

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRI TE*
(Other instructions)

30-015-22300
Form approved.
Budget Bureau No. 1004-0136
Expires: December 31, 1991

OIL CONSERVATION DIV.

811 S. 1st ST.

ARTESIA, NM 88210-2835

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

b. TYPE OF WELL

OIL WELL ☒

GAS WELL ☐

OTHER

Re-Entry

SINGLE ZONE ☐

MULTIPLE ZONE ☐

2. NAME OF OPERATOR

Chi Operating, Inc.

(915) 685-5001

3. ADDRESS AND TELEPHONE NO.

P. O. Box 1799

Midland, Texas 79702

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*

At surface

1980' FNL & 1980' FEL

At proposed prod. zone

Same

RECEIVED
MAY 17 1996
OIL CONSERVATION DIV.
DIST. 2

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE

10 miles SW of Loco Hills, NM

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT.

660'

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.

467'

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

3515' GL

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8"*	48.0#	400'*	Circ. 430 sx *Existing
11"	8 5/8"*	24 & 32#	2900'*	Circ. 1300 sx *Existing
7 7/8"	4 1/2" J-55	11.0#	6485'	350 sx +/- to TOC @ 5000'

MUD PROGRAM:

0' - 6485': Cut Brine mud:

MUD WT.

10.0 ppg

VIS.

28

W/L Control

No W/L control.

(see slips. tie back into 8 5/8").

BOP PROGRAM:

A 10" 3000 psi wp Schaffer Type E double hydraulic BOP will be installed on the 8 5/8" casing. Casing and BOP will be tested before drilling out with 7 7/8". The BOP will be used as a 2000 psi wp system and will be tested daily.

Propose to re-enter P&A well, the Welch Federal, Well No. 1, drill out plugs and clean out hole. If well appears to be commercial after testing, casing will be set and will attempt to recompleat well in the Bone Spring formation.

Former: Anadarko Pet. Corp.

Post ID-1
5-31-96
Re-entry

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED

George P. Smith

Agent for:

Chi Operating, Inc.

April 25, 1996

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

APPROVED BY (ORIG. SGD.) RICHARD L. MANUS

TITLE

Area Manager

DATE

5-16-96

*See Instructions On Reverse Side

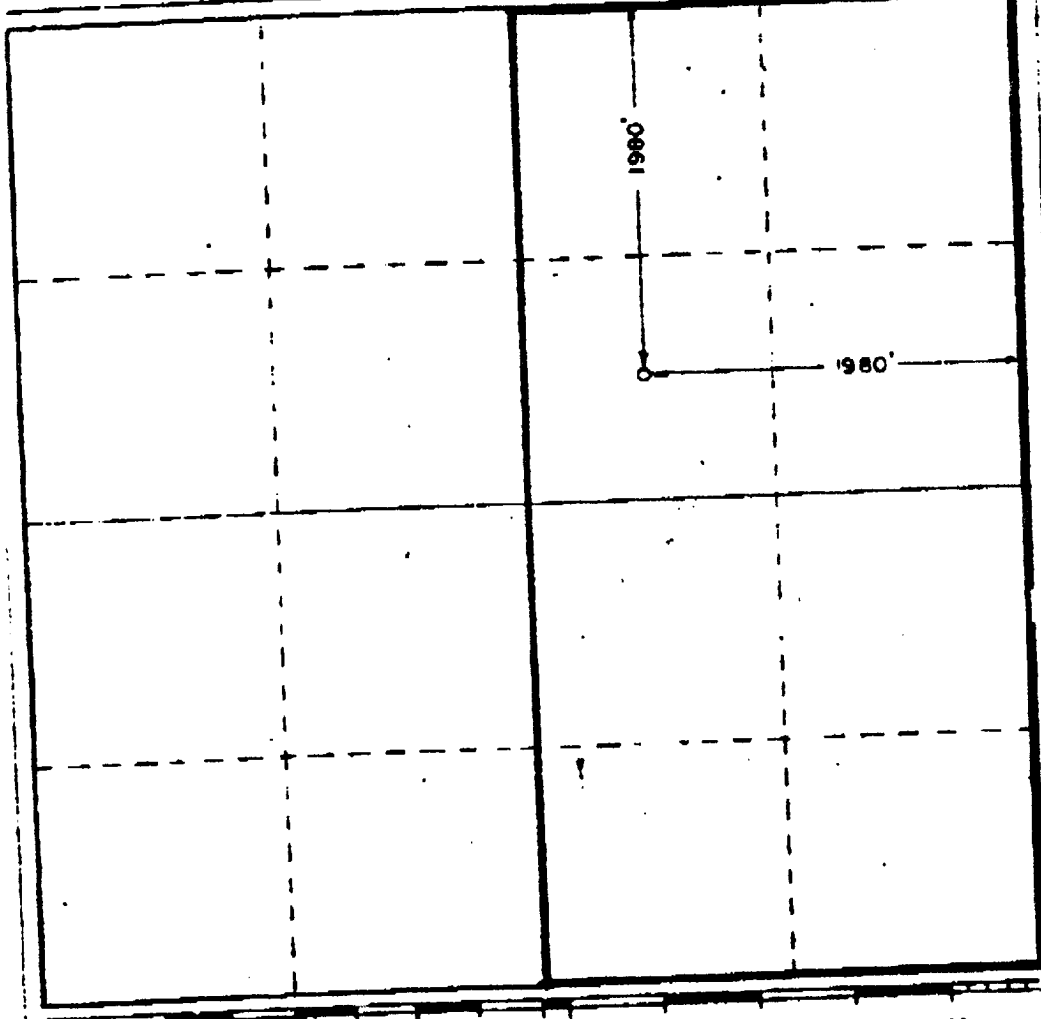
Depco, Inc.		Welch Fed.	
G	8	18 South	29 East
Section		Tract	Range

