

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

[NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]  
[DD-Directional Drilling] [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 - Directional Drilling  
☐ NSL ☒ NSP ☐ DD ☐ 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

[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] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

JAMES BRUCE  
P.O. BOX 1056  
SANTA FE, NM 87504

Note: Statement must be completed by an individual with supervisory capacity.

Print or Type Name

Signature

Title

Date

*James Bruce*

*Approval for*  
*Applicant*

*5/26/01*

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA  
HYDE PARK ESTATES  
SANTA FE, NEW MEXICO 87501

(505) 982-2043  
(505) 982-2151 (FAX)

May 1, 2001

**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.D.(2), Chi Energy, Inc. applies for administrative approval of a non-standard gas spacing and proration unit for the following well:

Dovetail State Com. Well No. 1  
SE $\frac{1}{4}$  of S9, Township 22 South, Range 26 East, NMPM  
Eddy County, New Mexico

The well will be drilled to test the Morrow formation (Undesignated Happy Valley-Morrow Pool). The pool is developed on statewide rules.

The application is filed because (1) the W $\frac{1}{2}$  of Section 9 is in the Lancaster Spring Unit (approved by Division Order No. R-6443), and (2) the NE $\frac{1}{4}$  of Section 9, which is federal land, is not open to leasing. The Bureau of Land Management ("BLM") granted right-of-way NM 0384602 on June 25, 1963 to Hackberry Draw Water Association for flood control purposes, and the land has not been leased for oil and gas exploration since then. As a result, the NE $\frac{1}{4}$  of Section 9 is not available to form a well unit.

A land plat is attached as Exhibit A. The offset operators or lessees are as follows:

Land  
W $\frac{1}{2}$  S9  
NE $\frac{1}{4}$  S9  
W $\frac{1}{2}$  S10

Operator  
Ricks Exploration, Inc.  
BLM/unleased  
Chi Energy, Inc., et al.

*5/2 deduction not considered  
since the SW $\frac{1}{4}$  had a  
punching Morrow well  
in the early 80's  
State Royalty  
is protected  
since the  
SE $\frac{1}{4}$  is 50/50  
State / Fed.*

*See  
NSP-Gas. #1  
as an  
example*

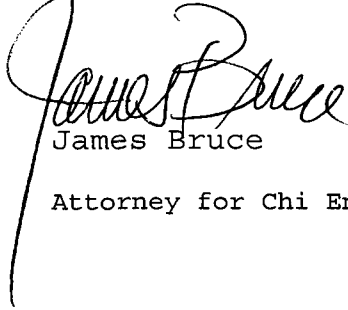
N $\frac{1}{2}$  §15  
E $\frac{1}{2}$  §16  
NE $\frac{1}{4}$  §16

Chi Energy, Inc., et al.<sup>1</sup>  
Ricks Exploration, Inc.  
Ricks Exploration, Inc.

The offsets have been notified of this application, as evidenced by Exhibit B.

Please call me if you need anything further on this application.

