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June 11, 2013

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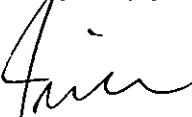
Case 15019

Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed for filing, on behalf of Chi Operating, Inc., is an application to amend Order No. R-13262, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the July 11, 2013 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Chi Operating, Inc.

Parties Being Notified

Bureau of Land Management
620 East Greene
Carlsbad, New Mexico 88220

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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APPLICATION OF CHI OPERATING,
INC. TO AMEND ORDER NO. R-13262,
EDDY COUNTY, NEW MEXICO.

2013 JUN 13 P 1:45

Case No. 15019

APPLICATION

Chi Operator, Inc., for its application, states:

1. Applicant is the operator of the Benson Delaware Unit (the "Unit Area"), which covers the following federal lands located in Eddy County, New Mexico:

Township 19 South, Range 30 East, N.M.P.M.

Section 1: NE $\frac{1}{4}$ SW $\frac{1}{4}$, S $\frac{1}{2}$ SW $\frac{1}{4}$, and W $\frac{1}{2}$ SE $\frac{1}{4}$

Section 11: E $\frac{1}{2}$ NE $\frac{1}{4}$ and SW $\frac{1}{4}$ NE $\frac{1}{4}$

Section 12: NW $\frac{1}{4}$ and N $\frac{1}{2}$ SW $\frac{1}{4}$

Containing 560.00 acres.

2. Division Order No. R-13262, as amended, approved the Unit Area and an enhanced recovery project for the Unit Area in the Brushy Canyon formation.

3. Division Order No. R-13262 approved (among others) the following injection wells for the Unit Area:

<u>Well Name</u>	<u>Surface Location</u>	<u>Bottom Hole Location</u>
Munchkin No. 14W	330 FNL & 500 FWL §12	330 FNL & 330 FWL §12
Munchkin No. 16W		300 FSL & 1650 FEL §1
Munchkin No. 17W		1700 FSL & 1500 FWL §1
Munchkin No. 18W		1500 FSL & 2200 FEL §1
Munchkin No. 19W	2300 FNL & 400 FEL §11	1300 FNL & 1000 FEL §11
Munchkin No. 22W	900 FNL & 1980 FWL §12	930 FNL & 2620 FWL §12

4. The Munchkin Well Nos. 16W, 17W, 18W, and 22W have not yet been drilled.

The Munchkin Well Nos. 14W and 19W are producing wells that have not yet been converted to production.

5. The United States Bureau of Land Management has requested that the wells listed in paragraph 3 above be removed from the list of approved injection wells.

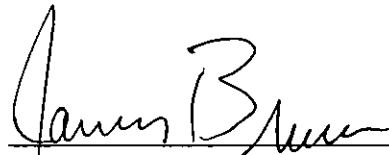
6. Applicant hereby requests that the Munchkin Well Nos. 14W, 16W, 17W, 18W, 19W, and 22W be deleted from the list of approved injection wells in Division Order No. R-13626.

7. Applicant requests that future injection wells within the Unit Area be approved administratively by the Division as provided in NMAC 19.15.26.8.A.

8. Approval of this application will prevent waste and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter an order approving the relied requested above.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "James Bruce", is written over a horizontal line.

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Chi Operating, Inc.

PROPOSED ADVERTISEMENT

Case No. 15019:

Application of Chi Operating, Inc. to amend Division Order No. R-13262, Eddy County, New Mexico. Division Order No. R-13262, as amended, unitized all mineral interests in the Brushy Canyon member of the Delaware formation (Benson-Delaware Pool) underlying parts of Sections 1, 11, and 12, Township 19 South, Range 30 East, N.M.P.M., comprising 560.00 acres of federal lands, to form the Benson Delaware Unit. The order also approved an enhanced recovery project for the Benson Delaware Unit, and approved certain injection wells for the Benson Delaware Unit. Applicant requests that Division Order No. R-13262 be amended so that the Munchkin Well Nos. 14W, 16W, 17W, 18W, 19W, and 22W be deleted from the list of approved injection wells. Applicant requests that future injection wells within the Unit Area be approved administratively by the Division as provided in NMAC 19.15.26.8.A. The Benson Delaware Unit is centered approximately 10 miles south-southeast of Loco Hills, New Mexico.

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