



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Chisos, Ltd.

c/o **Delta "P" Petroleum Services**

P. O. Box 2079

Midland, Texas 79702-2079

Attention: Bill Pierce
Consulting Engineer
deltapervices@sbcglobal.net

August 3, 2004

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Administrative Order NSL-4521-A

Dear Mr. Pierce:

Reference is made to the following: (i) your application dated July 14, 2004 on behalf of the operator, Chisos, Ltd.; (ii) my e-mail of Monday afternoon, August 2, 2004 for verification of conflicting information within your application; (iii) your subsequent e-mail reply Tuesday morning, August 3rd; and (iv) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Chisos, Ltd.'s request to amend an existing order of the Division that approved an unorthodox deep Morrow gas well location by expanding the vertical limits of the provisions in this order to include the Strawn formation.

Your application (*administrative order reference No. pMES0-421635936*), which was received by the Division in Santa Fe on July 27, 2004 has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

By Division Administrative Order NSL-4521, dated November 1, 2000, Bellwether Exploration Company received authorization to drill the Wishbone Federal Com. Well No. 1 (API No. 30-015-30640), at an unorthodox deep Morrow gas well location 2000 feet from the South line and 680 feet from the West line (Lot 6/Unit L) of Section 6, Township 19 South, Range 30 East, NMPM, Eddy County, New Mexico, within a standard 313.04-acre stand-up gas spacing unit in the Turkey Tract-Morrow Gas Pool (86480) comprising Lots 3, 4, 5, 6, and 7, the SE/4 NW/4, and the E/2 SW/4 (W/2 equivalent) of Section 6.

It the Division's understanding that Chisos, Ltd. recently reentered this well, abandoned the Morrow interval, and recompleted up-hole as a gas well in the Strawn interval. Pursuant to Division Rule 104.C (2) (a) however this location is also considered to be non-standard for a deep wildcat Strawn gas well (96081) within the W/2 equivalent of Section 6.

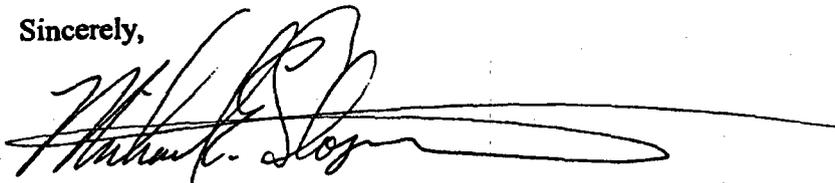
By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Strawn gas well location for Chisos, Ltd.'s Wishbone Federal Com. Well No. 1 is hereby approved.

Chisos, Ltd.
August 3, 2004
Page 2

Division Administrative Order NSL-4521-A

Further, Division Administrative Order NSL-4521 dated November 1, 2000 is hereby placed in abeyance until further notice.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner", with a long horizontal flourish extending to the right.

Michael E. Stogner
Engineer/Hearing Officer

MES/ms

cc: **New Mexico Oil Conservation Division - Artesia**
U. S. Bureau of Land Management - Carlsbad
File: NSL-4521

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-30640		Pool Code 96081		Pool Name Wildcat Strawn; Gas	
Property Code 03089		Property Name Wishbone Federal Com.			Well Number 001
OGRID No. 215732		Operator Name CHISOS, Ltd.			Elevation 3,414' GL

¹⁰Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	6	19S	30E		2,000	South	680	West	Eddy

¹¹Bottom 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 313.04		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

	LOT 2	LOT 1	<p>¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Bill Pierce</i> Signature</p> <p>Bill Pierce Printed Name Consulting Engineer deltapervices@sbcglobal.net Title and E-mail Address</p> <p>07/01/2004 Date</p> <p>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.</p> <p>Date of Survey Signature and Seal of Professional Surveyor:</p> <p>Certificate Number</p>	
	38.22 ACRES LOT 5	40.06 ACRES		40.06 ACRES
	38.21 ACRES LOT 6			
	2.25 ACRES LOT 7			

Form 3160-4
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

FORM APPROVED
OMB NO. 1004-0137
Expires: November 30, 2000

1a. Type of Well Oil Well Gas Well Dry Other
b. Type of Completion New Well Work Over Deepen Plug Back Diff. Resvr.,
Other _____

