

7/28/99

8/17/99

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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

JUL 28 1999

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

Print or Type Name

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

Signature

Title

Date

James Bruce *Attorney for Applicant* *7/28/99*

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA
SANTA FE, NEW MEXICO 87501

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

July 28, 1999

30-015-30767

Hand Delivered

Michael E. Stogner
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Pursuant to Division Rule 104.F.(2), Chi Energy, Inc. ("Chi") applies for administrative approval of an unorthodox gas well location for the following well:

Coal Train Fed. Com. Well No. 1
990 feet FSL & 990 feet FWL
S½ S10, Township 17 South, Range 28 East, NMPM
Eddy County, New Mexico

Attached hereto as Exhibit A is a Form C-102 for the well. The well will be drilled to test the Morrow formation (Undesignated Southeast Crow Flats-Morrow Gas Pool). Well spacing is 320 acres, with wells to be located no closer than 1650 feet to the end line and 660 feet to the side line of the well unit, nor closer than 330 feet to a quarter-quarter section line.

The location is based on geologic reasons. The primary zone of interest is the Morrow formation. Attached as Exhibit B is an isopach map of the gross Morrow clastics, which shows that the Morrow sands thicken as you move west within the well unit. In addition, the proposed well moves away from a well in the SW¼NE¼ of Section 10 which was dry in the Morrow. Thus, the proposed location will lessen the risk involved in drilling the well.

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

Acreage

All \$9
N½ \$16

Operator

Chi Operating, Inc.
Yates Drilling Company

Notice was mailed to the affected offset by the letter marked as Exhibit D.

This application is submitted in duplicate. Please call me if you need anything further on this matter.

Very truly yours,

A handwritten signature in cursive script that reads "James Bruce".

James Bruce

Attorney for Chi Energy, Inc.

cc: John Qualls

District I
PO Box 1988, Hobbs, NM 88241-1988
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code		Pool Name	
Property Code		Property Name COALTRAIN FED. COM # 1			Well Number 1
OGRID No. 4378		Operator Name CHI OPERATING, INC.			Elevation

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
	10	17S	28E		990	SOUTH	990	WEST	EDDY

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedic. Acres 320	13 Joint or Infill	14 Consolidation Code	15 Order No.
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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