Very truly yours,



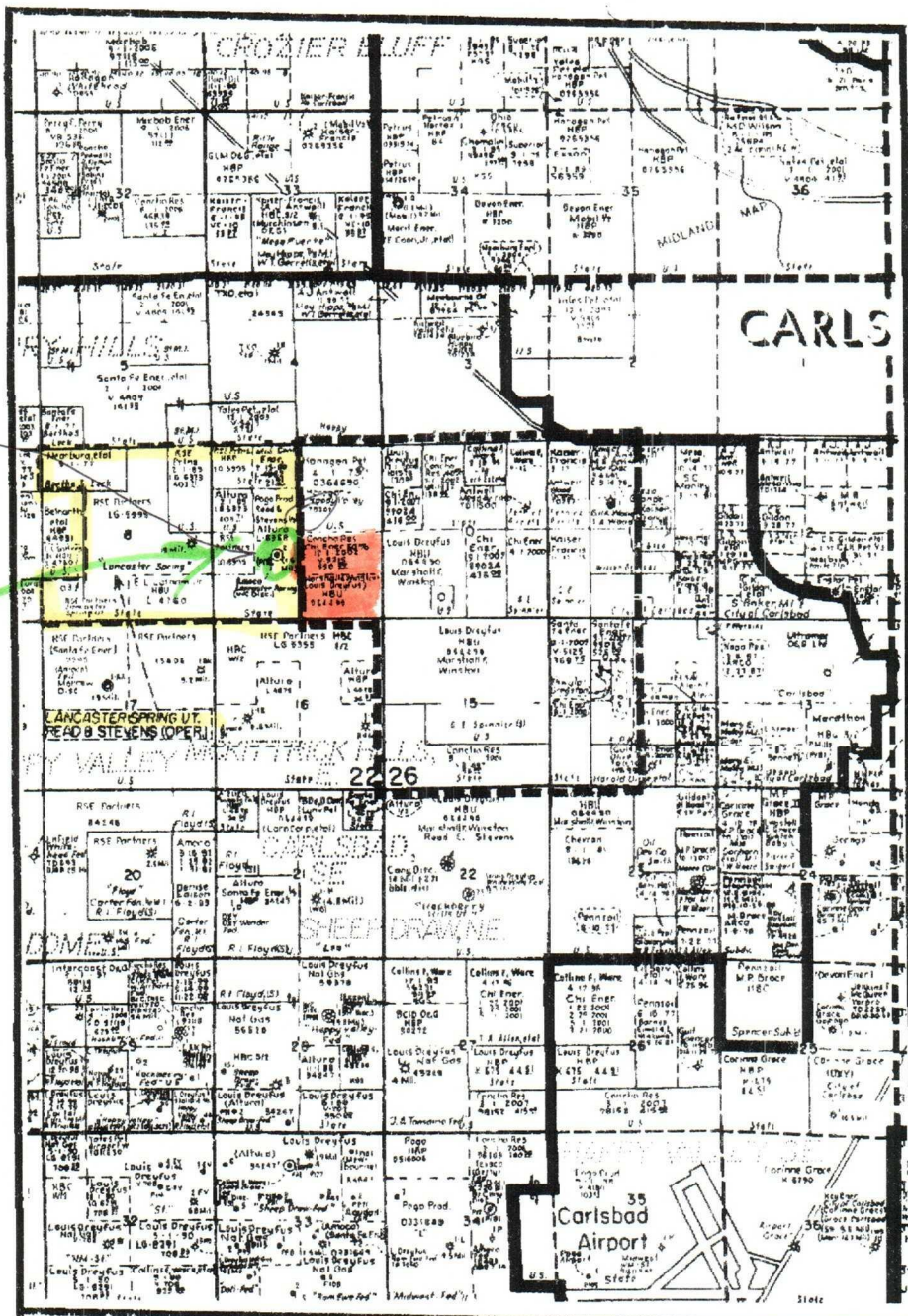
James Bruce

Attorney for Chi Energy, Inc.

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<sup>1</sup>Working interest ownership is common in the SE $\frac{1}{4}$  §9, W $\frac{1}{2}$  §10, and N $\frac{1}{2}$  §15.

Happy Valley -  
Morrow  
Gas Pool  
Production  
175956 MCF  
42 BBL  
Amoco Production  
Co.  
Lancaster Springs  
Unit # 2  
30-015-23695  
1980 FSOWL  
Spud: 3-27-81  
Morrow Comp Dates  
5-81 to 3/83  
w/2 Dedication



expected

- ☐ CHI Acreage
- ☐ Federal Parcel
- ☐ State Tract
- ☒ Prospect Outline
- ☒ Proposed Location
- ☐ Industry Location  
Production Com. To
- ☐ Open Acreage

Gas (MMCFG)

Oil (MBBL)

Water (MGW)

## LEGEND

### PRODUCERS

- SA-Qn-Gbg
- Delaware
- Bone Spring
- Wolfcamp
- Cisco-Canyon
- Strawn
- Atoka
- Morrow
- Siluro/Devonian

Chi Energy Inc.

