

District I
1625 N. French Dr., Hobbs, NM 88240
District II⁹
1301 W. Grand Avenue, Artesia NM 88201
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

OCD-ARTESIA

☐ AMENDED REPORT

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

¹ Operator Name and Address CHI OPERATING, INC. P.O. Box 1799 Midland, Texas 79702		² OGRID Number 004378
³ Property Code	⁵ Property Name WC "3"	⁶ Well No. #3

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	3 (S/2)	22S	26E		660	SOUTH	660	EAST	EDDY

⁸ Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from	County

Cement to cover all oil, gas and
water bearing zones.

⁹ Proposed Pool 1

HAPPY VALLEY; MORROW

¹¹ Work Type Code N	¹² Well Type Code G	¹³ Cable/Rotary R	¹⁴ Lease Type Code P	¹⁵ Ground Level Elevation 3165'
¹⁶ Multiple	¹⁷ Proposed Depth 11,900	¹⁸ Formation MORROW	¹⁹ Contractor	²⁰ Spud Date 3/17/04

²¹ 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"	54.5- J-55	±500'	400	SURFACE
12 1/4"	9 5/8"	36-J-55	±2200'	700	SURFACE
8 3/4"	7" (CONTINGENCY)	26-N-80	±10000'	500	±8000'
6 1/8" (If 7" is set)	4 1/2" Liner	11.6# N-80	11,900'	As deemed necessary	500' above productive
7 7/8" (If 7" is not set)	5 1/2"	20/17# N-80	11,900'	As deemed necessary	zones

²² 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 500', set csg & cement to surface. WOC-18 hrs. NU annular, tst & drill intermediate to ±2200'. Cement to surface.

NUBOP & test 5000# while waiting 18 hrs on cement. Drill 8 3/4" hole to ±10,000'. If necessary, set 7" psi string & cement. If 7" is set, drill out with 6 1/8" 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.)

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

Signature:

Printed name:

Date: 2/24/04

Phone: 915-685-5001

OIL CONSERVATION DIVISION

Approved by:

ORIGINAL SIGNED BY TIM W. GUN
DISTRICT II SUPERVISOR

Title:

Approval Date:

MAR 01 2004

Expiration Date:

MAR 01 2005

Conditions of Approval:

Attached ☐

NOTIFY OCD SPUD & TIME
TO WITNESS 5/8" CASING

Surface

Revised March 17, 1999
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

District IV
2040 South Pacheco, Santa Fe, NM 87505

2040 South Pacheco
Santa Fe, N M 87505

☐ AMENDED REPORT

OPERATOR CERTIFICATION

I HEREBY CERTIFY THAT THE INFORMATION HEREIN IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

Signature John W. Wolf

Printed Name John W. Wolf

Title 2/23/84

Date 2/23/84

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 KNOWLEDGE AND BELIEF.

FEBRUARY 16, 2004

Date of Survey

Signature Don R. Reddy Seal of Professional Surveyor

NEW MEXICO

5412

ENGINEER

NMOPES & PS 5412

CERTIFICATION

LAT N32°24'59.0"

LON W104°16'27.5"

660'

660'

Chi Operating, Inc
Drilling Procedure Summary
WC "3" Federal #3
Eddy County, New Mexico

ESTIMATED FORMATION TOPS:

Delaware	2210'	Wolfcamp	8500'
Cherry Canyon	2405'	Strawn	9950'
Brushy Canyon	3525'	Atoka	10325'
B. Spring Carb	4950'	L. Atoka Carb	10525'
1 st Sand	5975'	Morr.Clastics	11080'
2 nd Sand	6645'	Lower Morr.	11290'
3 rd Sand	8070'	Mississipian	11420'

CASING/HOLE PROGRAM:

<u>Hole Size</u>	<u>Casing</u>	<u>Depth</u>	<u>Cement</u>	<u>TOC</u>
17½"	13 3/8" -48.5/54.5#	±500'	as per procedure/ hole conditions	Surface
12¼"	9 5/8" -32# - J-55	±2,100'	as per procedure/ hole conditions	Surface
7 7/8"	5 1/2" -20/17# -N-80	±11,600'	as deemed necessary	

MUD PROGRAM: (SUBJECT TO CHANGE PENDING HOLE CONDITIONS)

<u>Depth</u>	<u>Mud Type</u>	<u>Weight</u>	<u>Vis</u>	<u>Filtrate</u>
0-500'	Fresh Water/Spud	8.4 -	32-36	NC
500'-2200'	Fresh Water	8.4 -	28	NC
2200'-8450'	Fresh Water	8.4+	28	NC
8450'- 9900'	Brine/C. Brine	10	29	NC
9900'-11,000'	Brine/C. Brine(starch)	9.5 - 10+	32-34	12-15
11,000-11,600'	(XCD, etc)	9.5 - 10+	40-45	<6

MUD LOGGING: Mud logger will pick csg point in top of Delaware. (±2200')
Log 10' samples from below Intermediate(±2200') to TD (2 sets)

OPEN HOLE LOGS: TD to Intermediate csg. (GR-CAL-CNL-LDT)(GR-CAL-DLL-MICRO) & (Possible FMI)

CORING: Rotary Sidewall: as dictated by logs.

POSSIBLE DST'S: As deemed necessary

Phone (915) 685-5001

Chi Operating, Inc.

Fax (915) 687-2662

P.O. Box 1799
Midland, TX 79702

2/24/04

State of New Mexico
Energy Minerals and Natural Resources
Oil Conservation Division
1301 W. Grand Avenue
Artesia, New Mexico 88201

RECEIVED

FEB 26 2004

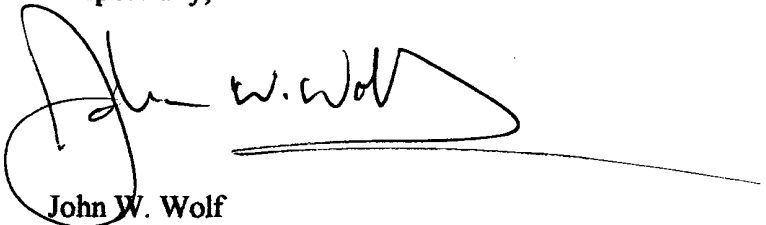
OCD-ARTESIA

Re: OCD Rule 118
WC "3" #3
Sec 3-T22S-R26E
Eddy County, NM

Mr. Bryan Arrant;

As per your request, this drill site, to the best of my knowledge does not have H2S > 100 ppm.

Respectfully;

A handwritten signature in black ink, appearing to read "John W. Wolf", with a long horizontal line extending to the right.

John W. Wolf

Copy/file