1980	North	1980	East
3515.0	Bone Spring		320 40

- 1 Outline the acreage dedicated to the subject well by colored pencil or hatchure marks.
 - 2 If more than one lease is dedicated to the well, outline each and identify the ownership thereof (to working interest and royalty).
 - 3 If more than one lease of different ownership is dedicated to the well, have the interests consolidated by communitization, unitization, force-pooling, etc?
- ☐ Yes ☐ No If answer is "yes" type of consolidation _____

If answer is "no" list the owners and tract descriptions which have actually been consolidated (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

[Signature]
 Name: **D. R. Mason**
 Position: **Chief Clerk**
 Company: **DEPCO, Inc.**
 Date: **8-26-77**

I hereby certify that the well to which shown on this plan was plotted from the 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 Surveyed: **August 9, 1977**
 Registered Professional Engineer and/or Land Surveyor:
[Signature]
 Certificate No. **676**

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

5. Lease Designation and Serial No.

LC-050906

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

SUBMIT IN TRIPLICATE

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

Chi Operating Inc.

3. Address and Telephone No.

P.O. Box 1799 Midland, TX. 79702

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Unit G 1980 FNL & 1980 FEL
Sec. 8 - T-18S - R-29E

8. Well Name and No.

Welch Federal

9. API Well No.

1

10. Field and Pool, or Exploratory Area

Low Hills Cisco

11. County or Parish, State

Eddy

2. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☒ Notice of Intent
☐ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

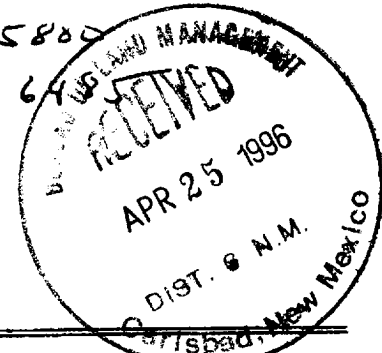
- ☐ Abandonment
☒ Recompletion
☐ Plugging Back
☐ Casing Repair
☐ Altering Casing
☐ Other

- ☐ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
☐ Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

3. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

- 4-1-96: 1) Drill out cmt plugs @
2332'-2218', 848-734, 2560
2) Drill out cmt retainer @ 26421
3) Drill out plugs @ 5900-5800
6700-6400
4) Run Density/Nutron Log
5) Run Sidewall Cores.



4. I hereby certify that the foregoing is true and correct

Signed Richard L. Manis

Title Geologist

Date 3-28-96

(This space for Federal or State office use)

Approved by (ORIG. SGD.) RICHARD L. MANIS

Title Area Manager

Date 5-16-96

Conditions of approval, if any:

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

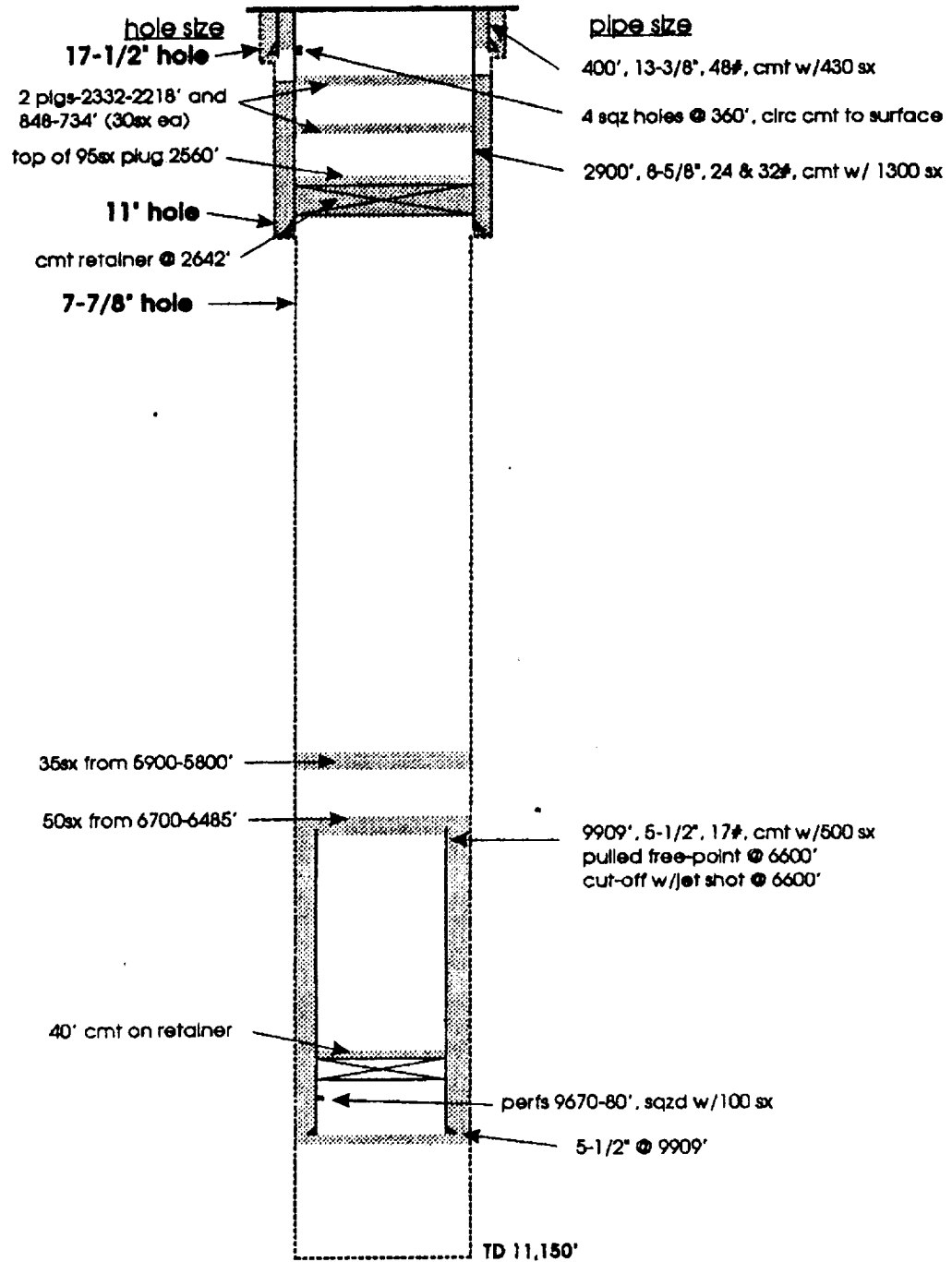
*See instruction on Reverse Side

Chi Operating, Inc.
Welch Federal No. 1

1980' FNL & 1980' FEL Section 8-18S-29E
 Eddy County, New Mexico

GL 3,515' KB 3,527'

