

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

State of New Mexico
Energy Minerals and Natural
Resources

Form C-101
May 27, 2004

Submit to appropriate District Office

Oil Conservation Division

1220 South St. Francis Dr. FEB 14 2008
Santa Fe, NM 87505

☐ AMENDED REPORT

OCD-ARTESIA

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, TX 79702		OGRID Number 004378
Property Code		API Number 30-015-30139
Property Name OXY WALLACE STATE		Well No. 2H
Proposed Pool 1 Wildcat; WOLFCAMP		Proposed Pool 2

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	9	17S	27E		1700	S	1980	E	EDDY

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
L	9	17S	27E		2310	S	330	W	EDDY

Additional Well Information

Work Type Code E	Well Type Code oil	Cable/Rotary	Lease Type Code S	Ground Level Elevation 3363'
Multiple N	Proposed Depth 8885'	Formation Wolfcamp	Contractor	Spud Date Upon approval
Depth to Groundwater		Distance from nearest fresh water well		Distance from nearest surface water
Pit: Liner: Synthetic ☐ _____ mils thick Clay ☐ Pit Volume: _____ bbls		Drilling Method:		
Closed-Loop System ☒		Fresh Water ☒ Brine ☒ Diesel/Oil-based ☐ Gas/Air ☐		

Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17.5"	13.375	48	428'	720	0
11"	8.625	24	1809'	800	0
7.875"	5.5	11.6	8885'	875	5000'

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.

Clean location, digout cellar, and install wellhead.

RU DDP, PS and RU. PU 7 7/8 bit and DC's on 3 1/2" workstring. Drill out cement plug to approximately 4650'. POOH Run gyro POOH. Spot 200' Class H cement plug and tag. POOH and LD WS. RD PU. MI Drilling Rig. PU 6 1/8" dress off bit, DH motor, and DC's on 3 1/2" DP. Time drill plug for kickoff. POOH, PU 6 1/8" bit 2. Drill curve from approximately 5770-6180' obtaining build rate of 18 deg/100. POOH for 6 1/8" bit 3. Drill lateral from approximately 6190-8885'. POOH. PU Peak reamer and RBIH to cleanout. POOH. PU 5 stage Peak openhole completion assembly on 4 1/2" 11.6# P110 casing. RIH and set openhole packer system. Stage acidize lateral and production test.

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines ☐, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Signature: *Pam Corbett*

Printed name: PAM CORBETT

Title: REGULATORY CLERK

E-mail Address: pamc@chienergyinc.com

Date: Feb. 14, 2008

Phone: 432-685-5001

OIL CONSERVATION DIVISION

Approved by:

BRYAN G. ARRANT
DISTRICT II GEOLOGIST

Title:

Approval Date: FEB 15 2008

Expiration Date:

FEB 15 2010

Conditions of Approval Attached ☐

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-30139	² Pool Code 97668	³ Pool Name Wildcat WOLFCAMP
⁴ Property Code	⁵ Property Name OXY WALLACE STATE	⁶ Well Number 2H
⁷ OGRID No. 004378	⁸ Operator Name CHI OPERATING, INC.	⁹ Elevation 3363'