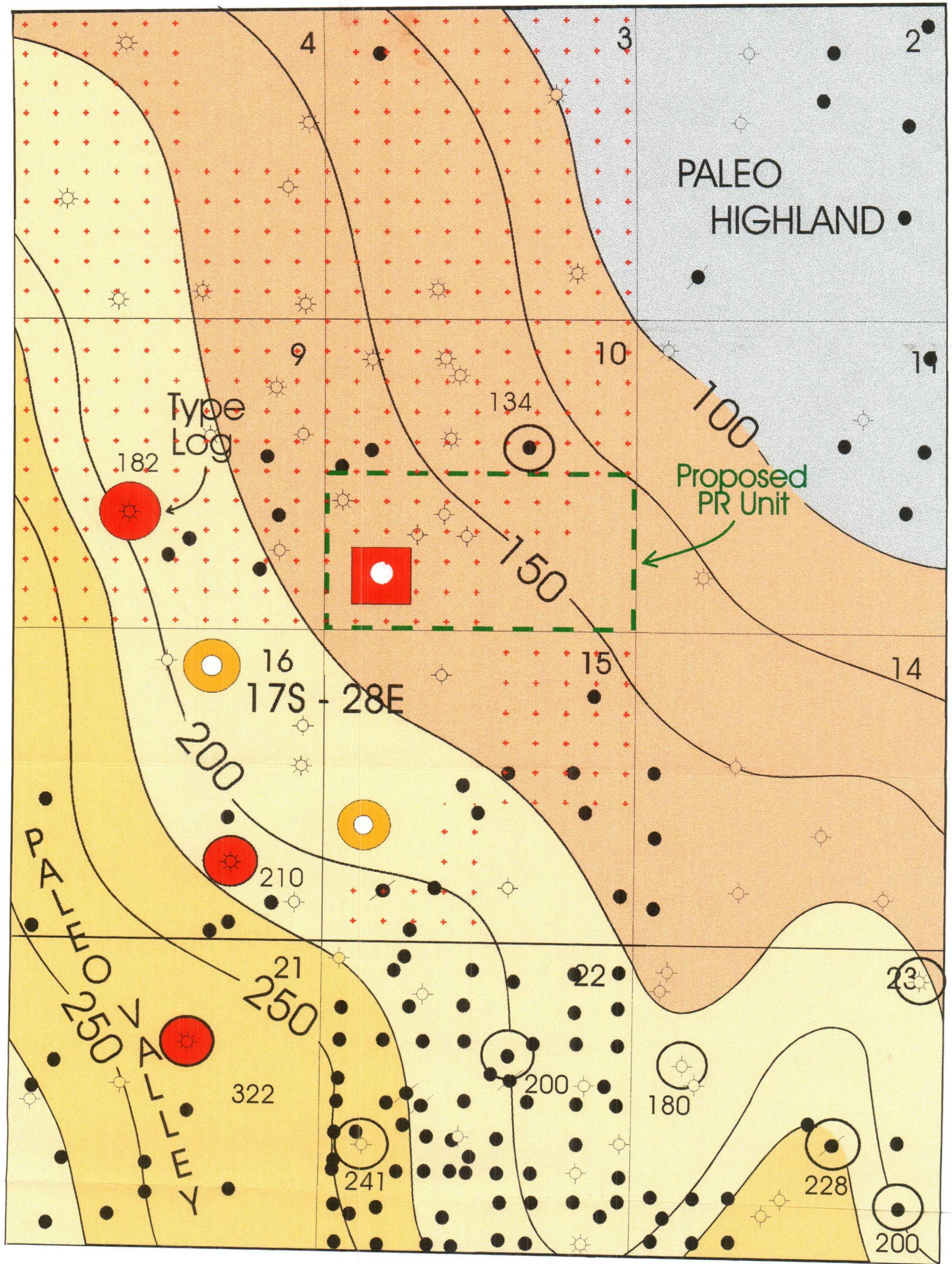
16					17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature: <u>John W. Wolf</u> Printed Name: <u>JOHN W. WOLF</u> Title: <u>ENGINEER</u> Date: <u>7/22/99</u>
					18 SURVEYOR CERTIFICATION I hereby certify 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 of Survey Signature and Seal of Professional Surveyer: Certificate Number

990'

990'

EXHIBIT

A



LEGEND:

-  Chi Energy, Inc. Et Al. Acreage
-  Proposed Location
-  Industry Location
-  Morrow "B" (Lower) Producer

252 = Gross Morrow Interval in Feet



Chi Energy, Inc.