Current Wellbore

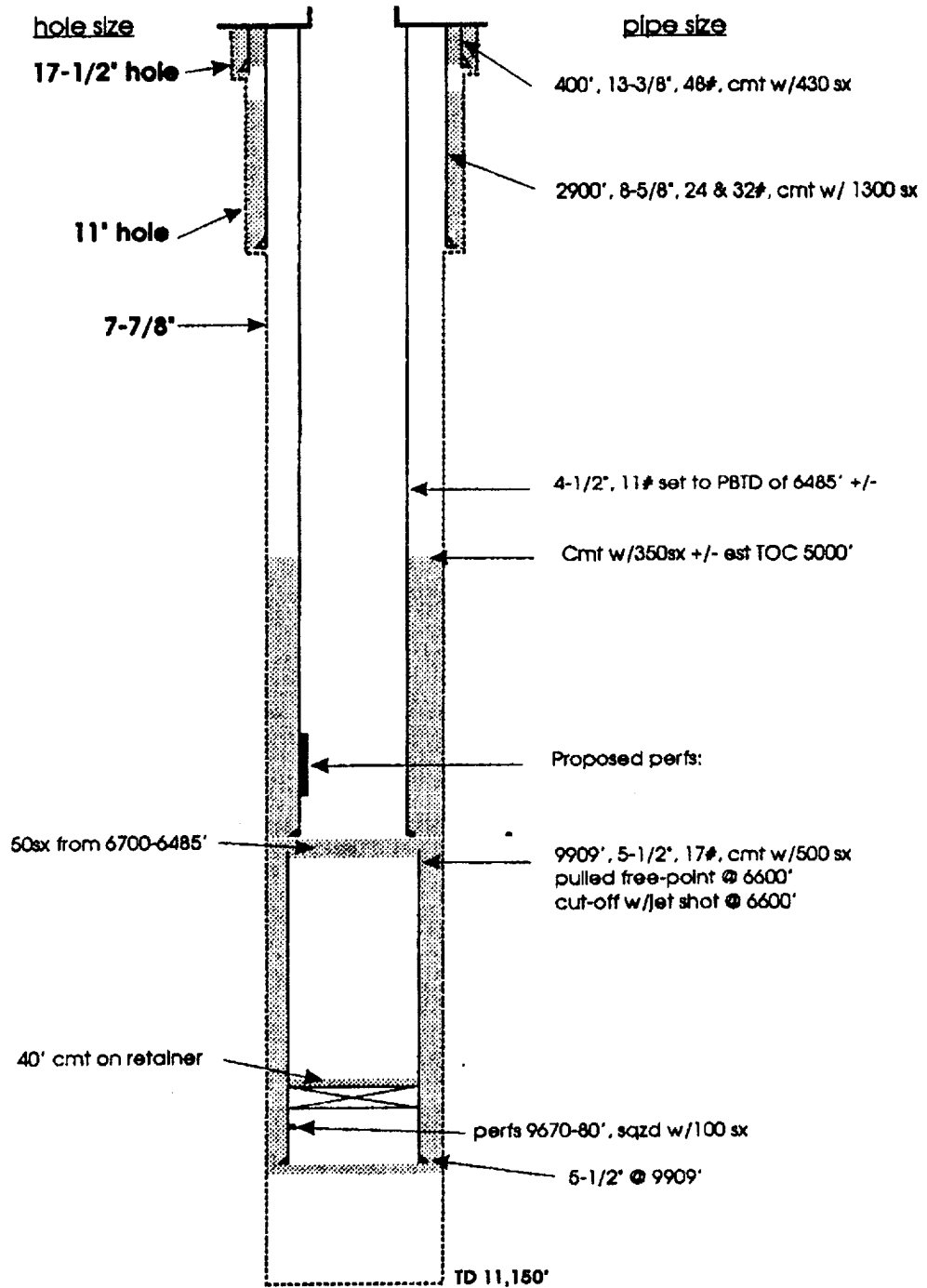


Chi Operating, Inc.
Welch Federal No. 1

1980' FNL & 1980' FEL Section 8-18S-29E
Eddy County, New Mexico

GL 3,515' KB 3,527'

Proposed Wellbore



APPLICATION FOR DRILLING

CHI OPERATING, INC.
Welch Federal. Well No. 1
1980' FNL & 1980' FEL. Sec. 8-T18S-R29E
Eddy County, New Mexico
Lease No.: LC-050906
(Development Well)

In conjunction with Form 3160-3, Application for Permit to Drill subject well, Chi Operating, Inc. submits the following items of pertinent information in accordance with BLM requirements:

1. The geologic surface formation is recent Permian with quaternary alluvium and other surficial deposits.
2. The estimated tops of geologic markers are as follows:

San Andres	3300'
Bone Spring	3940'
1st Bone Spring sand	5960'
T.D.	6485'
3. The estimated depths at which water, oil or gas formations are anticipated to be encountered:

Water: Surface water between 100' - 300'.

Oil: Possible in the Bone Springs below 5700'.

Gas: None.
4. Proposed Casing Program: See Form 3160-3.
5. Proposed Control Equipment: See Form 3160-3 and Exhibit "E".
6. Mud Program: See Form 3160-3.
7. Auxiliary Equipment: Blowout Preventer, gas detector, Kelly cock, pit level monitor, flow sensors and stabbing valve.
8. Testing, Logging, and Coring Program:

Drill Stem Tests: None.

Logging: T.D. to 2900': Gamma Ray/Neutron.

Coring: Side wall cores.
9. No abnormal pressures or temperatures are anticipated. In the event abnormal pressures are encountered the proposed mud program will be modified to increase the mud weight. Estimated BHP = 2600 with a temperature of 125°.
10. H₂S: None encountered in previous wells drilled in the area.
11. Anticipated starting date: As soon as possible.
Anticipated completion of drilling operations: Approximately 2 weeks.

MULTI POINT SURFACE USE AND OPERATIONS PLAN

CHI OPERATING, INC.
Welch Federal, Well No. 1
1980' FNL & 1980' FEL, Sec. 8-T18S-R29E
Eddy County, New Mexico
Lease No.: LC-050906
(Development Well)

This plan is submitted with the Application for Permit to Drill the above described well. The purpose of the plan is to describe the location of the proposed well, the proposed construction activities and operations plan, to be followed in rehabilitating the surface environmental effects associated with the operations.

1. EXISTING ROADS:

- A. Exhibit "A" is a portion of a BLM Topographic Artesia Quadrangle map showing the location of the proposed well as staked. The well site location is approximately 20 road miles southeast of Artesia, NM. Traveling east of Artesia on U.S. Highway 82 and New Mexico Highway 360, there will be 19 miles of paved highway, plus 1.0 mile of existing gravel oilfield roads.
- B. Directions: Travel east from Artesia, NM on U. S. Highway 82 for approximately 14.3 miles to New Mexico Hwy. 360. Turn southeast (right) onto NM #360 for 4.3 miles to an Anadarko sign on east side of highway; cross cattle guard and continue for .3 mile; turn left for .1 mile passing corrals then continue toward waterflood battery. North of waterflood battery take right hand fork for .25 mile; take next two right hand forks for .4 mile; turn east just north of dry hole marker to old well pad of proposed well.

