

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

Oil Conservation Division JUL 18 2007
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to appropriate District Office

☐ 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, TEXAS 79702		OGRID Number 004378
		API Number 30-015-20401
Property Code 36613	Property Name SPENCER "A"	Well No 1
Proposed Pool 1 Wye, Delaware		Proposed Pool 2

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
O	30	22S	27E		660	SOUTH	1980	EAST	EDDY

8 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

Additional Well Information

Work Type Code E	Well Type Code O	Cable/Rotary	Lease Type Code P	Ground Level Elevation 3181
Multiple	Proposed Depth 5257'	Formation DELAWARE	Contractor	Spud Date ASAP
Depth to Groundwater		Distance from nearest fresh water well		Distance from nearest surface water
Pit <input type="checkbox"/> Liner Synthetic <input type="checkbox"/> Min required unless condition dictate stronger mills thick Clay <input type="checkbox"/> Pit Volume _____ bbls Drilling Method _____ Closed-Loop System <input type="checkbox"/> Fresh Water <input type="checkbox"/> Brine <input checked="" type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

21 Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
EXISTING CSGS.	13 3/8"	48# H-40	353'		CIRC/50sks
EXISTING CSGS.	9 5/8"	40# N-80, 40/36# K-	5299'		2 Stage /DV @ 1625'
				1 ST STAGE	CIRC 200 SKS OFF DV
				2 ND STAGE	CIRC 200 SKS TO PIT

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.

MIRU WORKOVER UNIT & EQUIPMENT. REMOVE DRYHOLE MKR INSTALL STARTING HEAD BASED ON WHAT IS FOUND NUBOP & TST TO 3000# PU BIT, DCs & DRILL OUT SURFACE PLUG. DRILL OUT PLUG @ 260' (TAGGED). DRILL OUT PLUG @ ±1495'. DRILL OUT PLUG @ 5104' (TAGGED) TO 5257'. (PSI CSG TO 500# AFTER DRILLING OUT ALL PLUGS) CLEAN UP WELL BORE PREP TO PERF & TEST DELAWARE ZONE(S).

NOTE NO EARTH PIT(S) REQUIRED

SENT NOTICE AND APPLICATION TO THE CITY OF CARLSBAD

23 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 ☐.

OIL CONSERVATION DIVISION

Approved by:

BRYAN G. ARRANT
DISTRICT II GEOLOGIST

Printed name: GARY WOMACK

Title: ENGINEER

E-mail Address: Garyw@chienergyinc.com

Date: 7/16/2007

Phone: 432-685-5001

Approval Date: JUL 22 2007 Expiration Date: JUL 22 2008

Conditions of Approval Attached ☐

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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 June 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT**WELL LOCATION AND ACREAGE DEDICATION PLAT**

¹ API Number 30-015-20401		² Pool Code 96378	³ Pool Name Wye, Delaware
⁴ Property Code	⁵ Property Name SPENCER "A"		⁶ Well Number 1
⁷ OGRID No. 4378	⁸ Operator Name CHI OPERATING, INC.		⁹ Elevation 3181

¹⁰ Surface Location

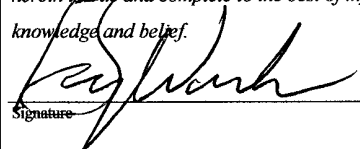
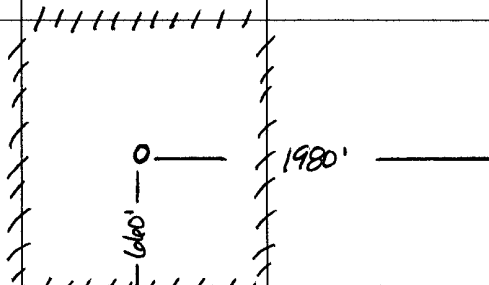
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	30	22S	27E		660	SOUTH	1980'	EAST	EDDY

¹¹ 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

¹² Dedicated Acres 40	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>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>  Signature	
				GARY WOMACK Printed Name	
				ENGINEER/Garyw@chienergyinc.com Title and E-mail Address	
				9/21/06 Date	
				¹⁸ SURVEYOR CERTIFICATION <i>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.</i>	
				Date of Survey	
				Signature and Seal of Professional Surveyor:	
					
			Certificate Number		

CHI OPERATING, INC
HYDROGEN SULFIDE (H₂S) CONTINGENCY PLAN
FOR DRILLING/COMPLETING/WORKOVER/FACILITY
WITH THE EXPECTATION OF H₂S IN EXCESS OF 100 PPM

WELL/FACILITY IN QUESTION

Spencer "A" #1
RE-ENTRY
SEC 30-T22S-R27E
1980' FNL & 1980' FEL
EDDY COUNTY, NM

**This well/facility is not expected to have H₂S, but due to the sensitive location,
The following is submitted as requested**

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GENERAL H2S EMERGENCY ACTIONS:

In the event of an H2S emergency, the following plan will be initiated.

