



District I  
1625 N. French Dr., Hobbs, NM 88240  
District II<sup>o</sup>  
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-1  
Revised March 17, 1

Oil Conservation Division  
2040 South Pacheco  
Santa Fe, NM 87505

RECEIVED  
Submit to appropriate District Of  
State Lease - 6 Coq  
Fee Lease - 5 Coq

OCD-ARTESIA  AMENDED REPO

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

<sup>1</sup> Operator Name and Address CHI OPERATING, INC. P.O. Box 1799 Midland, Texas 79702		<sup>2</sup> OGRID Number 004378
		<sup>3</sup> API Number 30-0 15- 33258
<sup>3</sup> Property Code	<sup>3</sup> Property Name WC "3"	<sup>6</sup> Well No. #3

<sup>7</sup> 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

<sup>8</sup> Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from	County
<sup>9</sup> Proposed Pool 1 HAPPY VALLEY; MORROW						Cement to cover all oil, gas and water bearing zones.

<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 P	<sup>15</sup> Ground Level Elevation 3165'
<sup>14</sup> Multiple	<sup>17</sup> Proposed Depth 11,900	<sup>18</sup> Formation MORROW	<sup>19</sup> Contractor	<sup>20</sup> Spud Date 3/17/04

<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"	54.5- J-55	±500'	400	SURFACE
12 1/2"	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 product
7 7/8" (If 7" is not set)	5 1/2"	20/17# N-80	11,900'	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 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 c 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.)

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

Signature: *John W. Wake*

Printed name: JOHN W. WAKE

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 20

Conditions of Approval:  
Attached

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

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name <b>W C 3</b>	Well Number <b>3</b>
OGRID No.	Operation Name <b>CHI OPERATING, INC.</b>	Elevation <b>3165</b>

Surface Location

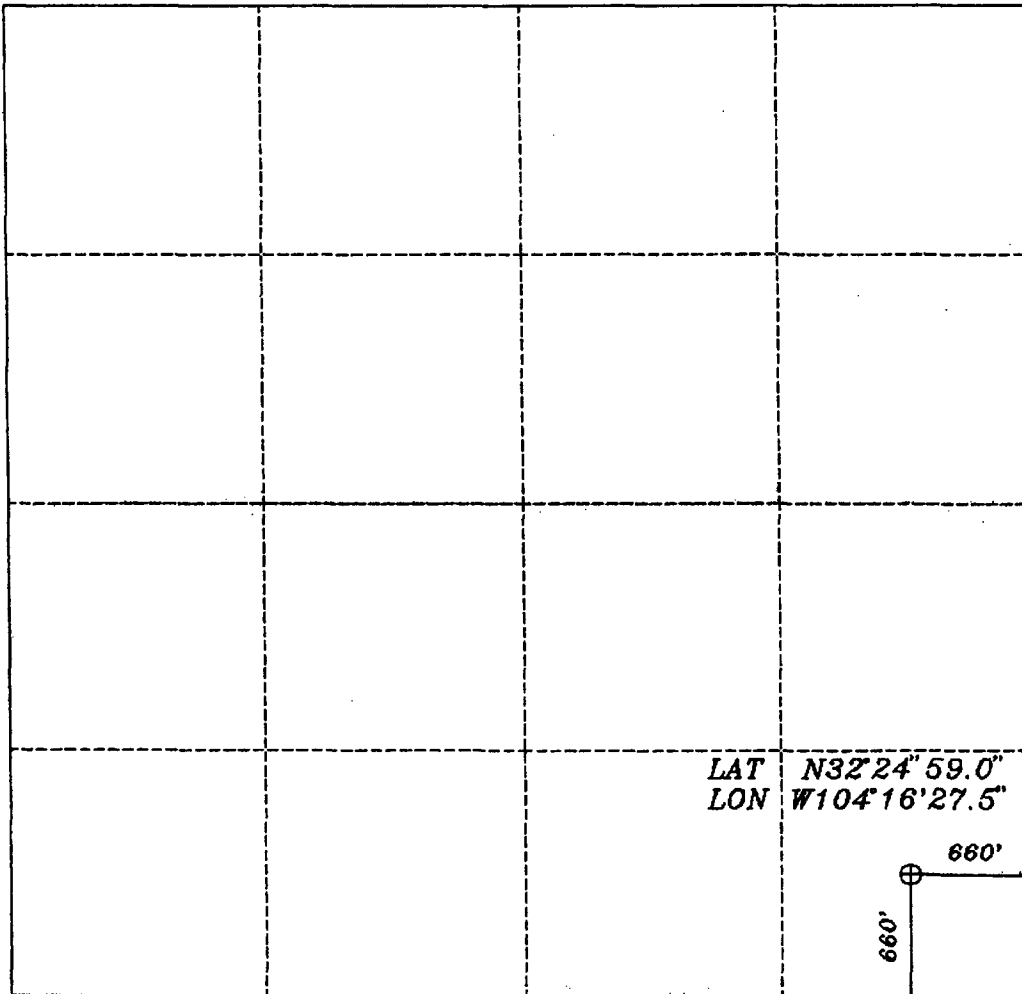
UL or Lot No.	Section	Township	Range	Lot Idn.	Feet from the	North/South line	Feet from the	East/West line	County
<b>P</b>	<b>3(1/2)</b>	<b>22-S</b>	<b>26-E</b>		<b>660</b>	<b>SOUTH</b>	<b>660</b>	<b>EAST</b>	<b>EDDY</b>