2. PLANNED ACCESS ROAD:

- A. Length and Width: There will be approximately 500 feet of the old existing access road that will be repaired to a 12 foot width. The existing roads are color coded on Exhibits "A" and "B".
- B. Construction: The existing access road will be repaired by grading and topping with compacted caliche. The surface will be properly drained.
- C. Turnouts: None required.
- D. Culverts: None.
- E. Cuts and Fills: None required.
- F. Gates, Cattle guards: None will be required.
- G. Off Lease ROW: None required.

3. LOCATION OF EXISTING WELLS:

- A. Existing wells within a two mile radius are shown on Exhibit "C".

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

- A. Chi Operating, Inc. has no production facilities on the lease at this time.
- B. If the well proves to be commercial, the necessary production facilities, gas separation-process equipment and tank battery will be installed on the drilling pad.

5. LOCATION AND TYPE OF WATER SUPPLY:

- A. It is planned to drill out the plugs of the P & A well with fresh water that will be obtained from private or commercial sources and will be transported over the existing access roads.

6. SOURCE OF CONSTRUCTION MATERIALS:

- A. Caliche for repairing the surface of the existing access road and well site pad will be obtained from caliche on the location. No surface materials will be disturbed except those necessary for actual grading and leveling of the drill site and access road.

7. METHODS OF HANDLING WASTE DISPOSAL:

- A. Drill cuttings will be disposed of in the pit.
- B. Drilling fluids will be allowed to evaporate in the pit until the pit is dry.
- C. The pit will be fenced with normal fencing materials to prevent livestock from entering the area.
- D. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or a separate disposal application will be submitted to the BLM for approval.
- E. Oil produced during operations will be stored in tanks until sold.
- F. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- G. Trash, waste paper, garbage and junk will be contained in trash bins to prevent scattering by the wind and will be removed for deposit in an approved sanitary land fill within 30 days after finishing drilling and/or completion operations.

8. ANCILLARY FACILITIES:

- A. None required.

9. WELL SITE LAYOUT:

- A. Exhibit "D" shows the relative location and dimensions of the well pad, mud pit, and major rig components of the work over rig. The pad and pit area will be located on the existing old pad.
- B. Mat Size: 180' X 130', including the pit on the north.
- C. Cut & Fill: None required.
- D. The surface will be repaired by topping with compacted caliche.

10. PLANS FOR RESTORATION OF THE SURFACE:

- A. After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. Pits will be filled and the location cleaned of all trash and junk to leave the well site in an aesthetically pleasing a condition as possible.
- B. Any unguarded pits containing fluids will be fenced and screened until they are filled.
- C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the surface owner will be complied with and will be accomplished as expeditiously as possible. All pits will be filled and leveled within 90 days after abandonment or as soon as they are dry enough to be worked.

11. OTHER INFORMATION:

- A. Topography: The well site and access road are located in an area of 3 - 6 foot sand dunes with a 1 % slope to the southeast from an elevation of 3515' GL.
- B. Soil: The topsoil at the well site is a brown fine sandy loam of the Simona Bippus complex.
- C. Flora and Fauna: The vegetation cover is a fair to poor grass cover of grama, threeawn, sand dropseed, fluffgrass, and bush muhly, along with plants of mesquite, sage, yucca, cacti and miscellaneous weeds and wildflowers. The wildlife consists of rabbits, coyotes, rattlesnakes, lizards, dove, quail and other wildlife typical of the semi-arid desert land.
- D. Ponds and Streams: None in the area.
- E. Residences and Other Structures: None in the area, except production facilities.
- F. Land Use: Cattle grazing.

11. OTHER INFORMATION: cont.....

- G. Surface Ownership: The proposed well site and access road is on Fee surface and Federal minerals. A surface owner agreement is being negotiated.
- H. There is no evidence of any archaeological, historical or cultural sites in the area. No archaeological survey will be necessary since there will be no new disturbance outside of the existing well pad and access road.

12. OPERATOR'S REPRESENTATIVE:

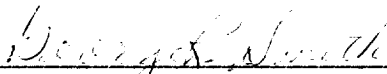
- A. The field representative for assuring compliance with the approved surface use and operations plan is as follows:

David Harrison
Chi Operating, Inc.
P. O. Box 1799
Midland, Texas 79701
Office Phone: (915) 685-5001
Home Phone: (915) 684-8825

13. CERTIFICATION:

I hereby certify that I have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in the plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Chi Operating, Inc. and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

April 25, 1996



George R. Smith
Agent for: Chi Operating, Inc.

