

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

2004 AUG 20 PM 3 03

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

August 20, 2004

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 administrative approval of an unorthodox gas well location for the following well:

| | |
|------------|--|
| Well: | Otis 33, Well No. 2 |
| Location: | 990 feet FNL & 2310 feet FWL |
| Well Unit: | N½ of Section 33, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico |

Attached as Exhibit A is the original Form C-102 for the well. It was drilled in 1984 to an approximate depth of 12070 feet, to test the Morrow formation (South Carlsbad-Morrow Gas Pool). See Exhibit B. The well produced from the Morrow, and later from the Strawn formation (see Exhibit C). The well's location was orthodox at the time it was drilled.

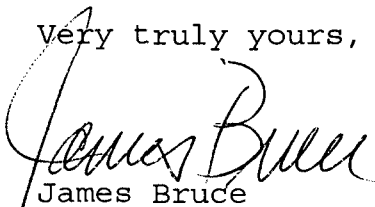
The well will be re-entered to test the Wolfcamp formation (Undesignated Cass Draw-Wolfcamp Gas Pool) at an approximate depth of 9000 feet. In addition, applicant may re-test the Morrow formation. Well spacing in both formations is 320 acres, with wells to be located no closer than 660 feet to a quarter section line nor closer than 10 feet to a quarter-quarter section line.

The location is based on economics. Re-entering and deepening the well will be substantially less costly than drilling a new well.

A land plat is attached as Exhibit D. The unorthodox location is internal to the well unit, and thus there are no adversely affected interest offset owners to notify of the application.

Please contact me if you need any further information.

Very truly yours,

A handwritten signature in cursive script, appearing to read "James Bruce". The signature is written in dark ink and is positioned above the printed name.

James Bruce

Attorney for Chi Energy, Inc.

**NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT**

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

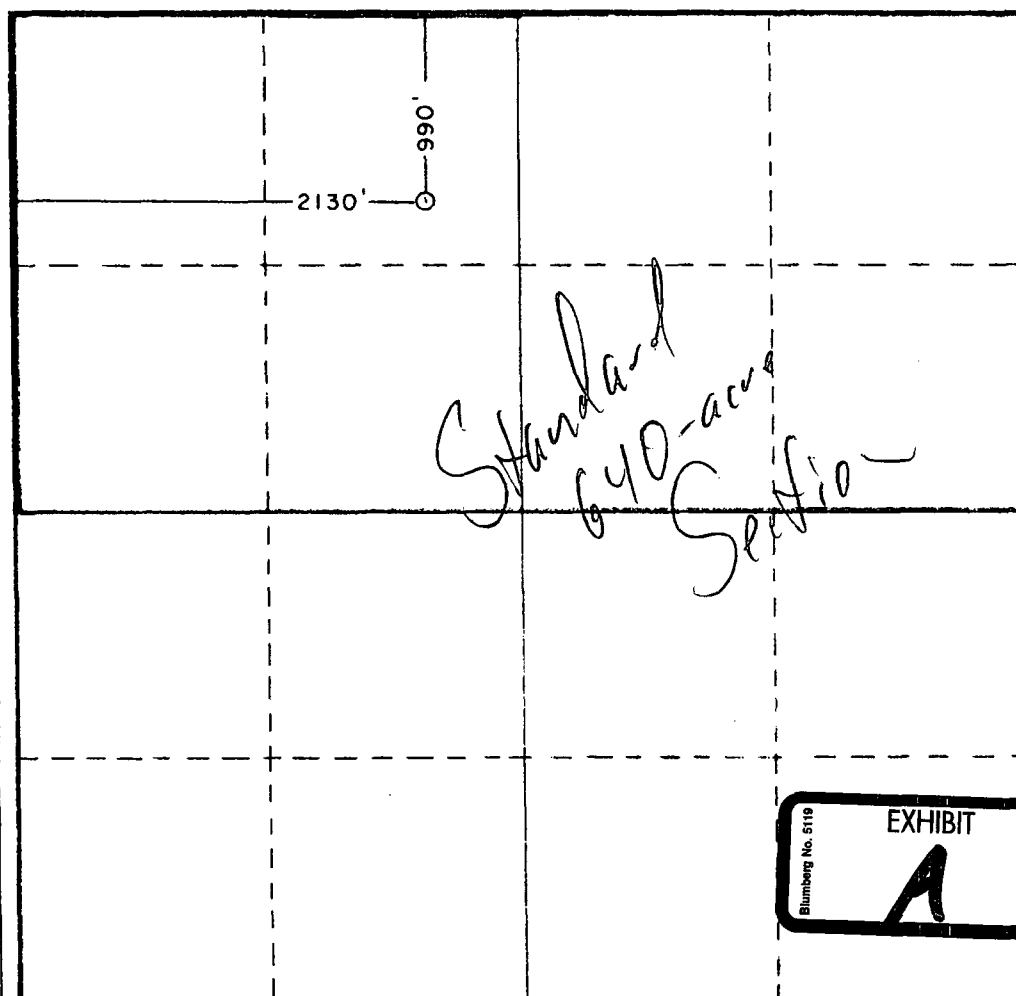
| | | | | | |
|---|--------------------------------------|-----------------------------|---|-----------------------|--|
| Operator READ & STEVENS, INC. | | | Lease Otis 33 | | Well No. 2 |
| Unit Letter C | Section 33 | Township 22 South | Range 27 East | County Eddy | |
| Actual Footage Location of Well: 990 feet from the North line and 2130 feet from the West line | | | | | |
| Ground Level Elev. 3135.6 | Producing Formation Morrow | | Locality Und. South Carlsbad Morrow | | Dedicated Acreage: 320 Acres |

