



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

August 3, 2004

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Chisos, Ltd.

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

P. O. Box 2079

Midland, Texas 79702-2079

Attention: Bill Pierce
Consulting Engineer
deltapservices@sbcglobal.net

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.

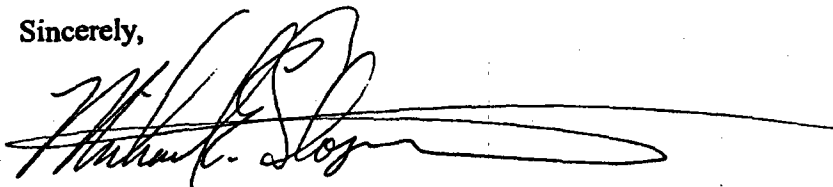
By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Strawn gas well location for Chisos, Ltd.'s Wishbone Federal Com. Well No. 1 is hereby approved.

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

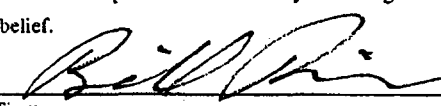
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	6	19S	30E		2,000	South	680	West	Eddy

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	" Joint or Infill	" Consolidation Code	" Order No.
313.04			

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

NMLC-066087A 38.22 ACRES LOT 5 40.06 ACRES 38.21 ACRES LOT 6 3414.9' 3412.3' 680' 3413.4' 3410.8' 25 ACRES LOT 7 2000'	LOT 2	LOT 1	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  Signature Bill Pierce Printed Name Consulting Engineer deltapservices@sbcglobal.net Title and E-mail Address 07/01/2004 Date 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 Signature and Seal of Professional Surveyor: Certificate Number
	40.06 ACRES	40.06 ACRES	

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, 20001a. Type of Well ☐ Oil Well ☒ Gas Well ☐ Dry Otherb. Type of Completion ☐ New Well ☒ Work Over ☐ Deepen ☒ Plug Back ☐ Diff. Resvr.,

Other _____

2. Name of Operator
CHISOS, Ltd.

3. Address

670 Dona Ana Road SW;

Deming, NM 88030

3.a Phone No. (Include area code)

(505)546-8802

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

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

18. Total Depth: MD 11,750
TVD 11,75019. Plug Back T.D.: MD 11,524
TVD 11,52420. 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	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
6/7/04	6/12/04	24	→	270	1,158	3	52.7	.631	Flowing
Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas : Oil Ratio	Well Status	
10/64"	1750	0	→	270	1,158	3	4288:1	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 PierceTitle Consulting EngineerSignature Bill PierceDate 07/01/2004

Title 18 U.S.C. Section 101 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States and false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

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

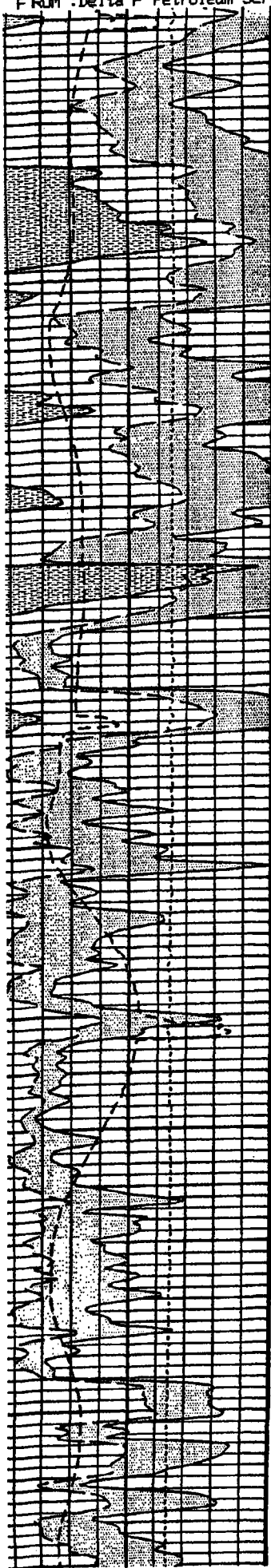
COUNTY: Eddy Field: Turkey Track Morrow Location: 2000' FSL & 680' FWL Well: Wishbone 6 Federal Com. #1 Company: Bellwether Exploration Company	Schlumberger		Platform Express	
			Three Detector Litho-Dens-Compensated Neutron / N	
	2000' FSL & 680' FWL		Elev.: K.B. 3432 ft G.L. 3414 ft D.F. 3431 ft	
	Permanent Datum: <u>Ground Level</u>		Elev.: <u>3414 ft</u>	
Log Measured From: <u>Kelly Bushing</u>		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	18-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		


 $3' \times 7\%$
 $2' \times 3\%$
 $1' \times 3\%$
 $2' \times 3\%$
 $6' \times 5\%$
 $11' \times 4.6\%$
 $25\% \text{ Sw}$
 $6' \times 9' \times 5\% \phi$
 $11' \times 5\% \phi$