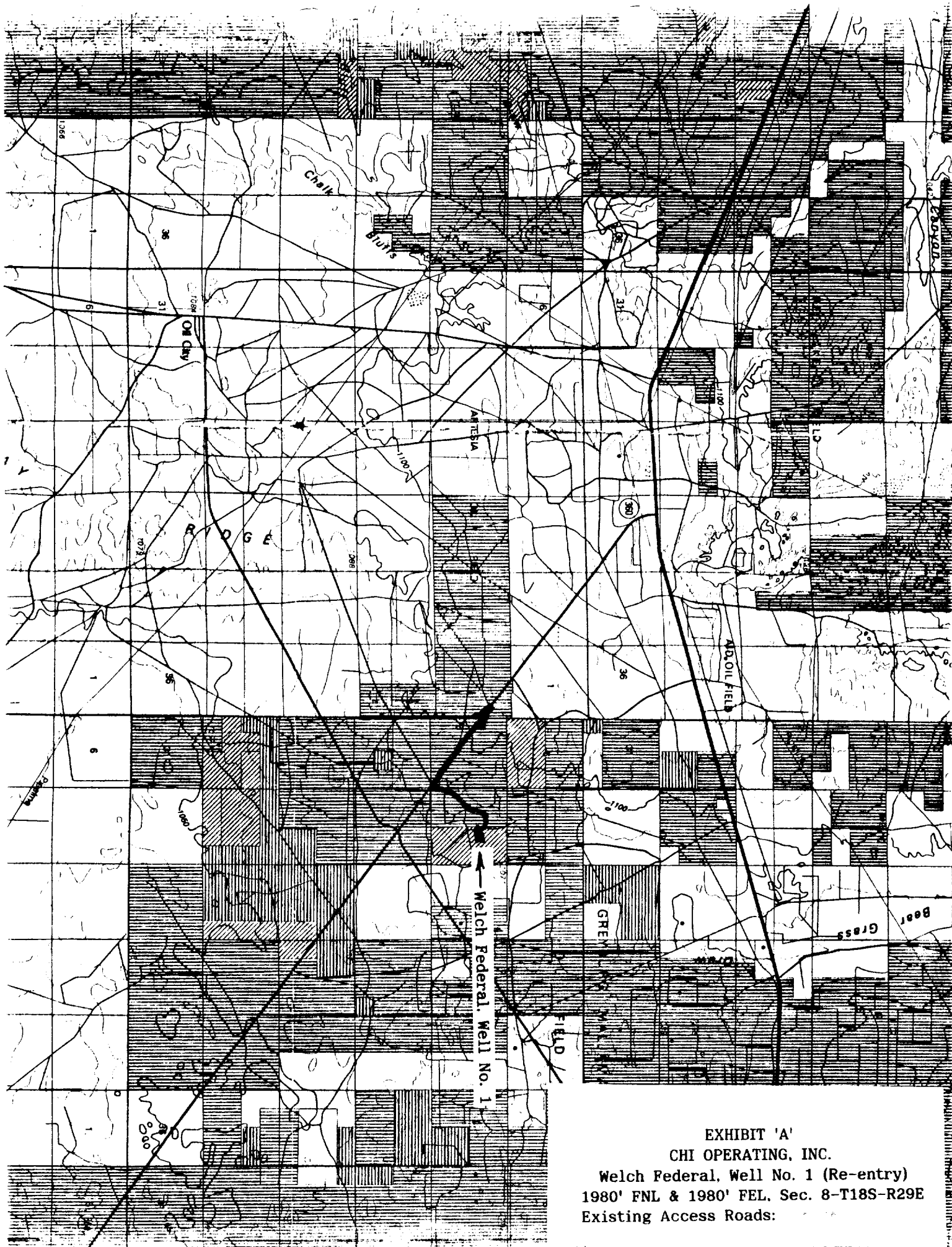
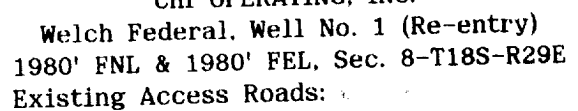