¹⁰ Surface Location

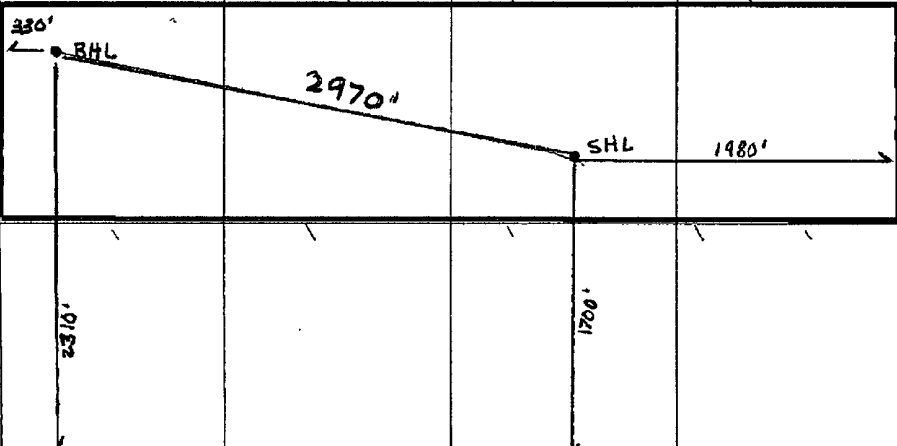
UL or lot no. J	Section 9	Township 17S	Range 27E	Lot Idn	Feet from the 1700	North/South line S	Feet from the 1980	East/West line E	County EDDY
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¹¹ Bottom Hole Location If Different From Surface

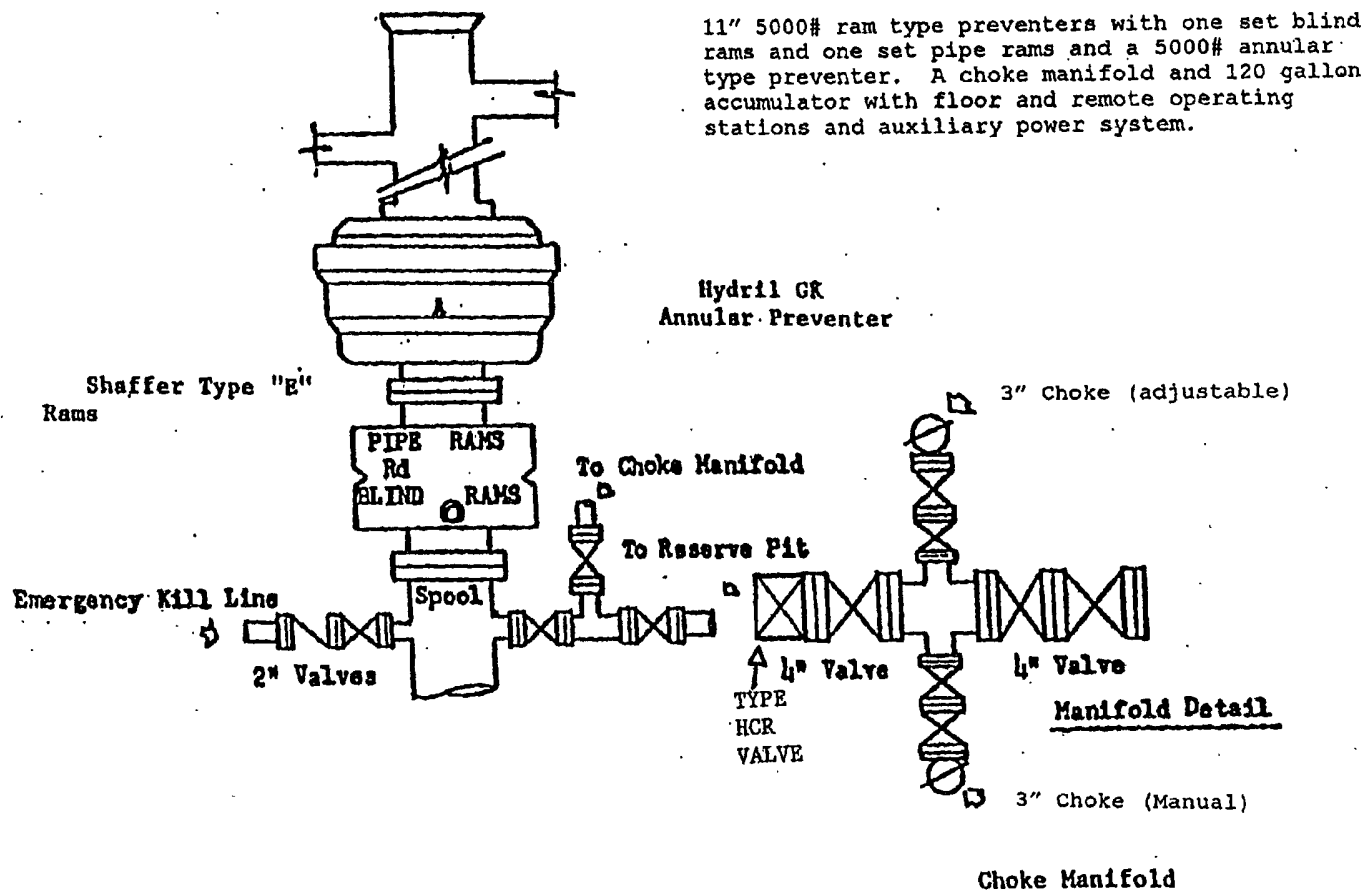
UL or lot no. L	Section 9	Township 17S	Range 27E	Lot Idn	Feet from the 2310	North/South line S	Feet from the 330	East/West line W	County EDDY
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¹² Dedicated Acres 160	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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No 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, 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature: <i>[Signature]</i> Date: 12-13-08 Printed Name: John W. Parks			
	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: 2/27/98 Signature and Seal of Professional Surveyor: Dan Reddy Certificate Number: 5412 see orig			

