

PTG-W

DATE IN 11/12/10	SUSPENSE	ENGINEER DKB.	LOGGED IN 11/12/10	TYPE NSL	APP NO. 1031643078
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ABOVE THIS LINE FOR DIVISION USE ONLY

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



Chi Operating
 4378
 Murchkin Fed #20

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

6298

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

[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 _____

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 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		Attorney	11/10/10
Print or Type Name	Signature	Title	Date
		jamesbruc@aol.com	
		e-mail Address	

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

November 10, 2010

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

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. 20
<u>Location:</u>	1250 feet FNL & 350 feet FWL
<u>Well unit:</u>	NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 1, Township 19 South, Range 30 East, N.M.P.M., Eddy County, New Mexico

The well will be drilled to test 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. This well is in the Benson Delaware Unit, recently approved by the Division by Order No. R-13262. The well will initially be a producer, and will later be converted to injection (and re-named the Benson Delaware Unit No. 20, when the unit is finally approved by the BLM).¹ The well's location was selected for its location as an injector.

Exhibit B to the Unit Agreement is attached hereto as **Exhibit B**. Please see Tract 2F (the wellsite tract) and Tract 2A (the offset tract): The tracts are all within Federal Lease NM 0560353, but there is slightly different overriding royalty ownership in the tracts (royalty and working interest ownership is identical). However, the overriding royalty owners in the offset tract own the same interests as in the wellsite tract, so no one was notified of this application.

¹ The unit should be finally approved by the BLM by the end of this month.

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102

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

OIL CONSERVATION DIVISION
11250 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

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

DISTRICT III
3500 RIO BRAZOS RD., AZTEC, NM 87410

DISTRICT IV
11250 S. ST. FRANCIS DR., SANTA FE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number		Pool Code		Pool Name	
Property Code		Property Name		Well Number	
		MUNCHKIN FEDERAL		20	
OGRID No.		Operator Name		Elevation	
		CHI OPERATING		3458'	

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	12	19-S	30-E		1250	NORTH	350	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
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**

DETAIL

3466.1' 3458.0'

600'

3459.6' 3453.9'

GEODETC COORDINATES
NAD 27 NME

SURFACE LOCATION
Y=610799.3 N
X=623351.9 E

LAT.=32.678546' N
LONG.=103.932438' W

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.

FEBRUARY 26, 2010

Date Surveyed _____ Rev. 3/12/10 DSS

Signature & Seal of 2641 Professional Surveyor

Gary G. Eidson 3/15/10

10.11.0280

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

EXHIBIT "B"
SCHEDULE OF OWNERSHIP

Schedule showing all lands and leases within the
BENSON DELAWARE UNIT
Eddy County, New Mexico

TRACT NO.	DESCRIPTION OF LANDS	ACRES	SERIAL NO. & EXPIRATION DATE	BASIC ROYALTY	LESSEE OF RECORD & PERCENTAGE	OVERRIDING ROYALTY & PERCENTAGE	WORKING INTEREST & PERCENTAGE
1	19S-30E §1: NW¼SE¼	40.00 acres	LC 063613 HBP	12½%	Crescent Porter Hale Foundation 100%	Crescent Porter Hale Foundation 10.00% Chi Royalty Pool 1.50%	Chi Energy, Inc. 14.50% Murchison Oil & Gas, Inc. 10.00% McCombs Energy, Ltd. 64.92% Westbrook Energy, Inc. 0.50% Pocahontas Oil Co., Inc. 0.50% John W. Qualls 0.50% Ken Seligman 0.50% Rio Lobo Resources 0.75% Gary Green 1.50%

EXHIBIT **B**

2A	19S-30E §1: NE¼SW¼ §11: E¼NE¼ §12: SW¼NW¼	160.00 acres	NM 0560353 HBP	12½%	Crescent Porter Hale Foundation 100%	Crescent Porter Hale Foundation 15.00% Chi Royalty Pool 1.50%	Brazos Limited Partnership 5.00% Gene Shumate 1.33% Chi Energy, Inc. 14.50% Murchison Oil & Gas, Inc. 10.00% McCombs Energy, Ltd. 64.92% Westbrook Energy, Inc. 0.50% Pocahontas Oil Co., Inc. 0.50% John W. Qualls 0.50% Ken Seligman 0.50% Rio Lobo Resources 0.75% Gary Green 1.50% Brazos Limited Partnership 5.00% Gene Shumate 1.33%
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2B	<u>19S-30E</u> §1: SW¼SW¼, SW¼SE¼	80.00 acres	NM 0560353 HBP	12½%	Crescent Porter Hale Foundation 100%	Crescent Porter Hale Foundation 10.00% Chi Royalty Pool 1.50%	Chi Energy, Inc. 14.50% Murchison Oil & Gas, Inc. 10.00% McCombs Energy, Ltd. 64.92% Westbrook Energy, Inc. 0.50% Pocahontas Oil Co., Inc. 0.50% John W. Qualls 0.50% Ken Seligman 0.50% Rio Lobo Resources 0.75% Gary Green 1.50% Brazos Limited Partnership 5.00% Gene Shumate 1.33%
2C	<u>19S-30E</u> §1: SE¼SW¼	40.00 acres	NM 0560353 HBP	12½%	Crescent Porter Hale Foundation 100%	Crescent Porter Hale Foundation 10.00%	Chi Energy, Inc. 14.50% Murchison Oil & Gas, Inc. 10.00%