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



OPERATOR CERTIFICATION

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

Signature: *[Handwritten Signature]*  
 Printed Name: **JOHN W. WOOD**  
 Title: **Eng**  
 Date: **2/23/04**

SURVEYOR CERTIFICATION

I HEREBY CERTIFY THAT THE WELL LOCATIONS 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: **FEBRUARY 16, 2004**

Signature and Seal of Registered Surveyor

UNLEASED INTERESTS IN S½ OF SECTION 3

Paulina Morales  
3909 Jones Street  
Carlsbad, NM 88220  $1/2 \times 1.37/320 = 0.214\%$

Leo B. Estrada III and  
wife Vickie Estrada  
607 South 11th  
Carlsbad, NM 88220  $0.19/320 = 0.059\%$

C.L. Thacker and wife  
Annie M. Thacker  
711 North Happy Valley Road  
Carlsbad, NM 88220  $0.19/320 = 0.059\%$

Robert L. Graves and wife  
Yolanda H. Graves  
109 South Abner  
Carlsbad, NM 88220  $0.38/320 = 0.119\%$

Juan Rascon and wife  
Adela Rascon  
603 Boyd Drive  
Carlsbad, NM 88220  $0.465/320 = 0.148\%$

Emma Loftis, a widow  
2312 Parsifal NE  
Albuquerque, NM 87112  $0.46/320 = 0.144\%$

Ruth E. Davis  
805 Hueco Street  
Carlsbad, NM 88220  $1.00/320 = 0.313\%$

Roy B. Laney and  
wife Barbara L. Laney  
4001 Jones Street  
Carlsbad, NM 88220  $1.06/320 = 0.331\%$

H. Davis Holt  
10145 Monaco  
El Paso, TX 79925

and

Ruby N. Holt Estate  
c/o H. Davis Holt  
10145 Monaco  
El Paso, TX 79925

Bennie P. Grant  
P.O. Box 128  
Santa Cruz, NM 87562  $1/2 \times 0.40/320 = 0.063\%$