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

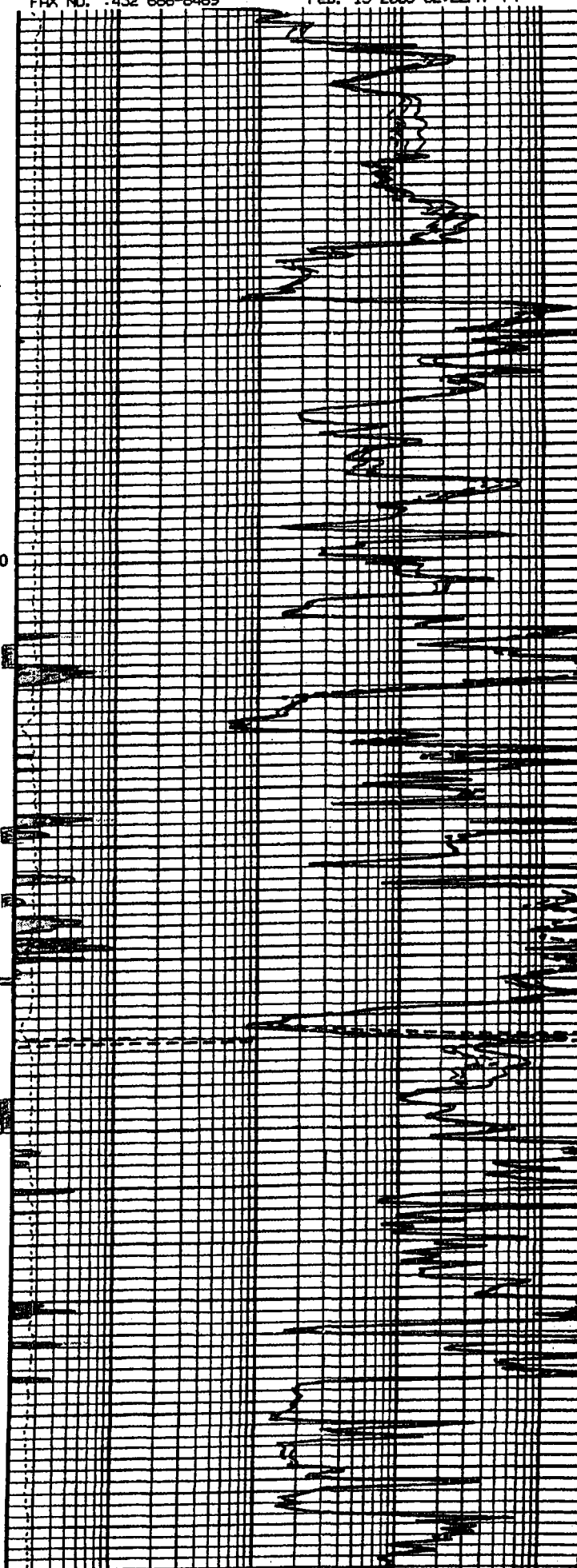
COMPANY: **Bellwether Exploration Company**WELL: **Wishbone 6 Federal Com. #1**FIELD: **Turkey Track Morrow**COUNTY: **Eddy** STATE: **New Mexico****Schlumberger****High Resolution
Laterolog Array / NGT**

COUNTY: Eddy Field: Turkey Track Morrow Location: 2000' FBL & 680' FWL Well: Wishbone 6 Federal Com. #1 Company: Bellwether Exploration Company	LOCATION	2000' FBL & 680' FWL		Elev.: K.B. 3432 ft G.L. 3414 ft D.F. 3431 ft	
		Permanent Datum: <u>Ground Level</u>		Elev.: <u>3414 ft</u>	
		Log Measured From: <u>Kelly Bushing</u>		18.0 ft above Perm. Datum	
		Drilling Measured From: <u>Kelly Bushing</u>			
		API Serial No. 30-015-30640	SECTION 6	TOWNSHIP 19S	RANGE 30E
MUD	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		
	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		0.046 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			



10500

10600



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)

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

¹⁰Surface Location

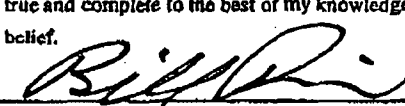
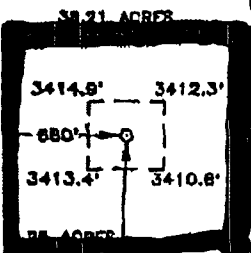
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	6	19S	30E		2,000	South	680	West	Eddy

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	" Joint or Infill	" Consolidation Code	" Order No.
40			

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	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  Signature Bill Pierce Printed Name Consulting Engineer bill@dpps.us Title and E-mail Address 10/25/2004 Date
38.22 ACRES LOT 5	40.06 ACRES	40.06 ACRES	40.06 ACRES	
38.21 ACRES				
				
LOT 7				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 Signature and Seal of Professional Surveyor: Certificate Number
2.30 ACRES				