2D	195-30E §11: SW¼NE¼ §12: N¼SW¼	120.00 acres	NM 0560353 HBP	12½%	Crescent Porter Hale Foundation 100%	Curtis and Edna Anderson, J.T. 1.50%	McCombs Energy, Ltd. 64.92%
					Crescent Porter Hale Foundation 12.50%-15.00%	Allan C. Anderson 0.25%	Westbrook Energy, Inc. 0.50%
					Chi Royalty Pool 1.50%	Wade S. Anderson 0.25%	Pocahontas Oil Co., Inc. 0.50%
						Gene Davis 0.25%	John W. Qualls 0.50%
						Chi Royalty Pool 1.50%	Ken Seligman 0.50%
							Rio Lobo Resources 0.75%
							Gary Green 1.50%
							Brazos Limited Partnership 5.00%
							Gene Shumate 1.33%
							Chi Energy, Inc. 14.50%
							Murchison Oil & Gas, Inc. 10.00%
							McCombs Energy, Ltd. 64.92%
							Westbrook Energy, Inc. 0.50%

2E	19S-30E §12-NE¼/NW¼	40.00 acres	NM 0560353 HBP	12½%	Crescent Porter Hale Foundation 100% Crescent Porter Hale Foundation 15.00% Curtis and Edna Anderson, J.T. 0.25% Gene Davis 0.25% Chi Royalty Pool 1.50%	Pocahontas Oil Co., Inc. 0.50% John W. Qualls 0.50% Ken Seigman 0.50% Rio Lobo Resources 0.75% Gary Green 1.50% Brazos Limited Partnership 5.00% Gene Shumate 1.33% Chi Energy, Inc. 14.50% Murchison Oil & Gas, Inc. 10.00% McCombs Energy, Ltd. 64.92% Westbrook Energy, Inc. 0.50% Pocahontas Oil Co., Inc. 0.50% John W. Qualls 0.50%
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Ken Seligman
0.50%

Rio Lobo Resources
0.75%

Gary Green
1.50%

Brazos Limited Partnership
5.00%

Gene Shumate
1.33%

Chi Energy, Inc.
14.50%

Murchison Oil & Gas, Inc.
10.00%

McCombs Energy, Ltd.
64.92%

Westbrook Energy, Inc.
0.50%

Pocahontas Oil Co., Inc.
0.50%

John W. Qualls
0.50%

Ken Seligman
0.50%

Rio Lobo Resources
0.75%

2F

19S-30E
§12: NW¼NW¼, SE¼NW¼, 80.00 acres N/M 0560353 HBP 12½%

Crescent Porter
Hale Foundation
100%

Crescent Porter
Hale Foundation
15.00%

Curtis and Edna
Anderson, J.T.
0.25%

David C. Shatzer
0.20%

John W. Qualls
0.20%

Chi Royalty Pool
1.50%

Gary Green
1.50%
Brazos Limited Partnership
5.00%
Gene Shumate
1.33%

RECAPITULATION

560.00 acres of Federal Lands = 100%
TOTAL: 560.00 acres = 100%

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Monday, November 15, 2010 11:02 AM
To: 'jamesbruc@aol.com'
Subject: Cji Operating - Munchkin Fed #20; NSL Application

Dear Jim

I have in hand the referenced application.

Your letter indicates that the location for this well is in the NW/4 NW/4 of Section 1-19S-30E. However, this is inconsistent with attachments that refer to Section 12.

Please confirm if the reference to Section 1 in your letter is a typographical error.

Sincerely

David K. Brooks
Legal Examiner

Brooks, David K., EMNRD

From: jamesbruc@aol.com
Sent: Monday, November 15, 2010 11:22 AM
To: Brooks, David K., EMNRD
Subject: Re: Cji Operating - Munchkin Fed #20; NSL Application

Sorry, David, it is Sec. 12.

-----Original Message-----

From: Brooks, David K., EMNRD, EMNRD <david.brooks@state.nm.us>
To: jamesbruc <jamesbruc@aol.com>
Sent: Mon, Nov 15, 2010 11:01 am
Subject: Cji Operating - Munchkin Fed #20; NSL Application

Dear Jim

I have in hand the referenced application.

Your letter indicates that the location for this well is in the NW/4 NW/4 of Section 1-19S-30E. However, this is inconsistent with attachments that refer to Section 12.

Please confirm if the reference to Section 1 in your letter is a typographical error.

Sincerely

David K. Brooks
Legal Examiner

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