OIL CONSERVATION DIVISION

CASE NUMBER  
EXHIBIT NUMBER 4

RECEIVED

APR 19 2004

Oil Conservation Division  
1220 S. St. Francis Drive  
Santa Fe, NM 87505

$0.76/320 = 0.238\%$

Marion Lee Smith 719 El Alhambra Circle NW Albuquerque, NM 87107	$1/8 \times 0.40/320 = 0.016\%$
Miguel C. Morales	$1/2 \times 1.37/320 = 0.214\%$
Gladys L. Pryor	$0.37/320 = 0.116\%$
John E. Dean and wife Ruth Dean	$0.74/320 = 0.231\%$
Wilson L. Akins	$0.37/320 = 0.116\%$
Theo A. Bennett and wife Maurine Bennett	$0.47/320 = 0.147\%$
Richard L. Asbury and wife Debra E. Asbury	$0.38/320 = 0.119\%$
Lupe G. Lara and wife Mary V. Lara	$0.38/320 = 0.119\%$
John R. Rogers and wife Janet Neosha Rogers	$0.76/320 = 0.238\%$
Annette Cranford, Jerry Cranford, Dale Cranford, Dorothy Debrosse, Penny Ebersbacher, Debbie Fletcher	$1/5 \times 0.42/320 = 0.026\%$
T.L. Spoons, Jr. and wife Hetty G. Spoons	$0.29/320 = 0.091\%$
Kenneth Stiles and wife Earlene Stiles, and Ida Norma Ferrero	$0.64/320 = 0.200\%$
Beneficial Mortgage Company	$1.57/320 = 0.491\%$
Johnny M. Hunt and wife Mary P. Hunt	$1.74/320 = 0.544\%$
Viola M. Jackson	$0.22/320 = 0.069\%$
W.C. Allen and wife Clara Mae Allen	$0.22/320 = 0.069\%$
Clarence J. Ramsey and wife Marjorie Ramsey	$2.5/320 = 0.781\%$

Hilton W. McKinney 0.40/320 = 0.125%

Javier Hinojos and  
wife Charlotte Hinojos;  
or Eduvijen Calderon  
and Yolanda Mendoza 0.40/320 = 0.125%

Janet Louise Dewey and  
husband John E. Dewey 0.49/320 = 0.153%

Robert J. Harris and  
wife G. Marie Harris 0.77/320 = 0.241%

Donald R. Couch and  
wife Virginia M. Couch 0.42/320 = 0.131%

**TOTAL: 6.050%**

Michael Lee DeMoss 0.40/320 = 0.125%  
(This is a possible  
mineral interest which is  
under lease from a  
different claimant)

UNLEASED INTERESTS IN SW¼ OF SECTION 3

Leo B. Estrada III and wife Vickie Estrada 607 South 11th Carlsbad, NM 88220	0.19/160 = 0.119%
C.L. Thacker and wife Annie M. Thacker 711 North Happy Valley Road Carlsbad, NM 88220	0.19/160 = 0.119%
Robert L. Graves and wife Yolanda H. Graves 109 South Abner Carlsbad, NM 88220	0.38/160 = 0.238%
Juan Rascon and wife Adela Rascon 603 Boyd Drive Carlsbad, NM 88220	0.465/160 = 0.291%
Bennie P. Grant P.O. Box 128 Santa Cruz, NM 87562	1/2 x 0.40/160 = 0.125%
Marion Lee Smith 719 El Alhambra Circle NW Albuquerque, NM 87107	1/8 x 0.40/160 = 0.031%
Gladys L. Pryor	0.37/160 = 0.231%
John E. Dean and wife Ruth Dean	0.74/160 = 0.463%
Wilson L. Akins	0.37/160 = 0.231%
Theo A. Bennett and wife Maurine Bennett	0.47/160 = 0.294%
Richard L. Asbury and wife Debra E. Asbury	0.38/160 = 0.237%
Lupe G. Lara and wife Mary V. Lara	0.38/160 = 0.237%
John R. Rogers and wife Janet Neosha Rogers	0.76/160 = 0.475%
W.C. Allen and wife Clara Mae Allen	0.22/160 = 0.137%

Clarence J. Ramsey and wife Marjorie Ramsey	2.5/160 = 1.562%
Hilton W. McKinney	0.40/160 = 0.250%
Javier Hinojos and wife Charlotte Hinojos; or Eduvijen Calderon and Yolanda Mendoza	0.40/160 = 0.250%
Janet Louise Dewey and husband John E. Dewey	0.49/160 = 0.306%
Robert J. Harris and wife G. Marie Harris	0.77/160 = 0.481%
Donald R. Couch and wife Virginia M. Couch	0.42/160 = <u>0.262%</u>
<b>TOTAL:</b>	<b>6.339%</b>

Michael Lee DeMoss	0.40/160 = 0.250% (This is a possible mineral interest which is under lease from a different claimant)
--------------------	--



