEC, NM 87410 (505) 334-2555</p>	8. Farm or Lease Name <p style="text-align: center;">SCHALK 32</p>
4. Location of Well <p style="text-align: center;">560' FSL 1800' FWL</p>	9. Well Number <p style="text-align: center;">2</p>
14. Distance in Miles from Nearest Town <p style="text-align: center;">12 Airline miles north of Gobernador, NM</p>	10. Field, Pool, or Wildcat <p style="text-align: center;">BASIN-FRUITLAND COAL GAS POOL</p>
15. Distance from Proposed Location To Nearest Property Line or Lease Line. <p style="text-align: center;">560'</p>	11. Section, Township, & Range, Meridian, or Block <p style="text-align: center;">N - 32 - 31N - 4W</p>
16. Acres in Lease <p style="text-align: center;">640 ACRES</p>	12. County <p style="text-align: center;">RIO ARRIBA</p>
17. Acres Assigned to Well <p style="text-align: center;">S-320</p>	13. State <p style="text-align: center;">NEW MEXICO</p>
18. Distance From Proposed Location To Nearest Well Dr., Compl., Or Applied For On Lease. <p style="text-align: center;">4618'</p>	19. Proposed Depth <p style="text-align: center;">4080'</p>
20. Rotary or Cable Tools <p style="text-align: center;">ROTARY</p>	21. Elevations (DF, RT, OR, Etc.) <p style="text-align: center;">6940' OR</p>
22. Approximate Date Work Will Start. <p style="text-align: center;">Fall, 1992</p>	23. Proposed Casing and Cementing Program:

Exhibits attached as follows:

- | | |
|---|--|
| "A" Location and Elevation Plat
"B" Vicinity Map - Access Roads
"C" Ten-Point Compliance Program
"D" Multi-Point Requirements for APD
"E" Blowout Preventer Schematic | "F" Location Profile
"G" Drill Rig Layout
"H" Completion Rig Layout
"I" Production Facility Schematic |
|---|--|

24. Signed *SA R Kendrick* Title _____ Agent _____ Date SEP. 4 1992

Permit No. _____ Approval Date _____

Approved By _____ Title _____ Date _____

EXHIBIT E

ON-SITE FIELD INSPECTION

Evergreen Operating Corporation

Schalk 32 #2

560' FSL 1800' FWL Sec. 32 - T 31 N - R 4 W

Lease No. NM-23044

Basin Fruitland Coal Gas Pool

Rio Arriba County, New Mexico

During our On-Site Inspection, we found the following to exist:

- The location is within the Carson National Forest.
- The terrain in the area is severe.
- The location was staked according to the instructions we received earlier from the US Forest Service with respect to avoiding unnecessary road construction, excessive cuts and fills, excessive timber removal, and other ecological damage.
- The location does not crowd any drill tract inside or outside of Section 32 according to the footage requirements in Order R-8768.
- The location is satisfactory to the Forest Service.

EXHIBIT F

**LIST OF OFFSET OWNERS AND
OTHER INTERESTED PARTIES**

**Evergreen Operating Corp.
Schalk 32 #2**

560' FSL 1800' FWL Sec. 32 - T 31 N - R 4 W
Lease No. NM-23044
Basin Fruitland Coal Gas Pool
Rio Arriba County, New Mexico

Amoco Production Company ●
P. O. Box 800
Denver, Colorado 80201

Meridian Oil, Inc. ●
P.O. Box 4289
Farmington, New Mexico 87499-4289

Mitchell Energy Corporation ●
2001 Timberlock Place
The Woodlands, Texas 77380

U. S. Forest Service ●
Jicarilla Ranger District
Gobernador Route
Blanco, New Mexico 87412

Bureau of Land Management
1235 La Plata Highway
Farmington, New Mexico 87401

Oil Conservation Division.
1000 Rio Brazos Road
Aztec, New Mexico 87410

● Notified by certified mail Return Receipt.

EXHIBIT G