



# New Mexico Energy, Minerals and Natural Resources Department

**Bill Richardson**

Governor

**Jim Noel**

Cabinet Secretary

**Karen W. Garcia**

Deputy Cabinet Secretary

**Mark Fesmire**

Division Director

**Oil Conservation Division**



August 24, 2010

Mr. James Bruce  
P.O. Box 1056  
Santa Fe, NM 87504

**Administrative Order NSL-6247**

**Re: Chi Operating, Inc.  
Wizard Federal Well No. 4  
API No. 30-015  
1500 feet FSL & 2200 feet FEL  
Unit J, Section 1-19S-30E  
Eddy County, New Mexico**

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW10-23548652**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of **Chi Operating, Inc.** [OGRID 4378] (Chi), on August 23, 2010, and

(b) the Division's records pertinent to this request.

Chi has requested to drill the above-referenced well at an unorthodox oil well location, described above in the caption of this letter. The NW/4 SE/4 of Section 1 will be dedicated to this well in order to form a standard 40-acre spacing unit in the Benson-Delaware Pool (97083). This pool is governed by statewide Rule 15.9.A, which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is less than 330 feet from the southern unit boundary.

Your application on behalf of Chi has been duly filed under the provisions of Division Rules 15.13 and 4.12.A(2).

It is our understanding that Chi is seeking this location to comply with United States Bureau of Land Management potash protection requirements.

Oil Conservation Division  
1220 South St. Francis Drive • Santa Fe, New Mexico 87505  
Phone (505) 476-3440 • Fax (505) 476-3462 • [www.emnrd.state.nm.us/OCD](http://www.emnrd.state.nm.us/OCD)



It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common working interest ownership.

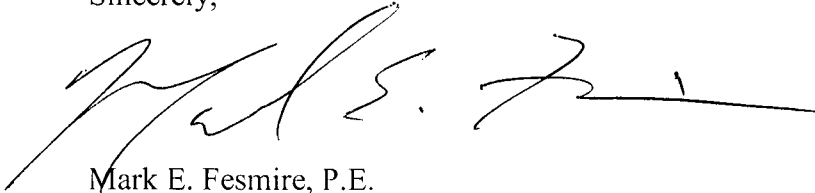
Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9.

This approval is FURTHER SUBJECT TO THE FOLLOWING CONDITION: PRODUCTION FROM THIS WELL SHALL NOT BE AUTHORIZED UNTIL ALL WELLS IN THE BENSON DELAWARE UNIT HAVE BEEN PROPERLY PERMITTED BY THE DIVISION.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire', followed by a horizontal line.

Mark E. Fesmire, P.E.  
Acting Director

MEF/db

cc: New Mexico Oil Conservation Division - Artesia  
United States Bureau of Land Management