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

☒ Yes ☐ No If answer is "yes," type of consolidation Fee acreage

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 interests, has been approved by the Commission.



CERTIFICATION

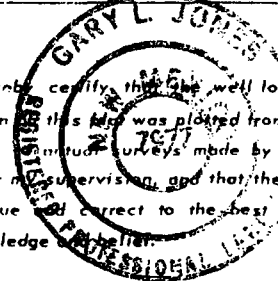
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Debra Butcher

Name
Debra Butcher
Position
Authorized Agent
Company
Read & Stevens, Inc.

Date
March 22, 1984

I hereby certify that the well location shown on this plat was plotted from field notes and/or 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
March 9, 1984
Registered Professional Engineer and/or Land Surveyor

Gary L. Jones
Certificate No. **8119**



ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION

P.O. BOX 2088

SANTA FE, NEW MEXICO 87501

Form C-105

Revised 10-1-78

| | |
|------------------------|-------------------------------------|
| NO. OF COPIES RECEIVED | |
| SANTA FE | <input checked="" type="checkbox"/> |
| FILE | <input checked="" type="checkbox"/> |
| U.S.G.S. | <input checked="" type="checkbox"/> |
| LAND OFFICE | <input checked="" type="checkbox"/> |
| OPERATOR | <input checked="" type="checkbox"/> |

WELL COMPLETION OR RECOMPLETION REPORT AND LOG
ARTESIA, OFFICE5a. Indicate Type of Lease
State ☐ Fee ☐

5. State Oil & Gas Lease

XXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXX

7. Unit Agreement Name

8. Farm or Lease Name

Otis "33"

9. Well No.

2

10. Field and Pool, or Well

and South Carlsbad Morro

XXXXXXXXXXXXXXXXXXXX

XXXXXXXXXXXXXXXXXXXX

XXXXXXXXXXXXXXXXXXXX

12. County

Eddy

15. Date Spudded

3-29-84

16. Date T.D. Reached

5-7-84

17. Date Comp. (Ready to Prod.)

7-31-84

18. Elevations (DF, RKB, RT, GR, etc.)

-3107' GL 2125.6'

19. Elev. Casin

-

20. Total Depth

12,070'

21. Plug Back T.D.

11,870'

22. If Multiple Compl., How Many

-

23. Intervals

Rotary Tools

Cable Tools

Drilled By

0'-12,070'

24. Producing Interval(s), of this completion-Top, Bottom, Name

11,664'-11,680', 11,761'-11,766'

Morrow

25. Was Directional S

Made

No

26. Type Electric and Other Logs Run

DLL, MLL, GR, CNL, FDC, SONIC

27. Was Well Cored

No

28. CASING RECORD (Report all strings set in well)

CASING SIZE

WEIGHT LB./FT.