PROSPECT: WHITE WING  
EDDY CO., NEW MEXICO

Updated: 6-00

LAND PLAT

Scale: C. Anderson

Blumberg No. 5208

EXHIBIT

A

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA  
HYDE PARK ESTATES  
SANTA FE, NEW MEXICO 87501

(505) 982-2043  
(505) 982-2151 (FAX)

May 2, 2001

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**


Bureau of Land Management  
2909 West Second Street  
Roswell, New Mexico 88201

Ricks Exploration, Inc.  
3000 Oklahoma Tower  
210 Park Avenue  
Oklahoma City, Oklahoma 73102

Ladies and Gentlemen:

Enclosed is a copy of an application, filed by Chi Energy, Inc. with the Oil Conservation Division, requesting administrative approval of a non-standard spacing and proration unit in the Morrow formation in the SE¼ of Section 9, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico. If you object to the well's location, you must notify the Division in writing no later than Tuesday, May 22, 2001 (1220 South St. Francis Drive, Santa Fe, New Mexico 87505; attention: Michael E. Stogner). Failure to object will preclude you from contesting this matter at a later date.

Very truly yours,

  
James Bruce

Attorney for Chi Energy, Inc.



CMD :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

06/11/01 20:26:59  
OGOMES -TQFN  
PAGE NO: 1

Sec : 09 Twp : 22S Rng : 26E Section Type : NORMAL

D 40.00 CS LG5995 0002 R S E PARTNERS-I U 11/01/88	C 40.00 CS L04862 0003 POGO PRODUCING CO U 09/15/80	B 40.00  Federal owned	A 40.00  Federal owned
E 40.00 CS LG6324 0000 AMOCO PRODUCTION U 02/01/89	F 40.00 CS L06368 0003 POGO PRODUCING CO U 07/01/81	G 40.00  Federal owned	H 40.00  Federal owned

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07 BKWD	PF08 FWD	PF09 PRINT	PF10 SDIV	PF11	PF12

CMD :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

06/11/01 20:27:11  
OGOMES -TQFN  
PAGE NO: 2

Sec : 09 Twp : 22S Rng : 26E Section Type : NORMAL

L 40.00 RR LG5995 0002 R S E PARTNERS-I U 11/01/88	K 40.00 CS L06368 0003 POGO PRODUCING CO U 07/01/81	J 40.00 CS V05215 0001 CONCHO RESOURCES, 12/01/02	I 40.00 CS V05215 0001 CONCHO RESOURCES, 12/01/02
M 40.00 CS L06368 0003 POGO PRODUCING CO U 07/01/81	N 40.00 CS L06368 0003 POGO PRODUCING CO U 07/01/81	O 40.00  Federal owned	P 40.00  Federal owned

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07 BKWD	PF08 FWD	PF09 PRINT	PF10 SDIV	PF11	PF12



County Eddy Pool Happy Valley-Morrow Gas

TOWNSHIP 21 South

Range 26 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: All Sec 33,  $\frac{1}{2}$  Sec 34 (R-5609, 1-1-78)