- 1) All personnel will immediately evacuate to an up-wind and if possible up-hill "safe area".
- 2) If for any reason a person must enter the hazardous area, they must wear a SCBA (Self contained breathing apparatus)
- 3) Always use the "buddy system"
- 4) Isolate the well/problem if possible
- 5) Account for all personnel
- 6) Display the proper colors warning all unsuspecting personnel of the danger at hand.
- 7) Contact the Company personnel as soon as possible if not at the location.
(use the enclosed call list as instructed)

At this point the company representative will evaluate the situation and co-ordinate the necessary duties to bring the situation under control, and if necessary, the notification of emergency response agencies and residents.

EMERGENCY PROCEDURES FOR AN UNCONTROLLABLE RELEASE OF H2S

- 1) All personnel will don the self-contained breathing apparatus.
- 2) Remove all personnel to the "safe area". (always use the "buddy system"
- 3) Contact company personnel if not on location.
- 4) Set in motion the steps to protect and or remove the general public to an upwind "safe area". Maintain strict security & safety procedures while dealing with the source.
- 5) No entry to any unauthorized personnel.
- 6) Notify the appropriate agencies: City Police-City street(s)
State Police-State Rd
Count Sheriff-County Rd.
(will assist in general public evacuation/safety while maintaining roadblocks)
- 7) Call the NMOCD

If at this time the supervising person determines the release of H2S cannot be contained to the site location and the general public is in arms way he will take the necessary steps to protect the workers & the public.

EMERGENCY CALL LIST: (Start and continue until ONE of these people have been reached)

	<u>OFFICE</u>	<u>MOBILE</u>	<u>HOME</u>
Chi Operating, Inc.	432-685-5001		
Sonny Mann	505-365-2338	432-694-7062	505-365-2722
John Wolf	432-685-5001	432-634-7061	432-682-4905
Bill Bergman	432-685-5001	432-557-8773	432-689-4011

EMERGENCY RESPONSE NUMBERS: Eddy County, New Mexico

State Police	Eddy County	505-748-9718
	Lea County	505-392-5588
Sheriff	Eddy County	505-746-2701
	Lea County	505-
Emergency Medical Service (Ambulance)		911 or 505-746-2701
Eddy County Emergency Management (Harry Burgess)		505-887-9511
State Emergency Response Center (SERC)		505-476-9620
Police Department - Artesia		505-746-5001
Fire Department - Artesia		505-746-5001
Police Department - Carlsbad		505-885-2111
Fire Department - Carlsbad		505-885-3125
Fire Department - Loco Hills		505-677-2349
(NMOCD) New Mexico Oil Conservation Division, District I (Lea, Roosevelt, Chavez, Curry)		505-393-6161
District II (Eddy, Chavez)		505-748-1283
Callaway Safety		505-392-2973
Indian Fire & Safety		800-530-8693
American Safety		505-746-1096
BJ Services		505-746-3146
Schlumberger		505-748-1392
Cudd Pressure Control		800-990-2833

In the event greater than 100 ppm H₂S is present, the ROE (Radius Of Exposure) calculations will be done to determine if the following is warranted:

- 100 ppm at any public area (any place not associated with this site)
- 500 ppm at any public road (any road which the general public may travel)
- 100 ppm radius of 3000' will be assumed if there is insufficient data to do the calculations, and there is a reasonable expectation that H₂S could be present in concentrations greater than 100 ppm in the gas mixture.

Calculation for the 100 ppm ROE:

$$X = [(1.589) (\text{concentration}) (Q)] (0.6258) \quad (\text{H}_2\text{S concentrations in decimal form:})$$

$$10,000 \text{ ppm} + = .01$$

$$1,000 \text{ ppm} + = .001$$

$$100 \text{ ppm} + = .0001$$

$$10 \text{ ppm} + = .00001$$

Calculation for the 500 ppm ROE:

$$X = [(0.4546) (\text{concentration}) (Q)] (0.6258)$$

EXAMPLE: If a well/facility has been determined to have 100 ppm H₂S in the gas mixture and the well/facility is producing at a gas rate of 200 MCFPD then:

$$\text{ROE for 100 PPM} \quad X = [(1.589)(.0001)(200,000)] (0.6258)$$

$$X = 8.8'$$

$$\text{ROE for 500 PPM} \quad X = [(0.4546)(.0005)(200,000)] (0.6258)$$

$$X = 10.9'$$

(These calculations will be forwarded to the appropriate District NMOCD office when applicable)

PUBLIC EVACUATION PLAN:

(When the supervisor has determined that the General Public will be involved, the following plan will be implemented)

- 1) Notification of the emergency response agencies of the hazardous condition and Implement evacuation procedures.
- 2) A trained person in H₂S safety, shall monitor with detection equipment the H₂S Concentration, wind and area of exposure (ROE). This person will determine the outer perimeter of the hazardous area. The extent of the evacuation area will be determined from the data being collected. Monitoring shall continue until the situation has been resolved. **(All monitoring equipment shall be UL approved, for use in class I groups A,B,C, & D, Division I, hazardous locations. All monitors will have a minimum capability of measuring H₂S, oxygen, and flammable values.)**
- 3) Law enforcement shall be notified to set up necessary barriers and maintain such for the duration of the situation as well as aid in the evacuation procedure.
- 4) The company supervising personnel shall stay in communication with all agencies through out the duration of the situation and inform such agencies when the situation has been contained and the effected area(s) is safe to enter.