UNLEASED INTERESTS IN SE¼ OF SECTION 3

Paulina Morales 3909 Jones Street Carlsbad, NM 88220	$1/2 \times 1.37/160 = 0.428\%$
Emma Loftis, a widow 2312 Parsifal NE Albuquerque, NM 87112	$0.46/160 = 0.288\%$
Ruth E. Davis 805 Hueco Street Carlsbad, NM 88220	$1.00/160 = 0.625\%$
Roy B. Laney and wife Barbara L. Laney 4001 Jones Street Carlsbad, NM 88220	$1.06/160 = 0.662\%$
H. Davis Holt 10145 Monaco El Paso, TX 79925	
<u>and</u>	
Ruby N. Holt Estate c/o H. Davis Holt 10145 Monaco El Paso, TX 79925	$0.76/160 = 0.487\%$
Annette Cranford, Jerry Cranford, Dale Cranford, Dorothy Debrosse, Penny Ebersbacher, Debbie Fletcher	$1/5 \times 0.42/160 = 0.052\%$
Miguel C. Morales	$1/2 \times 1.37/160 = 0.428\%$
T.L. Spoons, Jr. and wife Hetty G. Spoons	$0.29/160 = 0.181\%$
Kenneth Stiles and wife Earlene Stiles, and Ida Norma Ferrero	$0.64/160 = 0.400\%$
Beneficial Mortgage Company	$1.57/160 = 0.981\%$
Johnny M. Hunt and wife Mary P. Hunt	$1.74/160 = 1.087\%$

Viola M. Jackson

0.22/160 = 0.137%

**TOTAL: 5.456%**

# Affidavit of Publication

State of New Mexico,  
County of Eddy, ss.

**Dawn Higgins**, being first duly sworn, on oath says:

That she is Business Manager of the Carlsbad Current-Argus, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

<u>April 9</u>	<u>2004</u>
_____	<u>2004</u>
_____	<u>2004</u>
_____	<u>2004</u>

That the cost of publication is \$ 56.00 and that payment thereof has been made and will be assessed as court costs.

*Dawn Higgins*

Subscribed and sworn to before me this

9 day of April, 2004

*Stephanie Deason*

My commission expires 12-13-05

Notary Public



April 9, 2004

**NOTICE**

To: Miguel C. Morales, Gladys L. Pryor, John E. Dean and wife Ruth Dean, Wilson L. Akins, Theo A. Bennett and wife Maurine Bennett, Richard L. Asbury and wife Debra E. Asbury, Lupe G. Lara and wife Mary V. Lara, John R. Rogers and wife Janet Neosha Rogers, C.L. Thacker and wife Annie Thacker, Robert L. Graves and wife Yolanda H. Graves, Annette Cranford, Jerry Cranford, Dale Cranford, Dorothy Debrosse, Penny Ebersbacher, Debbie Fletcher, T.L. Spoons, Jr. and wife Hetty G. Spoons, Kenneth Stiles and wife Ear-

lene Stiles, Ida Norma Ferrero, Beneficial Mortgage Company, Johnny M. Hunt and wife Mary P. Hunt, Viola M. Jackson, W.C. Allen and wife Clara Mae Allen, Clarence J. Ramsey and wife Marjorie Ramsey, Hilton W. McKinney, Javier Hinojos and wife Charlotte Hinojos, Eduvijen Calderon, Yolanda Mendoza, Janet Louise Dewey and husband John E. Dewey, Robert J. Harris and G. Marie Harris, Donald R. Couch and wife Virginia M. Couch, and Michael Lee DeMoss, their heirs, successors, and assigns: Chi Energy, Inc. has filed

an application with the Oil Conservation Division for compulsory pooling of the 5/2 of Section 3, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico. The matter is scheduled to be heard at 8:15 a.m. on Thursday, April 15, 2004 at the Division's offices at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. Failure to appear at the hearing will preclude you from contesting this matter at a later date. The well unit is located approximately 3 miles west of Carlsbad, New Mexico.

# RECEIVED

APR 19 2004

Oil Conservation Division  
1220 S. St. Francis Drive  
Santa Fe, NM 87505