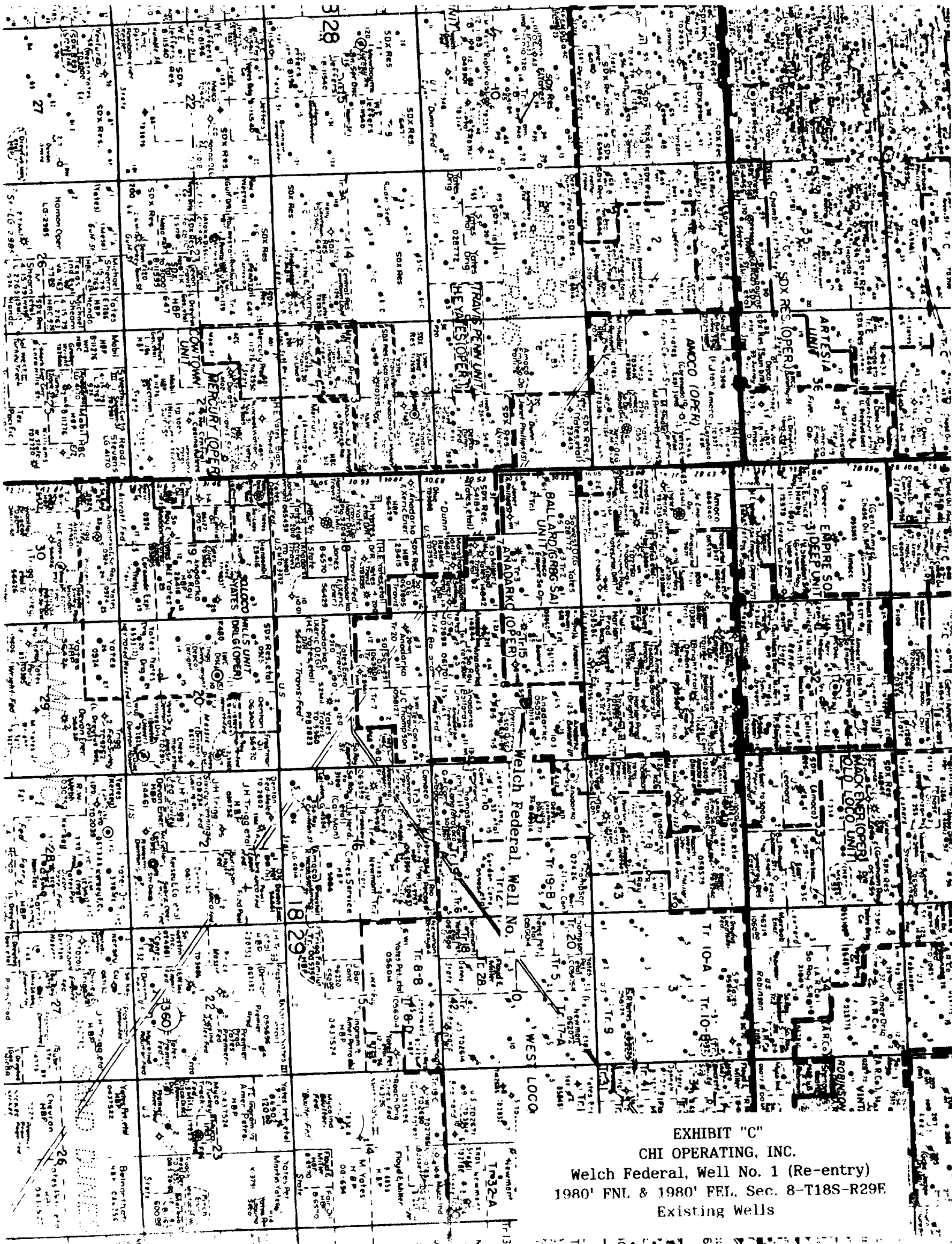