BLOWOUT PREVENTOR SCHEME



February 12, 2008

Oil Conservation Division
District II Office
13012 W. Grand Ave.
Artesia, NM 88210

Re: Statewide Rule 118
 Hydrogen Sulfide Gas Contingency Plan
 Proposed Oxy Wallace State Com. 2H Well

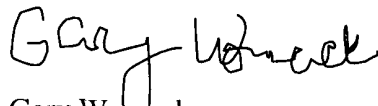
Dear Sirs:

In accordance with NMAC 19.15.3.118C. (1) governing the determination of the hydrogen sulfide concentration in gaseous mixtures in each of its operations, Chi Operating, Inc. does not anticipate that there will be enough H₂S from the surface to the Wolfcamp formations to meet the OCD's minimum requirements for the submission of a contingency plan for the drilling and completion of the following test(s):

Oxy Wallace State Com No. 2H
9-17S-27E
SHL 1700' FSL & 1980' FEL
BHL 2310' FSL & 330' FWL
Eddy County, NM

If anything further is needed regarding this issue, or if you have a question or concern, please feel free to contact the undersigned at 432-685-5001.

Sincerely,



Gary Womack
CHI Operating, Inc.
Engineer
GW:pac

**Oxy Wallace State No. 2 – Reenter and Drill Horizontal Wolfcamp
API: 30-015-30139**

Current Wellbore: Plugged and Abandoned

13-3/8" 48# @ 428' cmt w/720 sx TOC surface
8-5/8" 24# @ 1809' cmt w/800 sx TOC circulated
4-1/2" 11.6# N80 9218-4750' cut and pulled from 7-7/8" hole

Cmt plug @ 7396-7990'
Cmt plug @ 5953' 25 sx
4-1/2" stub @ 4750'
40 sx plug @ 4607'
30 sx plug @ 3800'
Cmt plug @ 1711-1863'
Cmt plug @ 348-478'
16 sx surface plug

Surface Location:

1700' FSL
1980' FEL
Sec. 9
T17S R27E

Proposed Bottom Hole Location:

2310' FSL
330' FWL
Sec. 9
T17S R27E

Approx KO pt:	4650'
Target TVD:	5930'
Thickness of Target formation:	25'
Formation Lithology:	Dolomitic LS
Lateral:	6-1/8" hole
Length:	Approx 2700'

Radius:

Build rate of approximately 18 deg

Procedure:

Clean location, digout cellar, and install wellhead.