Freight Train Prospect

Eddy County, New Mexico

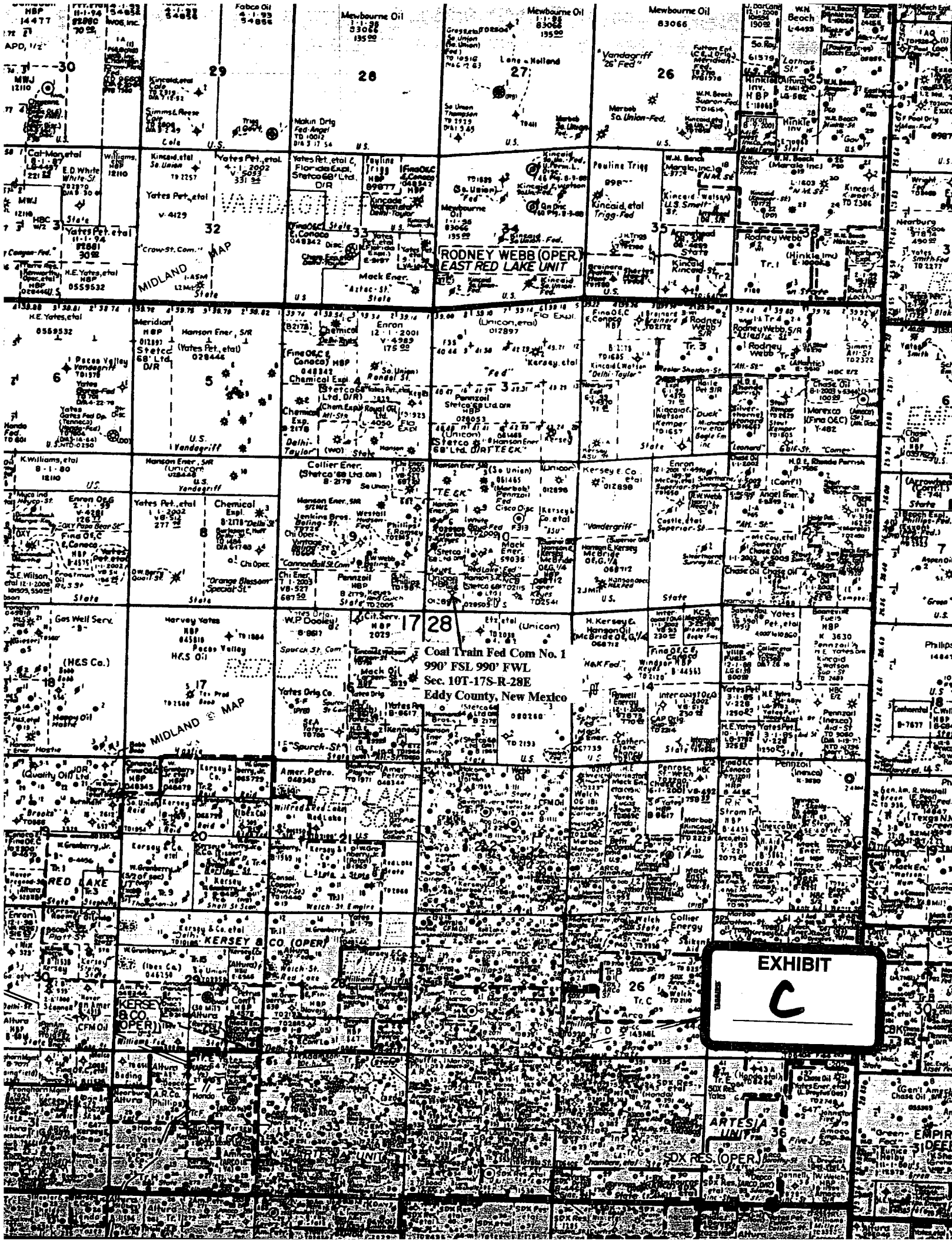
Isopach Map

Gross Morrow Clastics Interval

Scale: 1" = 2000'

CI: 25'

Date: 7-99
Geol: C. Anderson



JAMES BRUCE
ATTORNEY AT LAW

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(505) 982-2043
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July 28, 1999

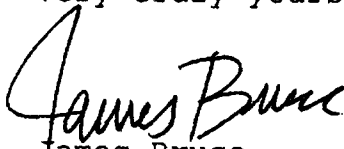
CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Yates Drilling Company
105 South Fourth Street
Artesia, New Mexico 88210

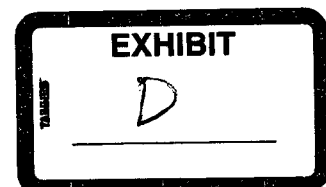
Gentlemen:

Enclosed is a copy of an application, filed by Chi Energy, Inc. with the Oil Conservation Division, requesting administrative approval of an unorthodox gas well location in the S½ of Section 10, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico. You are an offset operator to the proposed well. If you object to the well's location, you must notify the Division in writing no later than Tuesday, August 17, 1999 (2040 South Pacheco Street, 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,

