

District I  
1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Avenue, Artesia, NM 88209

District III

1000 Rio Brazos Road, Aztec, NM 87410

District IV

2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy Minerals and Natural Resources

Form C-101  
Revised March 17, 1999

Oil Conservation Division  
2040 South Pacheco  
Santa Fe, NM 87505

Submit to appropriate District Office  
State Lease - 6 Copies  
Fee Lease - 5 Copies

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

Operator Name and Address CHI OPERATING, INC. P.O. Box 1799 Midland, Texas 79702		<sup>2</sup> OGRID Number 004378
<sup>3</sup> Property Code	<sup>5</sup> Property Name STEPHENS A	<sup>6</sup> Well No. 2

<sup>7</sup> Surface Location

UL or lot no. P	Section 7 S/2	Township 23	Range 27	Lot Idn	Feet from the 500	North/South line SOUTH	Feet from the 1065	East/West line EAST	County EDDY
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<sup>8</sup> Proposed 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
<sup>9</sup> Proposed Pool 1 Carlsbad; Morrow, South						<sup>10</sup> Proposed Pool 2			

<sup>11</sup> Work Type Code N	<sup>12</sup> Well Type Code G	<sup>13</sup> Cable/Rotary R	<sup>14</sup> Lease Type Code X P	<sup>15</sup> Ground Level Elevation 3210'
<sup>16</sup> Multiple	<sup>17</sup> Proposed Depth 12000	<sup>18</sup> Formation Morrow	<sup>19</sup> Contractor	<sup>20</sup> Spud Date 9/15/03

<sup>21</sup> Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17 1/2"	13 3/8"	48.5# J-55	±350'	±400	SURFACE/Circ
12 1/4"	9 5/8"	36# J-55	±5500'	±1000	SURFACE/Circ
8 3/4"	7" (CONTINGENCY)	26# N-80	±10,400'	±400	±8000'
6 1/8" (If 7" is set)	4 1/2" Liner	11.6# N-80	12,000'	As deemed necessary	500' above productive
7 7/8" (If 7" is not set)	5 1/2"	20/17# N-80	12,000'	As deemed necessary	zones

<sup>22</sup> Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone.

Describe the blowout prevention program, if any. Use additional sheets if necessary.

Drill surface hole to 350', set csg & cement to surface. WOC-18 hrs. NU annular, tst & drill intermediate to base of Delaware ±5480'. Cement to surface. NUBOP & test 5000# while waiting 18 hrs on cement. Drill 8 3/4" hole to ±10400'. If necessary, set 7" psi string & cement. If 7" is set, drill out with 6 1/4" bit to TD. Log/evaluate, set liner & cement. (If 7" is not set, continue with 7 7/8" hole to TD. Log/evaluate, set csg & cement.)

<sup>23</sup> I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature:

Printed name:

Date: 8/7/03

Phone: 915-685-5001

OIL CONSERVATION DIVISION

Approved by:

Title:

Approval Date: SEP 3 0 2003

Expiration Date:

Conditions of Approval:

Attached ☐

District I  
1625 N. French Dr. Hobbs, NM 88240  
District II  
811 South First, Artesia, NM 88210  
District III  
1000 Rio Brazos Rd., Aztec NM 87410  
District IV  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources  
OIL CONSERVATION DIVISION  
2040 South Pacheco  
Santa Fe, N M 87505

Form C-102  
Revised March 17, 1999  
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 <b>STEVENS A</b>	Well Number <b>2</b>
OGRID No. <b>004378</b>	Operation Name <b>CHI OPERATING, INC.</b>	Elevation <b>3210</b>

Surface Location									
UL or Lot No. <b>P</b>	Section <b>7 1/2</b>	Township <b>23-S</b>	Range <b>27-E</b>	Lot Idn.	Feet from the <b>500</b>	North/South line <b>SOUTH</b>	Feet from the <b>1065</b>	East/West line <b>EAST</b>	County <b>EDDY</b>

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 <b>320</b>	Joint or Infill	Consolidation Code	Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTEREST HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<b>OPERATOR CERTIFICATION</b> I HEREBY CERTIFY THAT THE INFORMATION HEREIN IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.
	Signature
	Printed Name <b>JOHN W. WOLFE</b>
	Title
Date <b>9/18/03</b>	<b>SURVEYOR CERTIFICATION</b> 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 KNOWLEDGE AND BELIEF.
Date of Survey <b>APRIL 8, 2003</b>	Signature and Seal of Professional Surveyor
Certificate Number	