5. Lease Serial No.
NMLC-066087

6. If Indian, Allottee or Tribe Name

7. Unit or CA Agreement Name and no.

2. Name of Operator
CHISOS, Ltd.

8. Lease Name and Well No.

3. Address 670 Dona Ana Road SW; Deming, NM 88030 3.a Phone No. (Include area code) (505)546-8802

Wishbone Federal Com. 001

9. API Well No.

30-015-30640

4. Location of Well (Report location clearly and in accordance with Federal requirements)*

At Surface NW4 / SW4; 2,000' FSL & 680' FWL; UL "L"

At top prod. interval reported below SAME

At total depth SAME

10. Field and Pool, or Exploratory

Wildcat Strawn; Gas

11. Sec., T., R., M., on Block and Survey or Area 6 - T19S - R30E

12. County or Parish Eddy 13. State New Mexico

14. Date Spudded 07/08/2000 15. Date T.D. Reached 08/16/2000 16. Date Completed D & A Ready to Prod. 06/07/2004

17. Elevations (DF, RKB, RT, GL)*
3,414' GL

18. Total Depth: MD 11,750 TVD 11,750 19. Plug Back T.D.: MD 11,524 TVD 11,524 20. Depth Bridge Plug Set: MD 10,900 TVD 10,900

21. Type of Electric & Other Mechanical Logs Run (Submit copy of each)
Previously submitted on initial Morrow completion.

22. Was well cored? No Yes (Submit analysis)
Was DST run? No Yes (Submit analysis)
Directional Survey? No Yes (Submit copy)

23. Casing and Liner Record (Report all strings set in well)

Hole Size	Size/Grade	Wt. (#/ft.)	Top (MD)	Bottom (MD)	Stage Cementer Depth	No. of Sk. & Type of Cement	Slurry Vol. (BBL)	Cement Top*	Amount Pulled
17.5"	13 3/8", J	48	0	350'		400 Class H	118	Surface	None
11.0"	8 5/8", J	32	0	3,005'		1200 65-35	368	Surface	None
7.875"	5 1/2", N	17	0	11,750'		625 Super C	180	8,500' est.	None

24. Tubing Record

Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)
2 7/8"	10,417'	10,417'						

25. Producing Intervals

26. Perforation Record

Formation	Top	Bottom	Perforated Interval	Size	No. Holes	Perf. Status
A) Morrow	11,380	11,570	11,464 - 11,504	.31"	168	Plugged off CIBP & cmt.
B) Atoka	10,736	11,380	10,970 - 10,980	.48"	60	Plugged off CIBP & cmt
C) Strawn	10,498	10,736	10,514 - 10,600	.48"	48	Producing
D)						

27. Acid, Fracture, Treatment, Cement Squeeze, Etc.

Depth Interval	Amount and Type of Material
10,514 - 10,600'	Acidized w/3,000 gallons of 20% NeFe + 96 RCN ball sealers.

28. Production - Interval A

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
			→						
Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas : Oil Ratio	Well Status	
			→						

Production - Interval B

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
			→						
Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas : Oil Ratio	Well Status	
			→						

(See instructions and spaces for additional data on reverse side)

28b. Production - Interval C

Date First Produced 6/7/04	Test Date 6/12/04	Hours Tested 24	Test Production →	Oil BBL 270	Gas MCF 1,158	Water BBL 3	Oil Gravity Corr. API 52.7	Gas Gravity .631	Production Method Flowing
Choke Size 10/64"	Tbg. Press. Flwg. SI 1750	Csg. Press. 0	24 Hr. Rate →	Oil BBL 270	Gas MCF 1,158	Water BBL 3	Gas : Oil Ratio 4288:1	Well Status Producing	

28c. Production - Interval D

Date First Produced	Test Date	Hours Tested	Test Production →	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate →	Oil BBL	Gas MCF	Water BBL	Gas : Oil Ratio	Well Status	

29. Disposition of Gas (Sold, used for fuel, vented, etc.)

SOLD

30. Summary of Porous Zones (Include Aquifers):

Show all important zones or porosity and contents thereof: Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

31. Formation (Log) Markers

Formation	Top	Bottom	Descriptions, Contents, etc.	Name	Top
					Meas. Depth
Yates	1,470	3,390	Limestone - Oil		
San Andres	3,390	3,420	Dolomite - Oil		
Delaware	3,420	6,850	Sandstone - Oil		
Bone Springs	6,850	9,228	Limestone, Sandstone, Dolomite - Oil		
Wolfcamp	9,228	10,498	Limestone - Gas & Condensate		
Strawn	10,498	10,736	Limestone - Gas & Condensate		
Atoka	10,736	11,380	Lime, Sandstone - Gas & Cond.		
Morrow	11,380	11,570	Sandstone - Gas & Condensate		
DST	10,966	11,002	Atoka - Gas (Previously Submitted)		
DST	11,380	11,436	Morrow - Gas (Previously Submitted)		

32. Additional remarks (include plugging procedure):

5 1/2" CIBP set @ 10,930' K.B. and capped w/30' of cement.