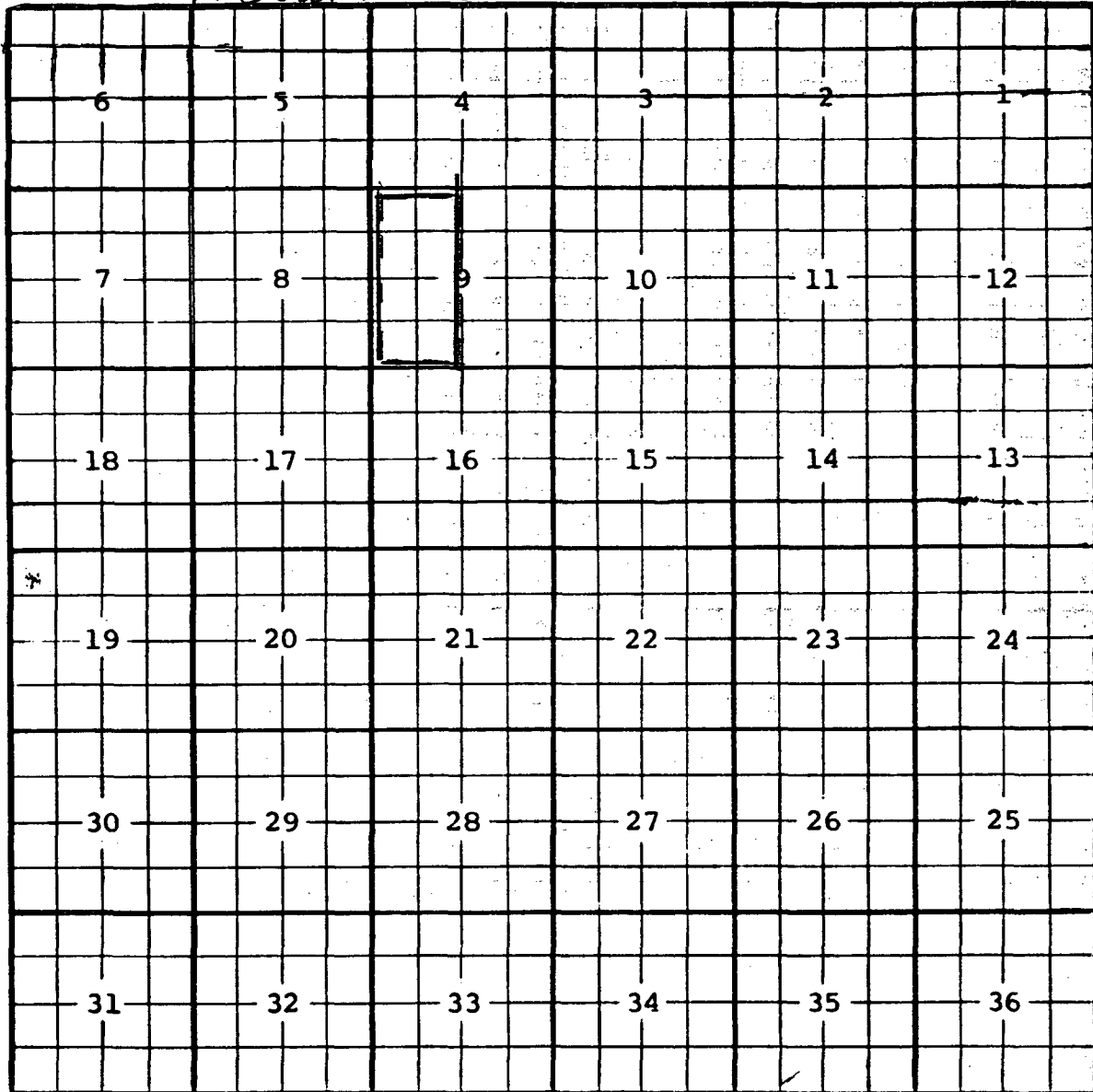

James Bruce

Attorney for Chi Energy, Inc.



County Eddy Pool Southeast Crow Flats - Morrow Gas

TOWNSHIP 17 South Range 28 East NMPM



Description: 1/2 Sec. 9 (R-11203, 6-14-99)