PROCEDURE FOR IGNITING AN UNCONTROLABLE CONDITION:

The decision to ignite a well should be a last resort and one if not both of the following pertain.

- 1) Human life and/or property are in danger.
- 2) There is no hope of bring the situation under control with the prevailing conditions at the site.

INSTRUCTIONS FOR IGNITION:

- 1) Two people are required. They must be equipped with positive pressure; self contained breathing apparatus and a "D"-ring style, full body, OSHA approved safety harness. Non-flammable rope will be attached.
- 2) One of the people will be a qualified safety person who will test the atmosphere for H₂S, Oxygen, & LFL. The other person will be the company supervisor; he is responsible for igniting the well.
- 3) Ignite up-wind from a distance no closer than necessary. Make sure that where you ignite from has the maximum escape avenue available. A 25mm flare gun shall be used, with a $\pm 500'$ range to ignite the gas.
- 4) Prior to ignition, make a final check for combustible gases.
- 5) Following ignition, continue with the emergency actions & procedures as before.

REQUIRED EMERGENCY EQUIPMENT:

- 1) Breathing Apparatus:
 - Rescue Packs (SCBA) - 1 unit shall be placed at each breathing area, 2 shall be stored in the safety trailer.
 - Work/Escapes Packs – 4 packs shall be stored on the rig floor with sufficient air hose not to restrict work activity.
 - Emergency Escape Packs – 4 packs shall be stored in the doghouse for emergency evacuation.
- 2) Signage & Flagging:
 - One Color Code Condition Sign will be placed at the entrance to the site reflecting the possible conditions at the site.
 - A Colored Condition flag will be on display, reflecting the condition at the site at that time.
- 3) Briefing Area: Two, perpendicular areas will be designated by signs and readily accessible.

- 4) Wind Socks: Two windsocks will be placed in strategic locations, visible from all angles.
- 5) H2S Detectors and Alarm: The stationary detector with three (3) sensors will be placed in the upper dog house if equipped, set to visually alarm @ 10 ppm and audible @ 15 ppm. Calibrate a minimum of every 30 days or as needed. The 3 sensors will be placed in the following places: (Gas sample tubes will be stored in the safety trailer)
 - Rig Floor
 - Bell Nipple
 - End of Flow line or where well bore fluid are being discharged.
- 6) Auxiliary Rescue Equipment:
 - Stretcher
 - Two OSHA full body harness
 - 100' of 5/8" OSHA approved rope
 - 1 – 20# Class ABC fire extinguisher
 - Communication via cell phones on location and vehicles on location.

USING SELF-CONTAINED BREATHING AIR EQUIPMENT (SCBA):

SCBA should be worn when any of the following are performed:

- Working near the top or on top of a tank.
- Disconnecting any line where H2S can reasonably be expected.
- Sampling air in the area to determine if toxic concentrations of H2S exist.
- Working in areas where over 10 ppm on H2S has been detected.
- At any time there is a doubt as the level of H2S in the area.

All personnel shall be trained in the use of SCBA prior to working in a potentially hazardous location

Facial hair and standard eyeglasses are not allowed with SCBA.

Contact lenses are never allowed with SCBA

Air quality shall continuously be checked during the entire operation.

After each use, the SCBA unit shall be cleaned, disinfected, serviced and inspected.

All SCBA shall be inspected monthly.

RESCUE & FIRST AID FOR VICTIMS OF HYDROGEN SULFIDE (H₂S) POISONING:

Do not panic.

Remain calm & think.

Get on the breathing apparatus.

Remove the victim to the safe breathing area as quickly as possible. Upwind an uphill from source or cross wind to achieve upwind.

Notify emergency response personnel.

Provide artificial respiration and /or CPR, as necessary.

Remove all contaminated clothing to avoid further exposure.

A minimum of two (2) personnel on location shall be trained in CPR and First Aid.

H₂S TOXIC EFFECTS:

H₂S is extremely toxic. The acceptable ceiling for eight hours of exposure is 10 ppm, which is .001% by volume. H₂S is approximately 20% heavier than air (Sp.Gr=1.19 / Air=1) and color less. It forms an explosive mixture with air between 4.3% and 46.0%. By volume hydrogen sulfide (H₂S) is almost as toxic as hydrogen cyanide and is 5-6 times more toxic than carbon monoxide.

Various Gases

Common Name	Chemical Abbrev.	Sp. Gr.	Threshold Limits	Hazardous Limits	Lethal Concentration
Hydrogen Sulfide	H ₂ S	1.19	10 ppm 15 ppm	100 ppm/ hr	600 ppm
Hydrogen Cyanide	HCN	0.94	10 ppm	150 ppm/ hr	300 ppm
Sulfur Dioxide	SO ₂	2.21	2 ppm	N/A	1000 ppm
Chlorine	CL ₂	2.45	1 ppm	4 ppm / hr	1000 ppm
Carbon Monoxide	CO	0.97	50 ppm	400 ppm / hr	1000 ppm
Carbon Dioxide	CO ₂	1.52	5000 ppm	5 %	10 %
Methane	CH ₄	0.55	90,000	Combustible @ 5%	N/A

- 1 Threshold limit – Concentrations at which it is believed that all workers may be repeatedly exposed, day after day without Adverse effects.
- 2 Hazardous limit – Concentration that may cause death
- 3 Lethal concentration – Concentration that will cause death with short-term exposure.
- 4 Threshold limit – 10 ppm – NIOSH guide to chemical hazards
- 5 Short-term threshold limit.