33. Circle enclosed attachments:

- 1. Electrical/Mechanical Logs (1 full set req'd.)
- 2. Geological Report
- 3. DST Report
- 4. Directional Survey
- 5. Sundry Notice for plugging and cement verification
- 6. Core Analysis
- 7. Other

34. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records (see attached instructions)*

Name (please print) Bill Pierce Title Consulting Engineer

Signature *Bill Pierce* Date 07/01/2004

COMPANY: Bellwether Exploration Company

WELL: Wishbone 6 Federal Com. #1

FIELD: Turkey Track Morrow

COUNTY: Eddy

STATE: New Mexico

COUNTY: Eddy Field: Turkey Track Morrow Location: 2000' FSL & 680' FWL Well: Wishbone 6 Federal Com. #1 Company: Bellwether Exploration Company	Schlumberger		Platform Express Three Detector Litho-Dens- Compensated Neutron / N			
	LOCATION		2000' FSL & 680' FWL		Elev.: K.B. 3432 ft G.L. 3414 ft D.F. 3431 ft	
	Permanent Datum:		Ground Level		Elev.: 3414 ft	
	Log Measured From:		Kelly Bushing		18.0 ft above Perm. Datum	
API Serial No. 30-015-30640		SECTION 8	TOWNSHIP 19S		RANGE 30E	
MUD	Logging Date		17-AUG-2000			
	Run Number		One			
	Depth Driller		11750 ft			
	Schlumberger Depth		11666 ft			
	Bottom Log Interval		11663 ft			
	Top Log Interval		200 ft			
	Casing Driller Size @ Depth		8.625 in @ 3000 ft		@	
	Casing Schlumberger		2996 ft			
	Bit Size		7.875 in			
	Type Fluid In Hole		Cut Brine / Starch			
	Density	Viscosity	10.1 lbm/gal	36 s		
	Fluid Loss	PH	7.2 cm3	10		
	Source Of Sample		Circulation Tank			
	RM @ Measured Temperature		0.061 ohm.m @ 92 degF	@		
	RMF @ Measured Temperature		0.048 ohm.m @ 92 degF	@		
RMC @ Measured Temperature		@	@			
Source RMF	RMC	Calculated				
RM @ MRT	RMF @ MRT	0.035 @ 167	0.026 @ 167	@	@	
Maximum Recorded Temperatures		167 degF				
Circulation Stopped		Time	16-AUG-2000	19:30		
Logger On Bottom		Time	17-AUG-2000	2:15		
Unit Number	Location	3049	Roswell, N.M.			
Recorded By		C. Scheideman				
Witnessed By		Corky Stewart				