DEPTH SET

HOLE SIZE

CEMENTING RECORD

AMOUNT PULLED

13 3/8"

54.5#

443'

17 1/2"

475sx

Circ. 136sx

9 5/8"

40#

5480'

12 1/4"

1900sx

Circ. 300sx

5 1/2"

17# & 20#

12052'

7 7/8"

2400sx

None

29. LINER RECORD

30. TUBING RECORD

SIZE

TOP

BOTTOM

SACKS CEMENT

SCREEN

SIZE

DEPTH SET

PACKER SE

2 7/8"

9301.36'

11830.2'

2 7/8"

11625.77'

11610.1'

31. Perforation Record (Interval, size and number)

11934'-11951', 17', 2 shots/'

11761'-11766', 5', 4 shots/'

11664'-11680', 16', 4 shots/'

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL

AMOUNT AND KIND MATERIAL USE

11934'-11951'

Acidize w/4000gals 7 1/2% Morc

acid w/1000 SCFN₂ w/4 ball sea

11664'-11766'

Acidize w/4000gals 7 1/2% Morc

acid w/60 ball sealers

33. PRODUCTION

Date First Production

Production Method (Flowing, gas lift, pumping-Size and type pump)

Well Status (Prod. or Shu)

7-28-84

Flowing

SI WOPL

Date of Test

Hours Tested

Choke Size

Prod'n For

Oil-Bbl.

Gas-MCF

Water-Bbl.

Gas-Oil R

7-31-84

4

5/64"-10/64"

Test Period

-

CAOF 3870

-

-

Flow Tubing Press.

Casing Pressure

Calculated 24-

Oil-Bbl.

Gas-MCF

Water-Bbl.

Oil Gravity-API (Corr.)

3645psi-2740psi

-

Hour Rate

-

CAOF 3870

-

-

34. Disposition of Gas (Sold, used for fuel, vented, etc.)

SI WOPLC

Test Witnessed By

Daryl Lowder

Post ID

11-16-8

Pump #1

35. List of Attachments

Logs, Deviation Survey

36. I hereby certify that the information shown on both

knowledge and belief

true and complete to the best of my

SIGNED

TITLE Drilling & Production Manager

DATE 5-11

INSTRUCTIONS

This form is to be filed with the appropriate District Office of the Commission not later than 20 days after the completion of any newly-drilled or deepened well. It shall be accompanied by one copy of all electrical and radio-active logs run on the well and a summary of all special tests conducted, including drill stem tests. All depths reported shall be measured depths. In the case of directionally drilled wells, true vertical depths shall also be reported. Multiple completions. Items 30 through 34 shall be reported for each zone. The form is to be filed in quintuplicate except on state land, where six copies are required. See Rule 1105.

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

Southeastern New Mexico

Northwestern New Mexico

| | | | |
|-------------------|------------------|-----------------------|-------------------|
| T. Anhy | T. Canyon 9640' | T. Ojo Alamo | T. Penn. "B" |
| T. Salt | T. Strawn 10279 | T. Kirtland-Fruitland | T. Penn. "C" |
| B. Salt | T. Atoka 10760 | T. Pictured Cliffs | T. Penn. "D" |
| T. Yates | T. Miss | T. Cliff House | T. Leadville |
| T. 7 Rivers | T. Devonian | T. Menefee | T. Madison |
| T. Queen | T. Silurian | T. Point Lookout | T. Elbert |
| T. Grayburg | T. Montoya | T. Mancos | T. McCracken |
| T. San Andres | T. Simpson | T. Gallup | T. Ignacio Qtzite |
| T. Glorieta | T. McKee | Base Greenhorn | T. Granite |
| T. Paddock | T. Ellenburger | T. Dakota | T. |
| T. Blinbry | T. Gr. Wash | T. Morrison | T. |
| T. Tubb | T. Granite | T. Todilto | T. |
| T. Drinkard | T. Delaware Sand | T. Entrada | T. |
| T. Abo | T. Bone Springs | T. Wingate | T. |
| T. Wolfcamp 8818' | T. | T. Chinle | T. |
| T. Penn. | T. | T. Permian | T. |
| T. Cisco (BoughC) | T. | T. Penn "A" | T. |

OIL OR GAS SAND OR ZONES

No. 1, from to No. 4, from to
No. 2, from to No. 5, from to
No. 3, from to No. 6, from to

IMPORTANT WATER SANDS

Include data on rate of water inflow and elevation to which water rose in hole.

No. 1, from to feet.