PHYSICAL EFFECTS OF HYDROGEN SULFIDE:

CONCENTRATIONS		PYSICAL EFFECTS
.001%	10 ppm	Obvious and unpleasant odor. Safe for 8hr exposure
.005%	50 ppm	Can cause some flu-like symptoms and can cause pneumonia
.01%	100 ppm	Kills the sense of smell in 3 –15 minutes. May irritate eyes and throat.
.02%	200 ppm	Kills the sense of smell rapidly. Severly irritates eyes and throat. Severe flu-like symptoms after 4 or more hours. May cause lung damage and/or death.
.06%	600 ppm	Loss of consciousness quickly, death will result in not rescued promptly.

LOCATION MAP:

Spencer "A" #1
Sec 30-T22S-R27E
1980' FEL & 660' FSL
Eddy County, NM

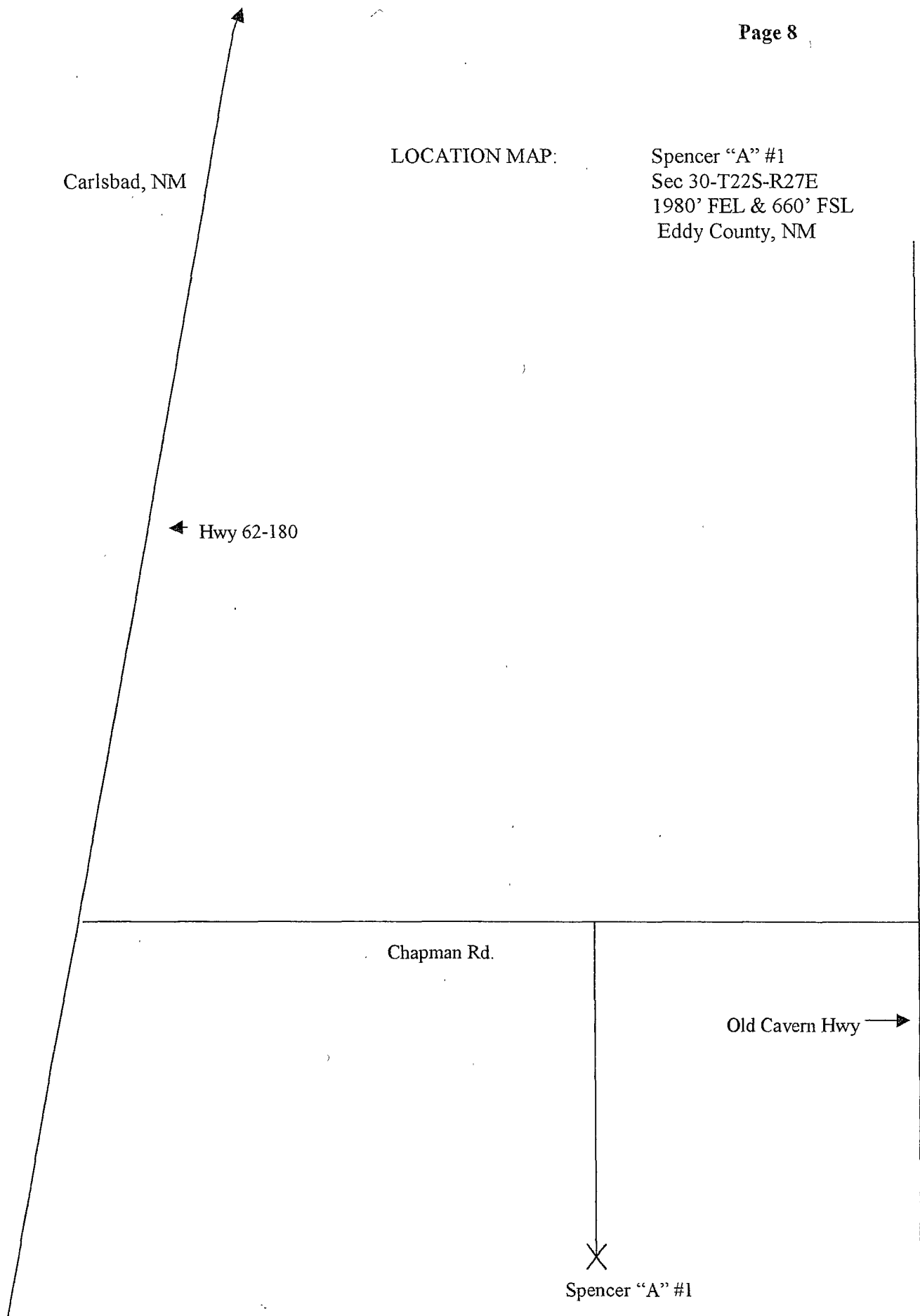
Carlsbad, NM

← Hwy 62-180

Chapman Rd.