RU DDP, PS, and RU

PU 7-7/8 bit and DC's on 3-1/2" workstring

Drill out cement plugs to approximately 4650'

POOH

Run gyro POOH

Spot 200' Class H cement plug and tag

POOH and LD WS

RD PU

MI Drilling Rig

PU 6-1/8" dress off bit, DH motor, and DC's on 3-1/2" DP

Time drill plug for kickoff

POOH, PU 6-1/8" bit 2

Drill curve from approximately 5770-6180' obtaining build rate of 18 deg/100

POOH for 6-1/8' bit 3

Drill lateral from approximately 6180-8885'

POOH

PU Peak reamer and RBIH to cleanout

POOH

PU 5 stage Peak openhole completion assembly on 4-1/2" 11.6# P110 casing

RIH and set openhole packer system

Stage acidize lateral and production test



Planned Wellpath Report

Plan #2
Page 1 of 4



REFERENCE WELLPATH IDENTIFICATION

Operator	Chi Energy, Inc.	Slot	No. 2_SHL
Area	Eddy County, NM	Well	No. 2
Field	(Oxy Wallace)Section 9 T17S R27E	Wellbore	No. 2 PWB
Facility	Oxy Wallace State No. 2		

REPORT SETUP INFORMATION

Projection System	NAD27 / TM New Mexico State Planes, Eastern Zone (3001), US feet	Software System	WellArchitect™ 1.2
North Reference	Grid	User	Victor Hernandez
Scale	1.00051	Report Generated	01/29/08 at 09:49:04
Wellbore last revised	01/23/08	Database/Source file	WA_Midland/No. 2_PWB.x

WELLPATH LOCATION

	Local coordinates		Grid coordinates		Geographic coordinates	
	North [feet]	East [feet]	Easting [US feet]	Northing [US feet]	Latitude [°]	Longitude [°]
Slot Location	0.00	0.00	1223409.25	371535.84	32 00 00.000N	102 00 00.000W
Facility Reference Pt			1223409.25	371535.84	32 00 00.000N	102 00 00.000W
Field Reference Pt			1223409.25	371535.84	32 00 00.000N	102 00 00.000W

WELLPATH DATUM

Calculation method	Minimum curvature	Rig on No. 2_SHL (RT) to Facility Vertical Datum	0.00 feet
Horizontal Reference Pt	Slot	Rig on No. 2_SHL (RT) to Mean Sea Level	0.00 feet
Vertical Reference Pt	Rig on No. 2_SHL (RT)	Facility Vertical Datum to Mud Line (Facility)	0.00 feet
MD Reference Pt	Rig on No. 2_SHL (RT)	Section Origin	N 0.00, E 0.00 ft
Field Vertical Reference	Mean Sea Level	Section Azimuth	281.61°



Planned Wellpath Report

Plan #2
Page 2 of 4



REFERENCE WELLPATH IDENTIFICATION			
Operator	Chi Energy, Inc.	Slot	No. 2_SHL
Area	Eddy County, NM	Well	No. 2
Field	(Oxy Wallace)Section 9 T17S R27E	Wellbore	No. 2 PWB
Facility	Oxy Wallace State No. 2		