No. 2, from to feet.

No. 3, from to feet.

No. 4, from to feet.

FORMATION RECORD (Attach additional sheets if necessary)

| From | To | Thickness In Feet | Formation | From | To | Thickness In Feet | Formation |
|------|----|----------------------|-----------|------|----|----------------------|-----------|
| | | | | | | | |

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

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 Read & Stevens, Inc. | | | Lease Otis 33 | | Well No. 2 |
| Unit Letter C | Section 33 | Township 22 South | Range 27 East | County Eddy | |
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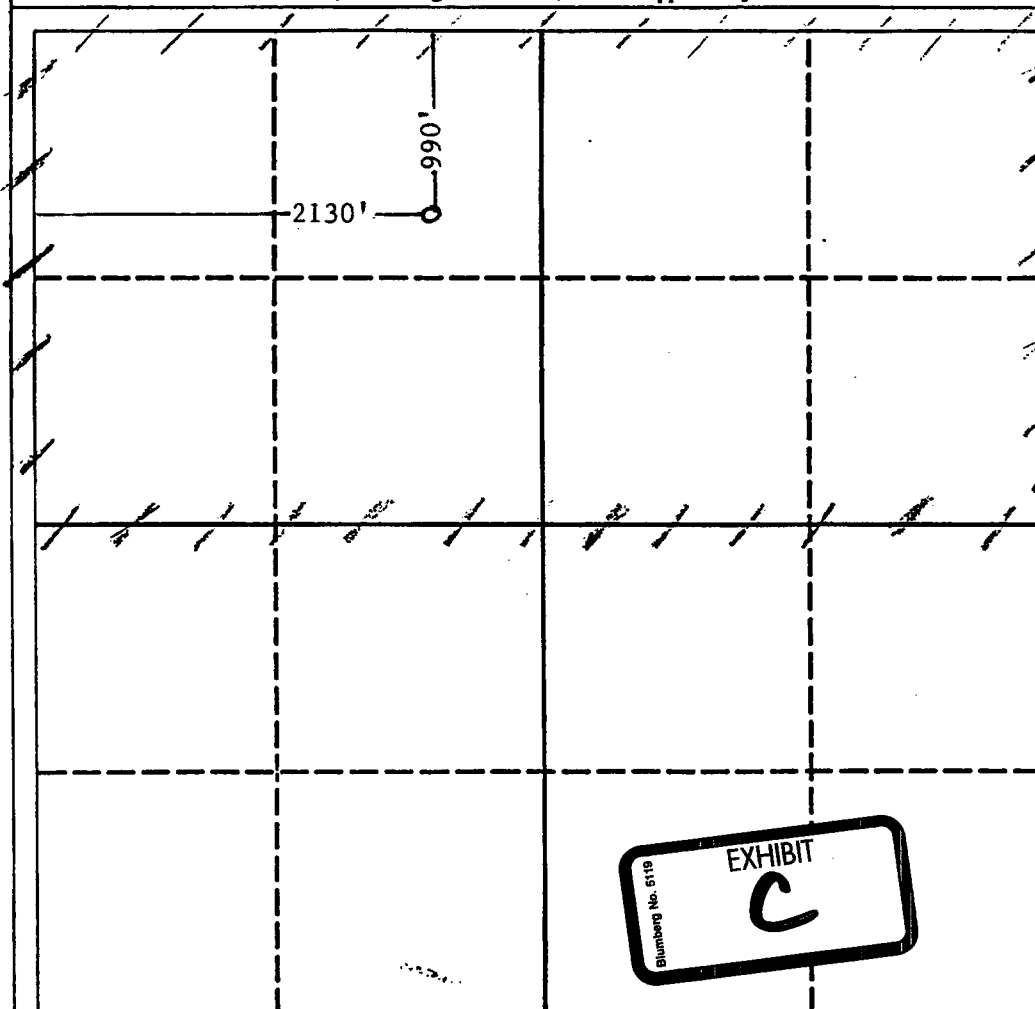
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No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

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

Signature

Printed Name

John C. Maxey, Jr.

Position

Engineer

Company

Read & Stevens, Inc.