3' x 7%

2' x 3%

1' x 3%

2' x 3%

6' x 5%

11' x 4.6%

25% Sw

6' 9" x 5% φ

11' x 5% φ

$$S_w = \frac{\sqrt{\frac{0.04}{220}}}{\phi} = 24\%$$

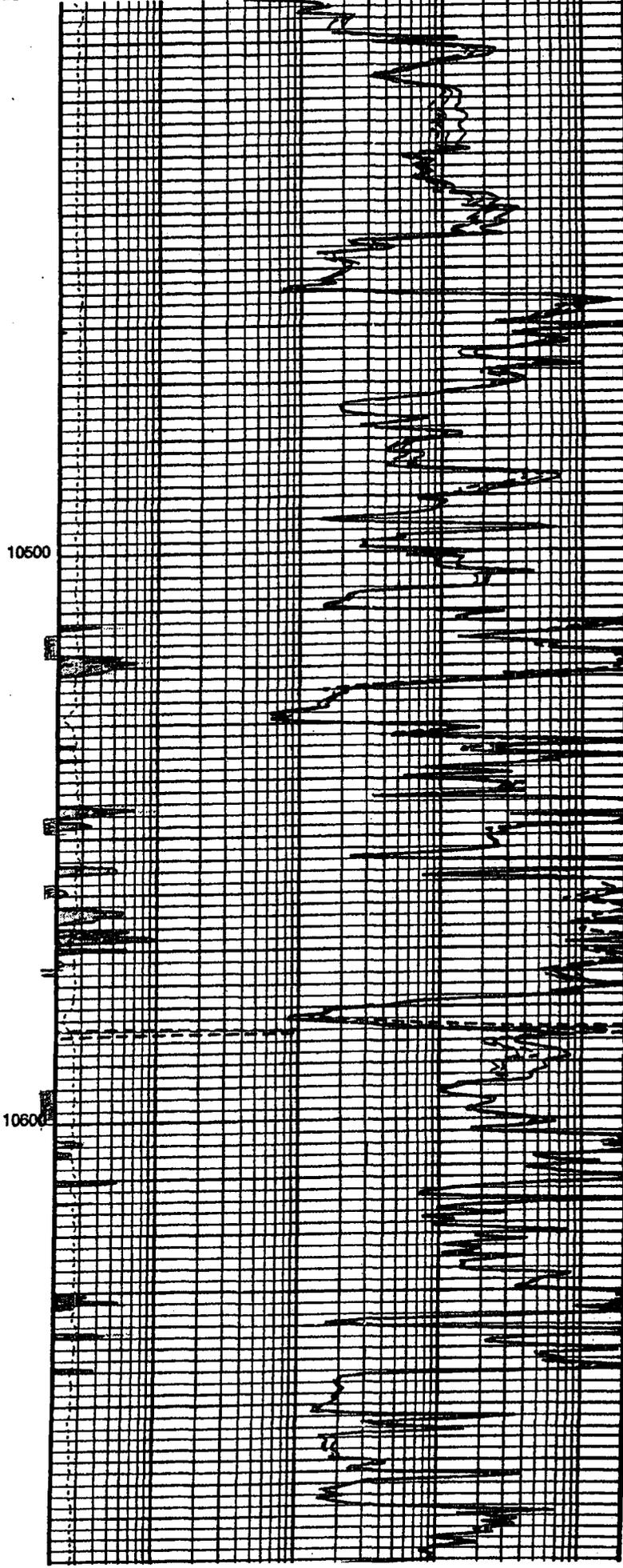
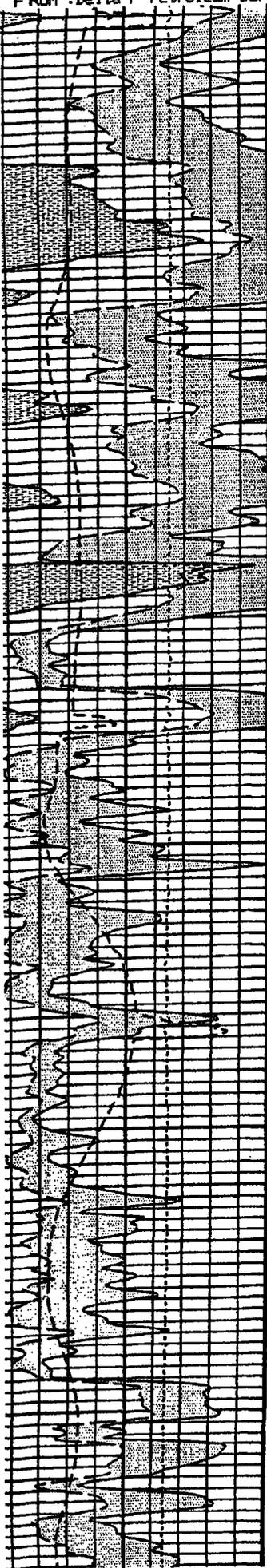
COMPANY: **Bellwether Exploration Company**
 WELL: **Wishbone 6 Federal Com. #1**
 FIELD: **Turkey Track Morrow**
 COUNTY: **Eddy** STATE: **New Mexico**

Schlumberger High Resolution
 Laterolog Array / NGT

COUNTY: **Eddy**
 Field: **Turkey Track Morrow**
 Location: **2000' FBL & 680' FWL**
 Well: **Wishbone 6 Federal Com. #1**
 Company: **Bellwether Exploration Company**

2000' FBL & 680' FWL		Elev.: K.B. 3432 ft
		G.L. 3414 ft
		D.F. 3431 ft
Permanent Datum:	Ground Level	Elev.: 3414 ft
Log Measured From:	Kelly Bushing	18.0 ft above Perm. Datum
Drilling Measured From:	Kelly Bushing	
API Serial No. 30-015-30840	SECTION 6	TOWNSHIP 19S
		RANGE 30E