WELLPATH DATA (92 stations) † = interpolated/extrapolated station								
MD [feet]	Inclination [°]	Azimuth [°]	TVD [feet]	Vert Sect [feet]	North [feet]	East [feet]	DLS [°/100ft]	Design Comments
0.00	0.000	281.606	0.00	0.00	0.00	0.00	0.00	Tie On
100.00†	0.000	0.000	100.00	0.00	0.00	0.00	0.00	
200.00†	0.000	0.000	200.00	0.00	0.00	0.00	0.00	
300.00†	0.000	0.000	300.00	0.00	0.00	0.00	0.00	
400.00†	0.000	0.000	400.00	0.00	0.00	0.00	0.00	
500.00†	0.000	0.000	500.00	0.00	0.00	0.00	0.00	
600.00†	0.000	0.000	600.00	0.00	0.00	0.00	0.00	
700.00†	0.000	0.000	700.00	0.00	0.00	0.00	0.00	
800.00†	0.000	0.000	800.00	0.00	0.00	0.00	0.00	
900.00†	0.000	0.000	900.00	0.00	0.00	0.00	0.00	
1000.00†	0.000	0.000	1000.00	0.00	0.00	0.00	0.00	
1100.00†	0.000	0.000	1100.00	0.00	0.00	0.00	0.00	
1200.00†	0.000	0.000	1200.00	0.00	0.00	0.00	0.00	
1300.00†	0.000	0.000	1300.00	0.00	0.00	0.00	0.00	
1400.00†	0.000	0.000	1400.00	0.00	0.00	0.00	0.00	
1500.00†	0.000	0.000	1500.00	0.00	0.00	0.00	0.00	
1600.00†	0.000	0.000	1600.00	0.00	0.00	0.00	0.00	
1700.00†	0.000	0.000	1700.00	0.00	0.00	0.00	0.00	
1800.00†	0.000	0.000	1800.00	0.00	0.00	0.00	0.00	
1900.00†	0.000	0.000	1900.00	0.00	0.00	0.00	0.00	
2000.00†	0.000	0.000	2000.00	0.00	0.00	0.00	0.00	
2100.00†	0.000	0.000	2100.00	0.00	0.00	0.00	0.00	
2200.00†	0.000	0.000	2200.00	0.00	0.00	0.00	0.00	
2300.00†	0.000	0.000	2300.00	0.00	0.00	0.00	0.00	
2400.00†	0.000	0.000	2400.00	0.00	0.00	0.00	0.00	
2500.00†	0.000	0.000	2500.00	0.00	0.00	0.00	0.00	
2600.00†	0.000	0.000	2600.00	0.00	0.00	0.00	0.00	
2700.00†	0.000	0.000	2700.00	0.00	0.00	0.00	0.00	
2800.00†	0.000	0.000	2800.00	0.00	0.00	0.00	0.00	
2900.00†	0.000	0.000	2900.00	0.00	0.00	0.00	0.00	
3000.00†	0.000	0.000	3000.00	0.00	0.00	0.00	0.00	
3100.00†	0.000	0.000	3100.00	0.00	0.00	0.00	0.00	
3200.00†	0.000	0.000	3200.00	0.00	0.00	0.00	0.00	
3300.00†	0.000	0.000	3300.00	0.00	0.00	0.00	0.00	
3400.00†	0.000	0.000	3400.00	0.00	0.00	0.00	0.00	
3500.00†	0.000	0.000	3500.00	0.00	0.00	0.00	0.00	
3600.00†	0.000	0.000	3600.00	0.00	0.00	0.00	0.00	
3700.00†	0.000	0.000	3700.00	0.00	0.00	0.00	0.00	
3800.00†	0.000	0.000	3800.00	0.00	0.00	0.00	0.00	
3900.00†	0.000	0.000	3900.00	0.00	0.00	0.00	0.00	



Planned Wellpath Report

Plan #2
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**BAKER
HUGHES**

INTEQ

REFERENCE WELLPATH IDENTIFICATION

Operator	Chi Energy, Inc.	Slot	No. 2_SHL
Area	Eddy County, NM	Well	No. 2
Field	(Oxy Wallace)Section 9 T17S R27E	Wellbore	No. 2 PWB
Facility	Oxy Wallace State No. 2		