Old Cavern Hwy →

X
Spencer "A" #1





MERLAND B1

re-entry

30

SPENCER A1

re-entry

31

Phone (432) 685-5001

Chi Operating, Inc.

Fax (432) 687-2662

P.O. Box 1799
Midland, TX 79702

Mr. Jon R. Tully
City Administrator
City of Carlsbad
P.O. Box 1569
Carlsbad, New Mexico 88221

9/21/06



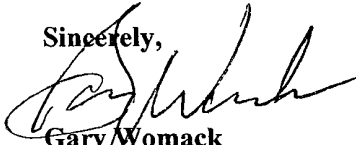
Re: Oil & Gas Well Re-Entry Permit
Chi Operating, Inc
Spencer "A" #1
Section 30-T22S-R27E
Eddy County, New Mexico

Dear Mr. Tully,

Enclosed is our Oil, Gas, Pipeline Application for Permit/License concerning the subject well. Included with our application is the supporting documentation as required as well as the required fee of \$5,000.00.

Please advise Chi Operating, Inc. of our public hearing date before the city council in order that we may get our signage in place, as well as the notice placed in the newspaper in accordance with the city ordinance. Please don't hesitate to call me at 432-685-5001 if any additional information is required.

Sincerely,


Gary Womack
Cc/file

City Administrator Rec'd -
SEP 25 06 4:09 PM

CITY OF CARLSBAL, NM
P.O. BOX 1569
CARLSBAD, NM 88221

**OIL AND GAS WELLS AND
PIPELINES
APPLICATION FOR PERMIT**
Carlsbad Code of Ordinances, Chapter 34

**A separate application is required for each well, trunkline pipeline
and each water or gas repressurizing or injection facility.**

TYPE OF PERMIT REQUESTED

- ☐ Drill Well
- ☒ Re-enter/Deepen Existing Well
- ☐ Water/Gas Repressurizing/Injection Facility
- ☐ Trunk Line
- ☐ Other: _____
(Describe)

INSPECTION / FILING FEE

- ☐ \$5,000.00
- ☒ \$5,000.00
- ☐ \$5,000.00
- ☐ \$5,000.00
- ☐ \$500.00

Applicant Name:	CHI OPERATING, INC.
Applicant's Address: Street / P.O. Box:	P.O. BOX 1799
City, State, Zip Code:	MIDLAND, TEXAS 79702
If Corporation, Name of NM Registered Agent:	CLIFTON B. MANN, JR.
Application Contact Name and Title:	GARY WOMACK, ENGINEER
Address:	P.O. BOX 1799, MIDLAND, TEXAS 79702
Telephone Number(s):	432-685-5001
Fax Number:	432-687-2662
Emergency Contact Name and Title:	CLIFTON B. MANN, JR., FIELD FOREMAN
Address:	#5 HAVEN HILL ROAD, ARTESIA, NM 88201
Telephone Number(s):	432-634-7062

Proposed site of all wells, pipelines, or repressurizing or injection facilities (including location of well at surface, location of the bottom of well hole, location of gathering lines, crossings, etc.): SPENCER "A" #1, UNIT D, 660' FSL ± 1980 FEL, SECTION 30 OF T22S-R27E, EDDY COUNTY, NEW MEXICO
BHL - SAME FACILITY - SAME

Name of lease owner(s): SEE ATTACHED LESSOR SCHEDULE

Accurate description of facility location (with legal description of all acreage dedicated to well) and/or legal description of easements to be used by pipeline(s): UNIT D, 660' FSL ± 1980' FEL, SECTION 30 OF T22S - R27E, EDDY COUNTY, NEW MEXICO. ACREAGE DEDICATED: SW/4 SE/4 SECTION 30

Ground elevation at well site: 3180 GL

Proposed depth of well or pipeline: 5257' PTD

APPLICATION CONTINUES ON REVERSE SIDE

Identify location of public notice signage: <u>INTERSECTION OF OLD CAVERN HWY & CHESTER, EAST END OF CABALLO RD, INTERS. OF AIRPORT RD. & CONICHO RD.</u>	
Detailed explanation of operating pressures of all pipelines and facilities: <u>WELL WILL BE A PUMPING OIL WELL - "SEE ATTACHMENT"</u>	
Location and operating characteristics of compressor, compressor control and safety devices: <u>NONE ANTICIPATED. IF WARRANTED, WILL BE AT SURFACE LOCATION OF THE WELL. WILL ADHERE TO CITY ORDINANCE</u>	
Attachments:	
<input type="checkbox"/> Surveyor's Plat, including: <ul style="list-style-type: none"> <input type="radio"/> Property Lines <input type="radio"/> Surface Contours <input type="radio"/> Right-of-Way Boundaries <input type="radio"/> Distance to Nearest: <ul style="list-style-type: none"> <input type="radio"/> Residential Structure <input type="radio"/> Commercial Structure 	<input type="checkbox"/> All Applications and Forms Submitted to or Received from: <ul style="list-style-type: none"> <input type="radio"/> OCD, List: <u>APD-PLAT - H2S</u> <input type="radio"/> BLM, List: _____ <input type="radio"/> State Land Office, List: _____
<input type="checkbox"/> Well Drilling Program <input checked="" type="radio"/> Not Applicable	<input checked="" type="checkbox"/> Well Re-Entry or Deepening Information (Sec. 34-33(c)) <input type="radio"/> Not Applicable