Phone (915) 685-5001

*Chi Operating, Inc.*

Fax (915) 687-2662

P.O. Box 1799  
Midland, TX 79702

9/15/03

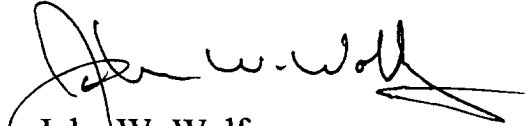
Mr. Bryan Arrant  
New Mexico Oil Conservation Division  
Subject: Stephens "A" #2  
Section 7 -T23S -R27E  
500 FSL & 1065 FEL (S/2)



Dear Bryan,

Chi Operating Inc. has entered into an agreement whereby "Chi" is the operator for the drilling & completion of the Stephens "A" #2. Following the drilling and completion, Merit Energy, Inc will operate.

Respectfully,

  
John W. Wolf.

copy/file



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Bill Richardson  
Governor  
Joanna Prukop  
Cabinet Secretary

July 9, 2003

Lori Wrotenbery  
Director  
Oil Conservation Division

Merit Energy Company  
c/o James Bruce  
P. O. Box 1056  
Santa Fe, New Mexico 87504

## *Administrative Order NSL-4913 (SD)*

Dear Mr. Bruce:

Reference is made to the following: (i) your initial application (*administrative application reference No. pKRV0-311952296*) that was submitted to the New Mexico Oil Conservation Division ("Division") on April 29, 2003; (ii) the Division's response by letter dated April 30, 2003 from Mr. Michael E. Stogner, Engineer/Chief Hearing Officer in Santa Fe denying this application; (iii) your re-submittal of this application on behalf of the operator, Merit Energy Company ("Merit"), to the Division on June 4, 2003; and (iv) the Division's records in Santa Fe: all concerning the operator's request for an exception to the provisions of Division Rule 104.C (2) (b), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, for an infill gas well to be drilled at an unorthodox deep gas well location within an existing standard 317.68-acre lay-down gas spacing unit in the South Carlsbad-Morrow Gas Pool (73960) comprising Lots 3 and 4, the E/2 SW/4, and the SE/4 (S/2 equivalent) of Section 7, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico.

Your application has been duly filed under the provisions of Division Rule 104.F, as revised.

This 317.68-acre deep gas spacing unit is currently dedicated to Merit's Stephens "A" Com. Well No. 1 (API No. 30-015-20716), located at a standard gas well location 810 feet from the South line and 1980 feet from the West line (Unit N) of Section 7.

The geologic interpretation submitted with this application indicates that the proposed unorthodox infill deep gas well location will be at a more favorable geologic position within the Middle Morrow "D" Sand interval underlying the SE/4 of Section 7. Topographic conditions further restrict placement of the proposed well.

By the authority granted me under the provisions of Division Rule 104.F (2), as revised, and the applicable provisions of the special pool rules governing the South Carlsbad-Morrow Gas Pool, the following described well to be drilled at an unorthodox infill Morrow gas well location within this 317.68-acre unit is hereby approved:

Stephens "A" Com. Well No. 2  
500' FSL & 1065' FEL (Unit P).

Merit Energy Company  
July 9, 2003  
Page 2

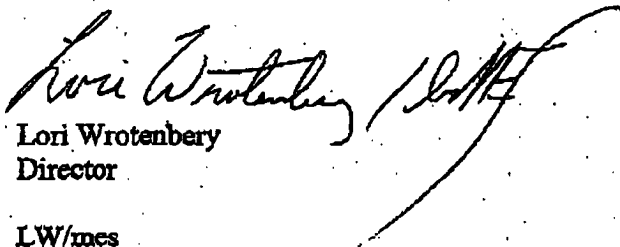
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Division Administrative Application NSL-4913

Merit as operator of the aforementioned 317.68-acre unit is hereby authorized to simultaneously dedicate production attributed to the South Carlsbad-Morrow Gas Pool from its existing Stephens "A" Com. Well No. 1 with the proposed Stephens "A" Com. Well No. 2.

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Lori Wrotenbery  
Director

LW/mes

cc: New Mexico Oil Conservation Division - Artesia  
U. S. Bureau of Land Management - Carlsbad