Logging Date	17-AUG-2000		
Run Number	One		
Depth Driller	11750 ft		
Schlumberger Depth	11665 ft		
Bottom Log Interval	11640 ft		
Top Log Interval	2996 ft		
Casing Driller Size @ Depth	8.625 in	@	3000 ft
Casing Schlumberger	2996 ft		
BR Size	7.875 in		
Type Fluid In Hole	Cut Brine / Starch		
Density	Viscosity	10.1 lbm/gal	36 s
Fluid Loss	PH	7.2 cm3	10
Source Of Sample	Circulation Tank		
RM @ Measured Temperature	0.061 ohm.m	@	92 degF
RMF @ Measured Temperature	0.046 ohm.m	@	92 degF
RMC @ Measured Temperature		@	
Source RMF	RMC	Calculated	
RM @ MRT	RMF @ MRT	0.035 @ 167	0.026 @ 167
Maximum Recorded Temperatures	167 degF		
Circulation Stopped	Time	16-AUG-2000	18:30
Logger On Bottom	Time	17-AUG-2000	2:15
Unit Number	Location	3049	Roswell, N.M.
Recorded By	C. Scheideman		
Witnessed By	Corky Stewart		



350

150



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

October 24, 2004
Chisos, Ltd.
670 Dona Ana Road, SW
Deming, NM 88030
Attn: Mr. Bill Pierce or To Whom It May Concern

RE: Shut in Order for Chisos, Ltd.: Wishbone Federal Com. # 1, located in Unit L of Section 6, (2000' FSL & 680' FWL) Township 19 South, Range 30 East, Eddy County, New Mexico. API # 30-015-30640

Dear Mr. Pierce or To Whom It May Concern,

In regards to the above referenced well, the New Mexico Oil Conservation Division (NMOCD) has received in part regulatory information of said well which was reportedly completed on 6/07/2004. On August 3, 2004 NSL # 4521-A was issued designating and considering this to be non-standard for a deep wildcat Strawn gas well.

However according to information reported on NMOCD Form C-104 dated on 8/24/2004 and received by our office on 9/24/2004, this well was completed successfully in the Strawn with an gas/oil ratio of 4288:1 and the gravity of the oil being 52.7.

This well location is in an area where there were no previous proven production reserves in the Strawn. Also, per NMOCD definitions for a gas well as being 100,000:1 and an oil gravity being @ 53, this well should be defined as an oil well with 40 acre dedicated acreage.

There have been numerous attempts to contact you by phone and e-mail in order to discuss this matter ~~and to have your company submit to our office an amended C-103 designating said well as an oil well.~~ ~~As of this date, I have not heard from you or anyone representing your company.~~ ~~Therefore, said well is to be shut in immediately until this matter is resolved.~~

~~For your convenience and information, I have included the NMOCD definition for a gas well and NMOCD rules that I am aware that this well is in violation of.~~

Please call our office if you have any questions regarding this matter.

Yours truly,

Bryan G. Arrant

PES

CC: Tim Gum, District Supervisor-Artesia
Michael Stogner, Chief Hearing Examiner-Santa Fe

(cont. pg 2)

Oil Conservation Division * 1301 W Grand Ave * Artesia, New Mexico 88210
Phono: (505) 748-1283 * Fax (505) 748-9720 * <http://www.emnrd.state.nm.us>

FROM :Delta P Petroleum Service

FAX NO. :432 686-8469

Oct. 25 2004 02:59PM P4

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-30640	Pool Code 96592	Pool Name Wildcat Strawn Oil
Property Code 030839	Property Name Wishbone Federal Com.	Well Number 001
OGRID No. 215732	Operator Name CHISOS, Ltd.	Elevation 3,414 GL

10 Surface Location										
UL or lot no.	Section	Township	Range	Lot Idn	Foot from the	North/South line	Foot from the	East/West line	County	
L	6	19S	30E		2,000	South	680	West	Eddy	

11 Bottom Hole Location If Different From Surface										
UL or lot no.	Section	Township	Range	Lot Idn	Foot from the	North/South line	Foot from the	East/West line	County	

" Dedicated Acres 40	" Joint or Infill	" Consolidation Code	" 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

LOT 4	LOT 3	LOT 2	LOT 1	<p>17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Bill Pierce</i></p> <p>Signature Bill Pierce Printed Name Consulting Engineer bill@dpps.us Title and E-mail Address 10/25/2004 Date</p> <p>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.</p> <p>Date of Survey Signature and Seal of Professional Surveyor: Certificate Number</p>
38.22 ACRES LOT 5	40.06 ACRES	40.06 ACRES	40.06 ACRES	
38.21 ACRES				
2.30 ACRES				