

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



Chi-Op.
MunchkinFed #22

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]

Eddy

Case 14524

R-13262

[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 *future injection well*

2010 JUN 25 P 3: 21
 RECEIVED OGD

[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
 P.O. Box 1056
 Santa Fe, New Mexico 87504

Signature

Title

Date

e-mail Address

James Bruce _____ *Attorney* _____ *6/28/10* _____
JamesBruce@psd.com _____

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 25, 2010

Mark E. Fesmire, P.E.
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Case 14524

Dear Mr. Fesmire:

Pursuant to Division Rule NMAC 19.15.15.13, Chi Operating, Inc. applies for approval of an unorthodox oil well location for the following well:

<u>Well name:</u>	Munchkin Fed. Well No. 22
<u>Surface location:</u>	750 feet FNL & 1805 feet FWL
<u>Bottom hole location:</u>	750 feet FNL & 2620 feet FWL
<u>Well unit:</u>	NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 12, Township 19 South, Range 30 East, N.M.P.M., Eddy County, New Mexico

The well will be drilled to the Delaware formation (Benson-Delaware Pool). Under the Division's statewide rules, spacing in the Delaware formation is 40 acres, with wells to be at least 330 feet from a quarter-quarter section line. A Form C-102 is attached as **Exhibit A**.

The well is in the potash area, and the BLM severely restricts well locations in that area. Please note that this well is in the Benson Delaware Unit, recently approved by the Division by Order No. R-13262. **Exhibit B**. The well may initially be a producer, but will ultimately be an injection well. The well's location was selected for its location as an injector.

The offsetting NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 12 is covered by State Lease V-6639. **Exhibit C**. Notice has been given to the owner of the offsetting lease. **Exhibit D**.

Please call me if you have any questions concerning this application.

Very truly yours,



James Bruce

Attorney for Chi Operating, Inc.

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III
1000 RIO BRAZOS RD., AZTEC, NM 87410

DISTRICT IV
1900 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1900 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name MUNCHKIN FEDERAL UNIT	Well Number 22W
OGRID No.	Operator Name CHI OPERATING	Elevation 3454'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	12	19-S	30-E		750	NORTH	1805	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	12	19-S	30-E		750	NORTH	2620	WEST	EDDY

Dedicated Acres	Joint or Infill	Consolidation 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

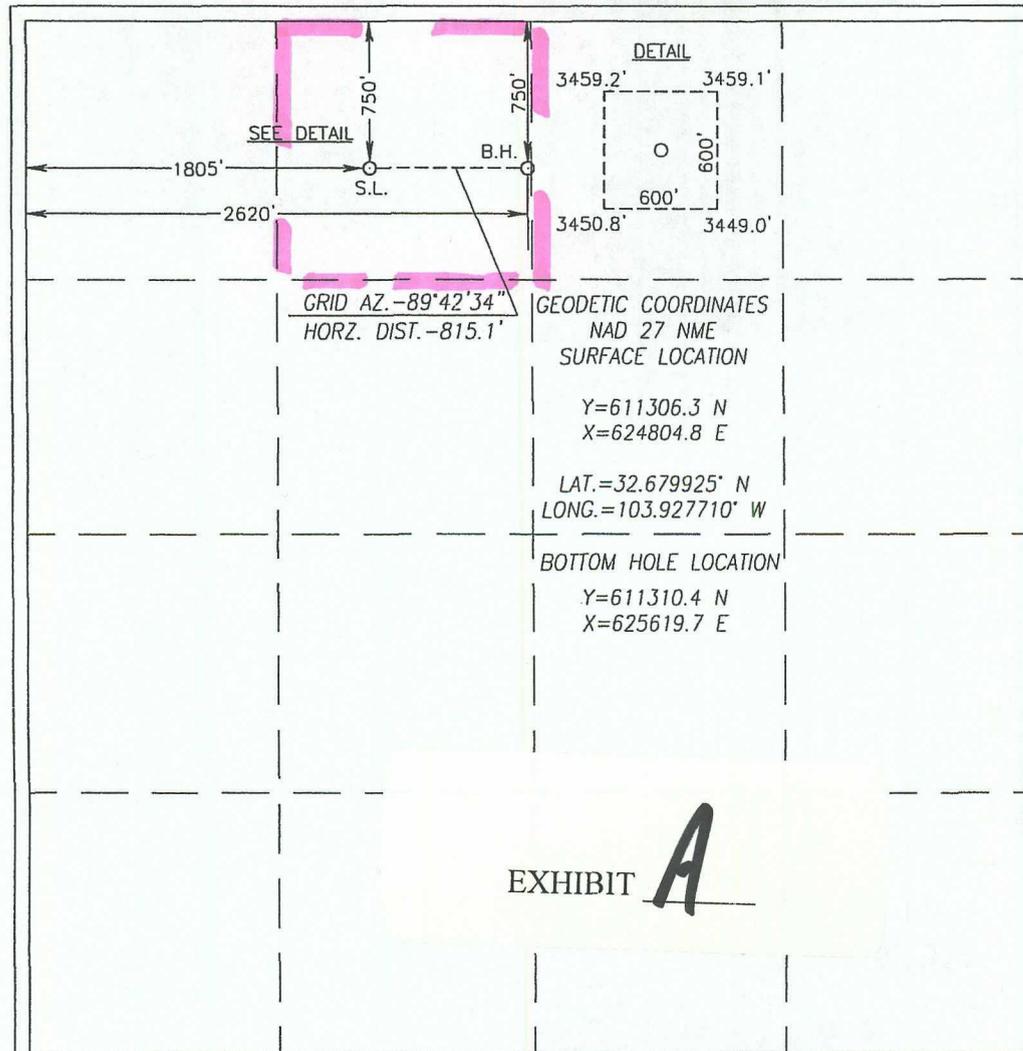


EXHIBIT **A**

OPERATOR CERTIFICATION

I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____

Printed Name _____

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 belief.