Signature of authorized agent: <u>Robin Askew</u>	Date: <u>9-21-06</u>
Typed or Printed name of authorized agent: <u>ROBIN ASKEW</u>	

This application shall be filed with the City Administrator. Applications to drill, reenter or deepen a well or to install a water or gas repressurizing or injection facility or a trunk line shall be accompanied by an inspection fee of \$5,000.00. All other applications shall be accompanied by a non-refundable filing fee of \$500.00. The filing fee shall be paid in cash, company check, cashier's check or certified check made payable to the City of Carlsbad.

If a permit is granted, it will incorporate by reference and require compliance with all applicable City Ordinances and regulations, including, but not limited to the Wellhead and Water Protection Area, and all applicable laws, rules, regulations and requirements of the OCD, the State Land Office and the Bureau of Land Management. For a well, the permit will include by reference and require compliance with BLM Onshore Oil and Gas Order No. 2 (Drilling Operations) and OCD Rule 118 (Hydrogen Sulfide Gas). A PERMIT EXPIRES ONE YEAR AFTER THE DATE OF ITS APPROVAL if the permittee has not undertaken the activity authorized by the permit.

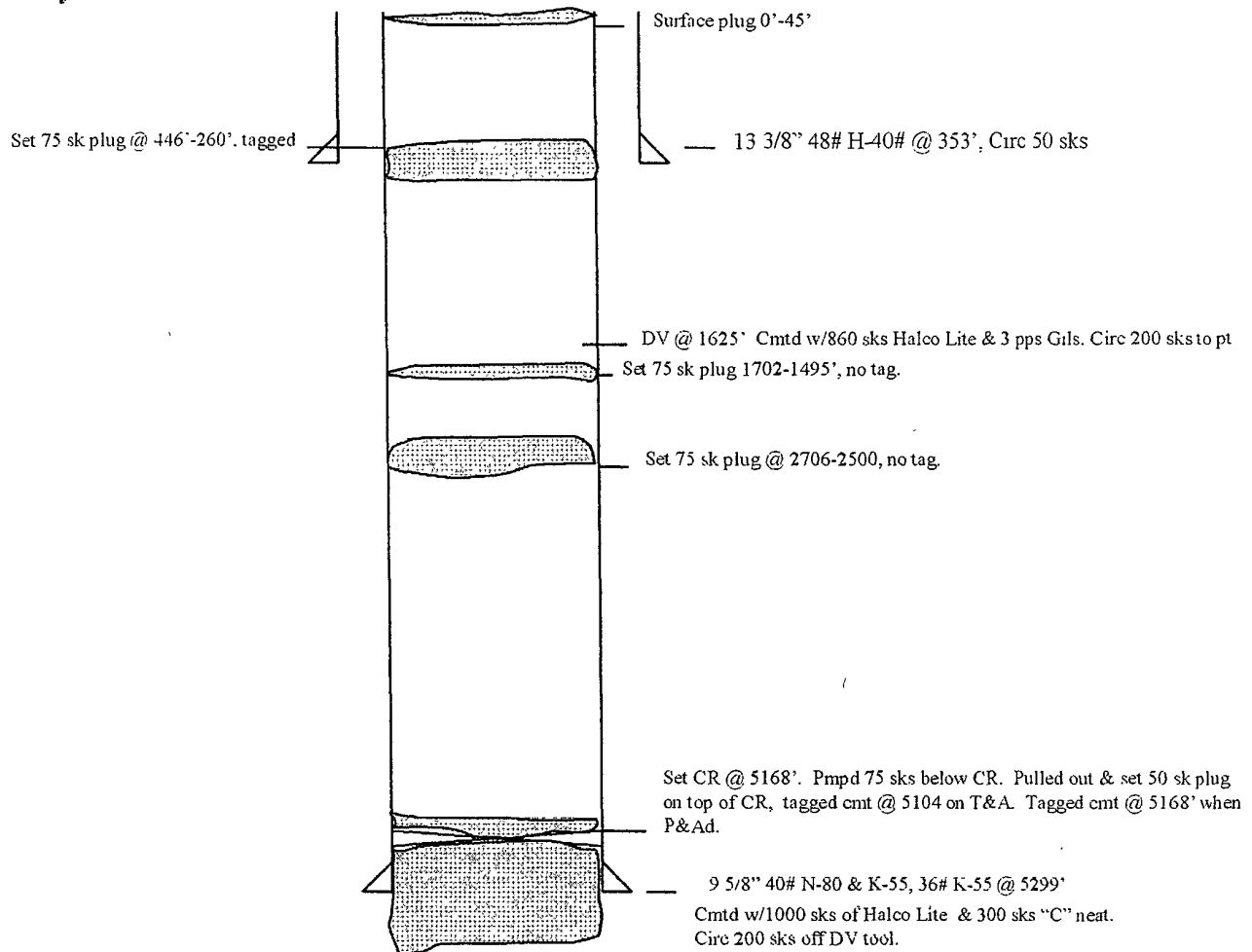
Inspection Fee:	<input type="checkbox"/> \$5,000	Payment:	<input type="checkbox"/> Cash	<input checked="" type="checkbox"/> Company Check
Filing Fee:	<input type="checkbox"/> \$500		<input type="checkbox"/> Cashier's Check	<input type="checkbox"/> Certified Check
Permit Action:	<input type="checkbox"/> Approved by Council	<input type="checkbox"/> Disapproved by Council		
Date of Action:	_____			