County Eddy Pool Happy Valley-Morrow Gas

TOWNSHIP 22 South Range 25 East NMPM

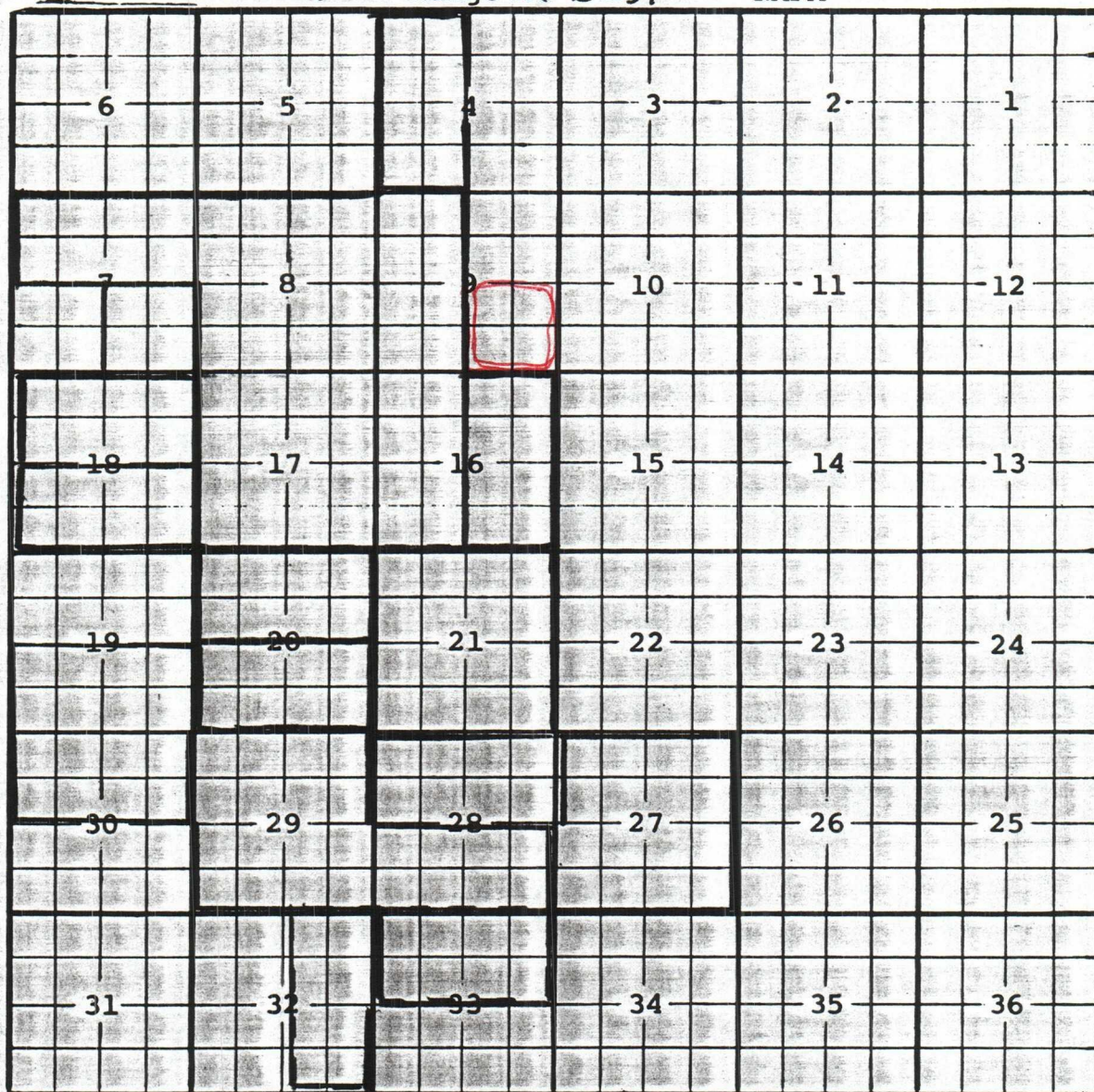
6	5	4	3	2	1		
7	8	9	10	11	12		
18	17	16	15	14	13		
19	20	21	22	23	24		
30	29	28	27	26	25		
31	32	33	34	35	36		

Ext.  $\frac{5}{2}$  Sec. 13 (R-11062, 10-20-98)



County EddyPool Happy Valley-Morrow GasTOWNSHIP 22 SouthRange 26 East

NMPM



Description:  $\frac{1}{2}$  Sec 4 (R-5609, 1-1-78)

Ext:  $\frac{1}{2}$  Sec 7, All Sec 8,  $\frac{1}{2}$  Sec 9,  $\frac{1}{2}$  Sec 16, and All Sec 17 (R-6623, 4-7-81)

Ext:  $\frac{1}{2}$  Sec 20,  $\frac{1}{2}$  Sec 16 (R-6724, 7-16-81) Ext:  $\frac{1}{2}$  Sec 20 (R-6923, 3-9-82) Ext:  $\frac{1}{2}$  Sec. 19,  $\frac{1}{2}$  Sec. 30 (R-7668, 9-21-84)

Ext:  $\frac{1}{2}$  Sec. 28, All Sec. 29 (R-8229, 5-19-86) Ext: All Sec. 27 (R-8391, 1-22-87)

Ext:  $\frac{1}{2}$  Sec 28 (R-8827, 12-22-88) Ext: All Sec 21 (R-9096, 1-1-90)

Ext:  $\frac{1}{2}$  Sec. 18,  $\frac{1}{2}$  Sec. 33 (R-10459, 9-11-95) Ext:  $\frac{1}{2}$  Sec. 32 (R-10822, 6-16-97)

Ext:  $\frac{1}{2}$  Sec. 18 (R-11067, 10-20-98) Ext:  $\frac{1}{4}$  Sec. 7 (R-11384, 5-25-00)