Date Surveyed _____ LA

Signature & Seal of Professional Surveyor

Ronald J. Eidson 06/17/2010
10.13.0871

Certificate No. GARY G. EIDSON 12641
RONALD J. EIDSON 3239

IT IS FURTHER ORDERED THAT:

(9) Chi Operating, Inc. (Operator) is hereby authorized to institute secondary recovery operations within the Unit Area initially by the injection of water into the Unitized Formation of the Benson-Delaware Pool, in the interval from 4470 to 5200 feet below the surface, through the following nine wells to be located in Township 19 South, Range 30 East, NMPM, in Eddy County, New Mexico:

<u>Well Name</u>	<u>Surface Location</u>	<u>Bottom Hole Location</u>
Munchkin #22W	900 FNL & 1980 FWL, C-12	930 FNL & 2620 FWL, C-12 ✓
Munchkin #21W		1050 FNL & 1150 FWL D-12
Munchkin #20W	1400 FNL & 400 FWL, D-12	1350 FNL & 20 FWL, D-12
Munchkin #19W	2300 FNL & 400 FEL, B-11	1300 FNL & 1000 FEL, A-11
Munchkin #18W		1500 FSL & 2200 FEL, J-1
Munchkin #17W		1700 FSL & 1500 FWL, K-1
Munchkin #16W		300 FSL & 1650 FEL, O-1
Munchkin #15W		300 FSL & 1550FWL, N-1
Munchkin #14W	330 FNL & 500 FWL, D-12	330 FNL & 330 FWL, D-12

(10) No fresh water shall be used as make-up water or otherwise injected pursuant to the injection authorization herein provided.

(11) Operator shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface from injection, production, or plugged and abandoned wells.

(12) Injection into each of the wells identified above shall be accomplished through 2 7/8 inch plastic lined or fiberglass lined tubing installed in a packer located within 100 feet of the uppermost injection perforations or casing shoe. The casing-tubing annulus shall be filled with an inert fluid, and a gauge or approved leak-detection device shall be attached to the annulus in order to determine leakage in the casing, tubing, or packer.

(13) The injection wells or pressurization system shall be equipped with a pressure control device or acceptable substitute that will limit the surface injection pressure to no more than 860 pounds per square inch.

(14) The Division Director may administratively authorize a pressure limitation in excess of the above upon a showing by the operator that such higher pressure will not result in the fracturing of the injection formation or confining strata.

(15) The Division Director may administratively authorize additional injection wells within the Unit Area as provided in Division Rule 19.15.26.8.A NMAC.

EXHIBIT **B**

1 Record found.

Lease Number:

V0-6639-0000

Company name: FEATHERSTONE DEVELOPMENT CORPORATION
 Company ID: 123330
 Assigned from: N/A
 Total acres: 40.00
 Prod stat: N/A

Lease term:

Lease term: FIVE(5) YEAR TERM, 1/6th ROYALTY
 Issue date: 6/1/2002
 Termination date: Active
 Termination reason: N/A
 Current term: Extended Primary Term

Billing information:

Bill to: FEATHERSTONE DEVELOPMENT CORPORATION
 Rent per acre: 1.00
 Billing frequency: Annual
 Minimum annual rent: 40.00
 Last bill date: 5/6/2010
 Next bill date: 6/1/2011
 Escalation: 0

Land information:

Section	Township	Range	Unit Letter	Lot	Tract	Acreage
12	19S	30E	B			40.00

EXHIBIT C

STATE LAND OFFICE DATA ACCESS[Home](#)[Select a different page.....](#)[Go Tech](#)[NM State Land
Office](#)

lessee details

FEATHERSTONE DEVELOPMENT CORPORATION

[\[List Active Leases\]](#) - [\[List All Leases\]](#)

OGRID: 123330
Issuing Agency: SLO
Effective Date: 10/18/1994
Last Modified: 8/15/2008

Address:

PO BOX 429
ROSWELL, NM U.S.A.
88202

Phone: 505-623-2432
Fax: 505-625-2620

Units:

[Printer Friendly](#)[Download](#)[Give Feedback](#)

If you have any questions about the data or this site please contact Joe Mraz (jmraz@slo.state.nm.us) of the State Land Office.

Site maintained by the PRRC, webmaster gotech_prcc@yahoo.com

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 25, 2010

Certified Mail - Return Receipt Requested

Featherstone Development Corporation
P.O. Box 429
Roswell, New Mexico 88202

Ladies and gentlemen:

Chi Operating, Inc. has filed an application with the New Mexico Oil Conservation Division seeking an unorthodox well location in the Delaware formation in the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 12, Township 19 South, Range 30 East, N.M.P.M., Eddy County, New Mexico. A copy of the application is enclosed. You offset the well. If you object to the application, you must notify the Division in writing no later than 20 days from the date of this letter (the Division's address is 1220 South St. Francis Drive, Santa Fe, New Mexico 87505). Failure to object will preclude you from contesting this matter at a later date.

Very truly yours,


James Bruce

Attorney for Chi Operating, Inc.

EXHIBIT D