Chi Operating, Inc

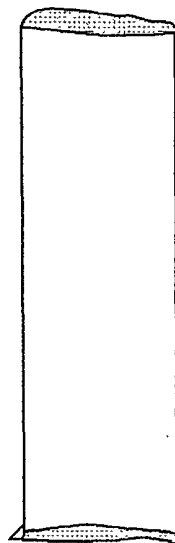
Spencer "A" #1

Sec 30, T22S-R27E

Eddy Co. N.M.



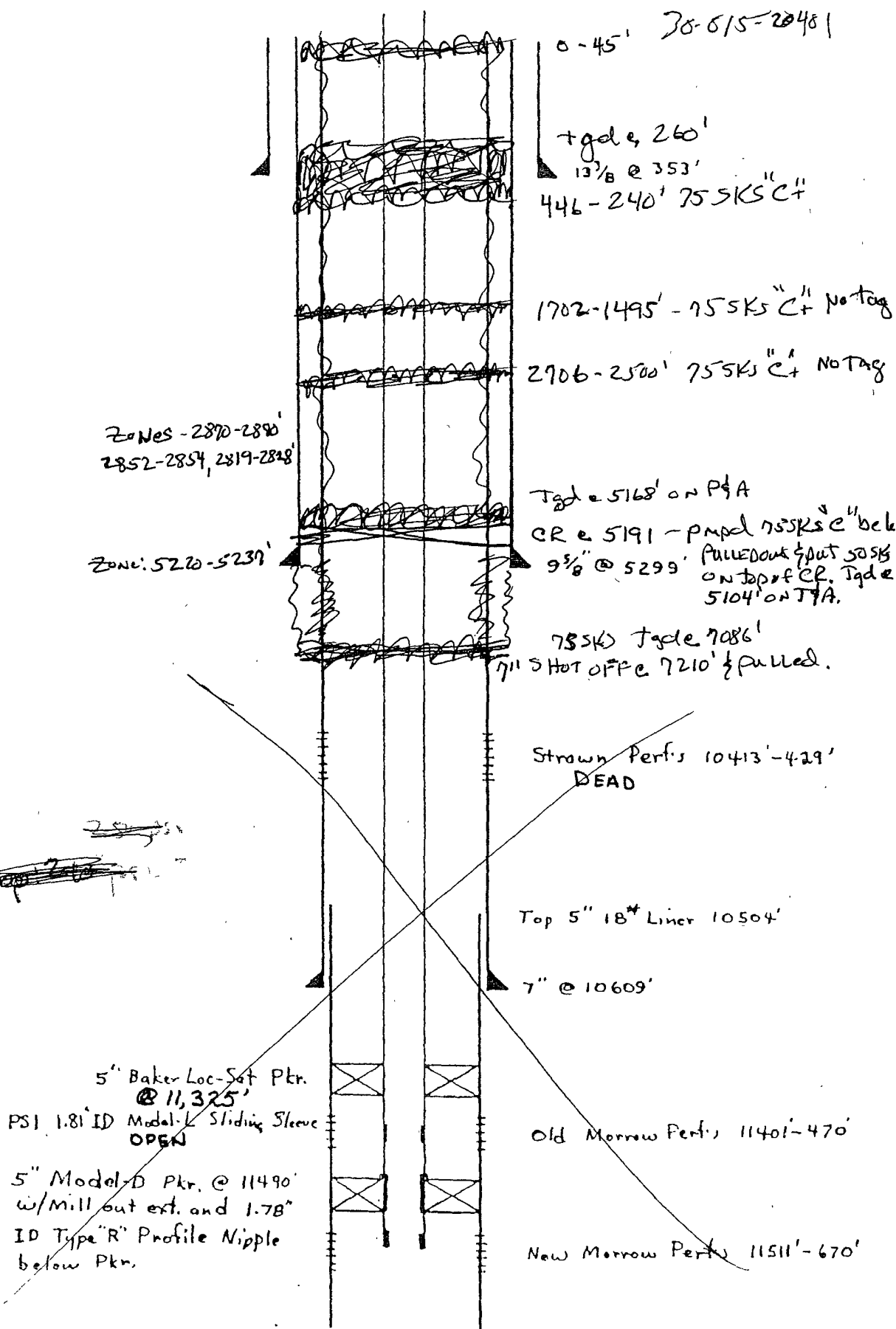
TD-

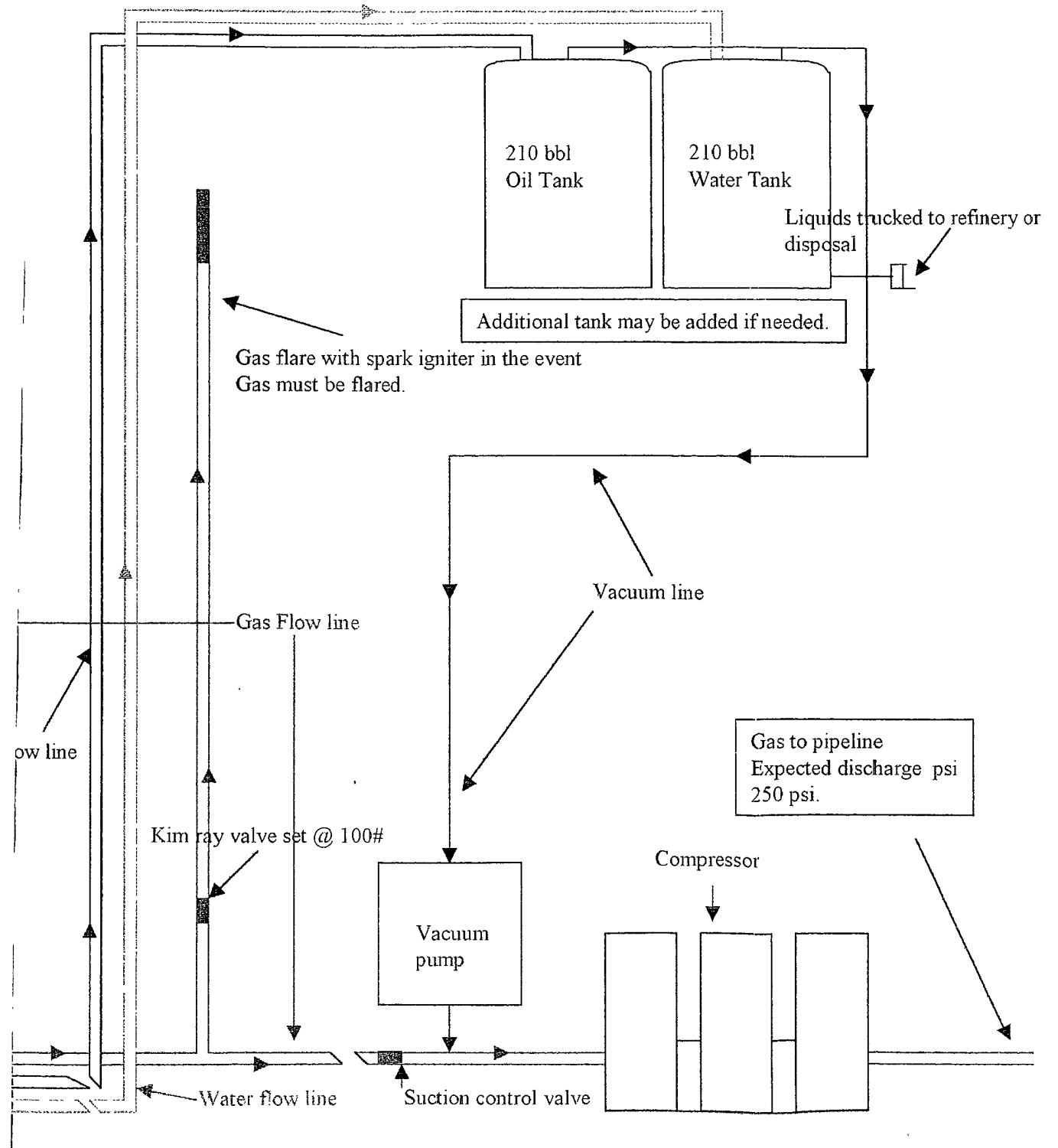


PBTD-

CASING: 7"

Spencer - A No. 1
New Completion Installation





Arrant, Bryan, EMNRD

From: Pam Corbett [pamc@chienergyinc.com]
Sent: Monday, June 25, 2007 3:16 PM
To: Arrant, Bryan, EMNRD
Subject: RE: Merland B # 1 and Spencer A # 1

Hey and Bryan: I guess I need to look into this and see what I need to do to get things straight.

From: Arrant, Bryan, EMNRD [mailto:bryan.arrant@state.nm.us]
Sent: Friday, September 29, 2006 2:22 PM
To: PamC@Chienergyinc.com; garyw@chienergyinc.com
Cc: Gum, Tim, EMNRD
Subject: Merland B # 1 and Spencer A # 1

Dear Pam and Gary-Good Friday Afternoon,

In review of the above noted wells, please submit the following for further review/and or approval:

A detailed H2S well contingency plan that meets the requirements of NMOCD's Rule 118.

The distance to the nearest public dwelling(s). In addition, please submit a detailed map of the immediate area and residences within a 1/4 mile radius.

How does Chi Operating, Inc. intend to test their BOPs / pressure control devices on the re-entry of these wells?

Are one or both of these wells inside the City limits of Carlsbad?

There is no notice to the City of Carlsbad as required per NMOCD Rule 19.15.3.102 (B) (1). on the C-101 forms submitted.

Please call if you have any ?????????s.

Bryan Arrant
NMOCD District II
District Geologist
505-748-1283 ext. 103

CC: Well file

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6/26/2007