WELLPATH DATA (92 stations) † = interpolated/extrapolated station

MD [feet]	Inclination [°]	Azimuth [°]	TVD [feet]	Vert Sect [feet]	North [feet]	East [feet]	DLS [°/100ft]	Design Comments
4000.00†	0.000	0.000	4000.00	0.00	0.00	0.00	0.00	
4100.00†	0.000	0.000	4100.00	0.00	0.00	0.00	0.00	
4200.00†	0.000	0.000	4200.00	0.00	0.00	0.00	0.00	
4300.00†	0.000	0.000	4300.00	0.00	0.00	0.00	0.00	
4400.00†	0.000	0.000	4400.00	0.00	0.00	0.00	0.00	
4500.00†	0.000	0.000	4500.00	0.00	0.00	0.00	0.00	
4600.00†	0.000	0.000	4600.00	0.00	0.00	0.00	0.00	
4700.00†	0.000	0.000	4700.00	0.00	0.00	0.00	0.00	
4800.00†	0.000	0.000	4800.00	0.00	0.00	0.00	0.00	
4900.00†	0.000	0.000	4900.00	0.00	0.00	0.00	0.00	
5000.00†	0.000	0.000	5000.00	0.00	0.00	0.00	0.00	
5100.00†	0.000	0.000	5100.00	0.00	0.00	0.00	0.00	
5200.00†	0.000	0.000	5200.00	0.00	0.00	0.00	0.00	
5300.00†	0.000	0.000	5300.00	0.00	0.00	0.00	0.00	
5400.00†	0.000	0.000	5400.00	0.00	0.00	0.00	0.00	
5500.00†	0.000	0.000	5500.00	0.00	0.00	0.00	0.00	
5600.00†	0.000	0.000	5600.00	0.00	0.00	0.00	0.00	
5610.00	0.000	281.606	5610.00	0.00	0.00	0.00	0.00	KOP
5700.00†	16.114	281.606	5698.82	12.57	2.53	-12.32	17.90	
5800.00†	34.019	281.606	5789.03	54.77	11.02	-53.65	17.90	
5900.00†	51.924	281.606	5861.90	122.66	24.68	-120.15	17.90	
6000.00†	69.829	281.606	5910.37	209.66	42.18	-205.37	17.90	
6100.00†	87.734	281.606	5929.75	307.35	61.83	-301.06	17.90	
6112.65	90.000	281.606	5930.00	320.00	64.38	-313.46	17.90	EOC
6200.00†	90.000	281.606	5930.00	407.35	81.95	-399.02	0.00	
6300.00†	90.000	281.606	5930.00	507.35	102.07	-496.97	0.00	
6400.00†	90.000	281.606	5930.00	607.35	122.19	-594.93	0.00	
6500.00†	90.000	281.606	5930.00	707.35	142.31	-692.88	0.00	
6600.00†	90.000	281.606	5930.00	807.35	162.43	-790.84	0.00	
6700.00†	90.000	281.606	5930.00	907.35	182.55	-888.79	0.00	
6800.00†	90.000	281.606	5930.00	1007.35	202.67	-986.75	0.00	
6900.00†	90.000	281.606	5930.00	1107.35	222.78	-1084.70	0.00	
7000.00†	90.000	281.606	5930.00	1207.35	242.90	-1182.66	0.00	
7100.00†	90.000	281.606	5930.00	1307.35	263.02	-1280.61	0.00	
7200.00†	90.000	281.606	5930.00	1407.35	283.14	-1378.57	0.00	
7300.00†	90.000	281.606	5930.00	1507.35	303.26	-1476.52	0.00	
7400.00†	90.000	281.606	5930.00	1607.35	323.38	-1574.48	0.00	
7500.00†	90.000	281.606	5930.00	1707.35	343.50	-1672.43	0.00	
7600.00†	90.000	281.606	5930.00	1807.35	363.62	-1770.39	0.00	
7700.00†	90.000	281.606	5930.00	1907.35	383.73	-1868.35	0.00	



Planned Wellpath Report

Plan #2
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REFERENCE WELLPATH IDENTIFICATION

Operator	Chi Energy, Inc.	Slot	No. 2_SHL
Area	Eddy County, NM	Well	No. 2
Field	(Oxy Wallace)Section 9 T17S R27E	Wellbore	No. 2 PWB
Facility	Oxy Wallace State No. 2		