Date

December 16, 1992

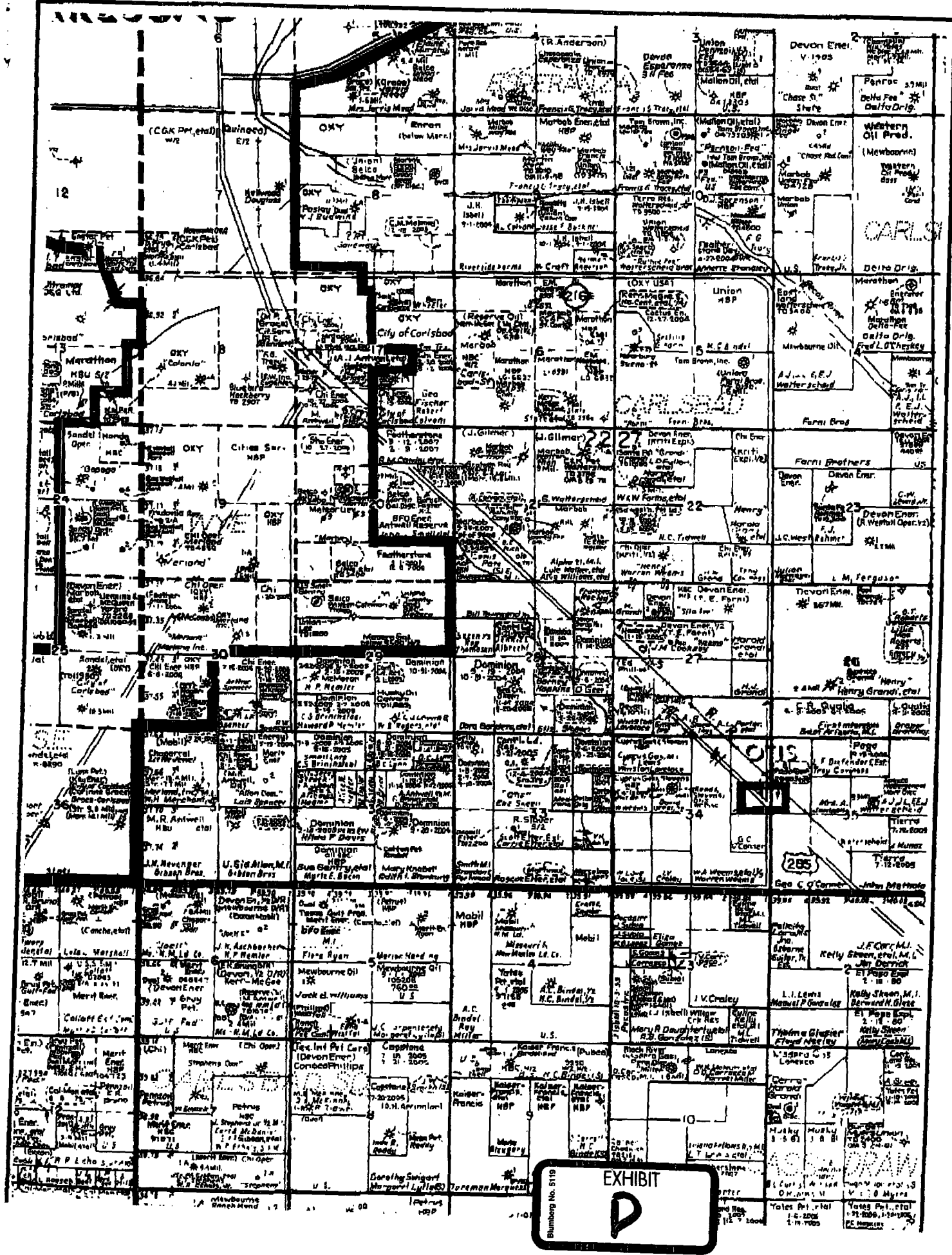
SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes or 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

Signature & Seal of Professional Surveyor

Certificate No.



Stogner, Michael

From: JamesBruc@aol.com
Sent: Tuesday, August 24, 2004 6:55 AM
To: mstogner@state.nm.us
Subject: Chi Energy/NSL application/Otis 33/§33-22S-27E

Mike: In the body of the application I asked for a location 2310 feet FWL. However, the C-102 attached to the application shows the location as 2130 feet FWL. My dyslexia is acting up again.

Jim

This email has been scanned by the MessageLabs Email Security System.
For more information please visit <http://www.messagelabs.com/email>

8/24/2004