WELLPATH DATA (92 stations) † = interpolated/extrapolated station

MD [feet]	Inclination [°]	Azimuth [°]	TVD [feet]	Vert Sect [feet]	North [feet]	East [feet]	DLS [°/100ft]	Design Comments
7800.00†	90.000	281.606	5930.00	2007.35	403.85	-1966.30	0.00	
7900.00†	90.000	281.606	5930.00	2107.35	423.97	-2064.26	0.00	
8000.00†	90.000	281.606	5930.00	2207.35	444.09	-2162.21	0.00	
8100.00†	90.000	281.606	5930.00	2307.35	464.21	-2260.17	0.00	
8200.00†	90.000	281.606	5930.00	2407.35	484.33	-2358.12	0.00	
8300.00†	90.000	281.606	5930.00	2507.35	504.45	-2456.08	0.00	
8400.00†	90.000	281.606	5930.00	2607.35	524.57	-2554.03	0.00	
8500.00†	90.000	281.606	5930.00	2707.35	544.68	-2651.99	0.00	
8600.00†	90.000	281.606	5930.00	2807.35	564.80	-2749.94	0.00	
8700.00†	90.000	281.606	5930.00	2907.35	584.92	-2847.90	0.00	
8800.00†	90.000	281.606	5930.00	3007.35	605.04	-2945.85	0.00	
8824.65	90.000	281.606	5930.00 ¹	3032.00	610.00	-2970.00	0.00	No. 2H BHL

HOLE & CASING SECTIONS Ref Wellbore: No. 2 PWB Ref Wellpath: Plan #2

String/Diameter	Start MD [feet]	End MD [feet]	Interval [feet]	Start TVD [feet]	End TVD [feet]	Start N/S [feet]	Start E/W [feet]	End N/S [feet]	End E/W [feet]
6.125in Open Hole	5450.00	8824.65	3374.65	5450.00	5930.00	0.00	0.00	610.00	-2970.00

TARGETS

Name	MD [feet]	TVD [feet]	North [feet]	East [feet]	Grid East [us survey feet]	Grid North [us survey feet]	Latitude [°]	Longitude [°]	Shape
1) #2 BHL	8824.65	5930.00	610.00	-2970.00	1220437.75	372146.15	32 00 06.668N	102 00 34.328W	point

SURVEY PROGRAM Ref Wellbore: No. 2 PWB Ref Wellpath: Plan #2

Start MD [feet]	End MD [feet]	Positional Uncertainty Model	Log Name/Comment	Wellbore
0.00	8824.65	NaviTrak (Standard)		No. 2 PWB



Chi Energy, Inc.

Location Eddy County, NM
Field (Oxy Wallace) Section 9 T17S R27E
Facility Oxy Wallace State No. 2

Slot No 2_SHL
Well No 2
Wellbore No 2_PWB



Well Profile Data							
Design Comment	MD (ft)	Incl (°)	Az (°)	TVD (ft)	Local N (ft)	Local E (ft)	DLS (°/100ft)
Tie On	0.00	0.000	281.61°	0.10	0.00	0.00	0.10
KOP	5610.00	0.000	281.61°	5610.00	0.00	0.00	0.00
EOC	6112.65	90.000	281.61°	5930.00	64.18	-113.46	17.90
No. 2H BHL	8824.65	90.000	281.61°	5930.00	610.00	-2970.00	0.00

Not reference wellbore is Plan #2	
True vertical depths are referenced to Rig on No. 2_SHL (RT)	Grid System: NAD83 / TM New Mexico State Plane - Eastern Zone (1001) US feet
Measured depths are referenced to Rig on No. 2_SHL (RT)	North Reference: Grid north
Rig on No. 2_SHL (RT) to Mean Sea Level: 0 feet	Scale: True distance
Mean Sea Level to Mud line (Facility - Oxy Wallace State No. 2): 0 feet	Depths are in feet
Coordinates are in feet referenced to Grid	Created by: Victor Hernandez on 1/29/2008