EXHIBIT 'A'
CHI OPERATING, INC.

Welch Federal, Well No. 1 (Re-entry)
1980' FNL & 1980' FEL, Sec. 8-T18S-R29E
Existing Access Roads:





DA&S Oil Well Servicing, Inc.
Unit #648
Re-Entry Location Pad

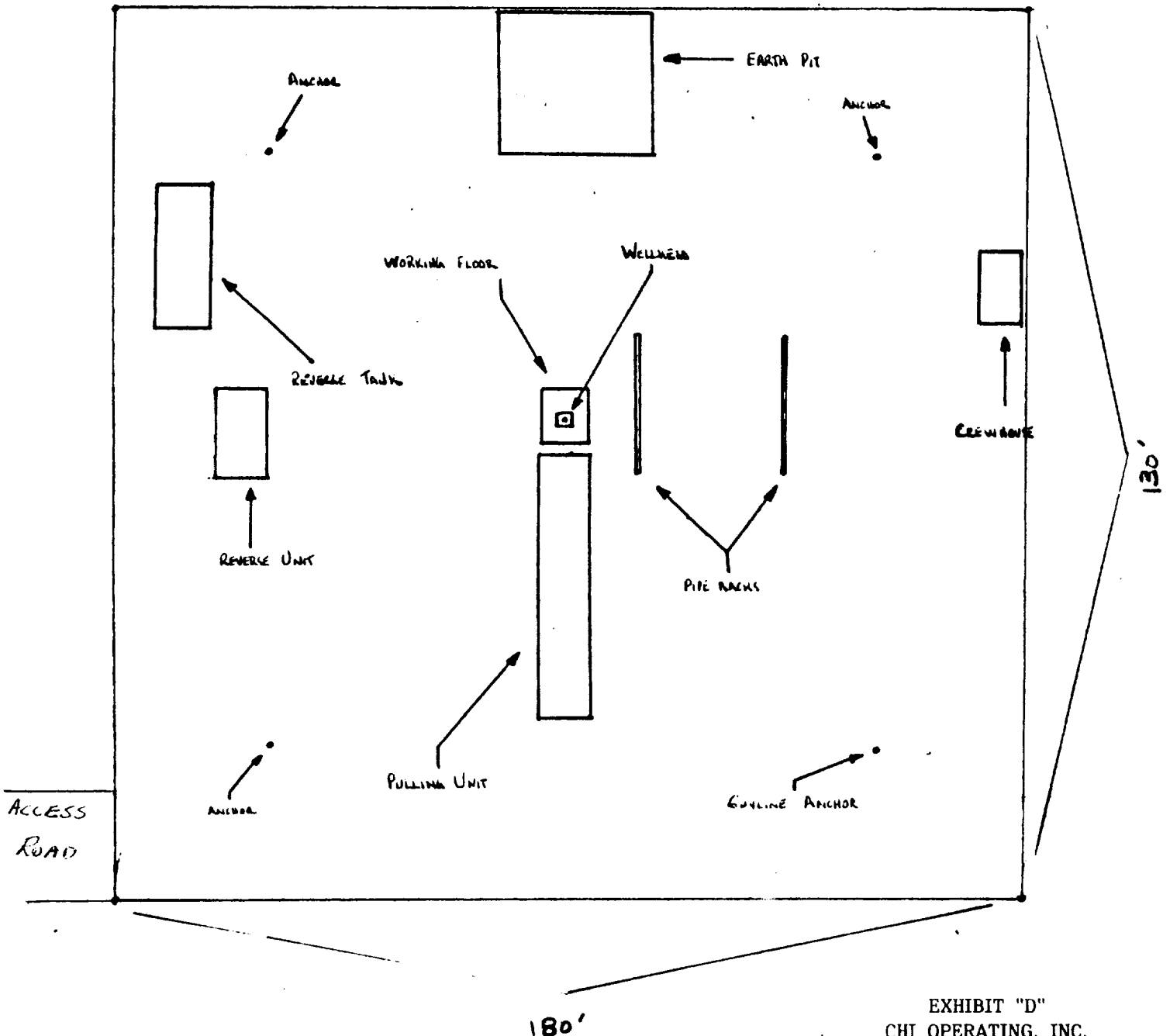


EXHIBIT "D"
CHI OPERATING, INC.
Welch Federal, Well No. 1
Workover Rig Layout

BLOWOUT PREVENTOR ARRANGEMENT

2M SYSTEM

10" SHAFFER TYPE "E", 3000 psi WP

80 GALLON, 4 STATION KOOMEY ACCUMULATOR

3000 psi WP CHOKE MANIFOLD

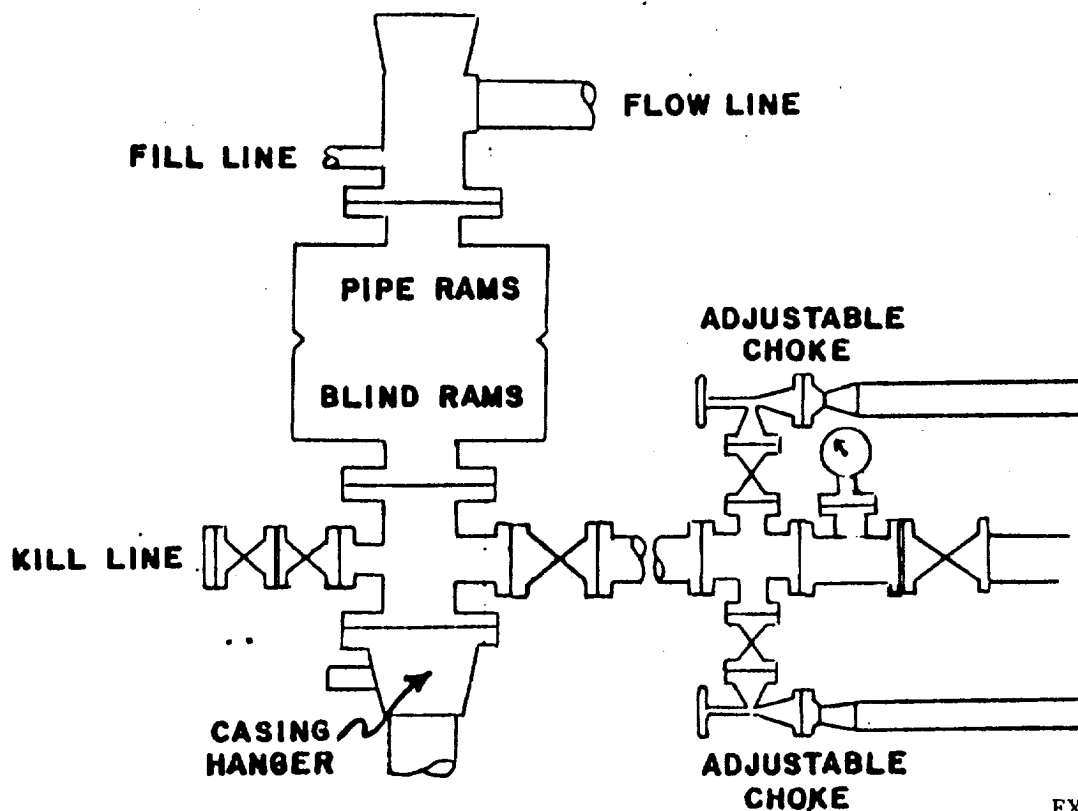


EXHIBIT "E"
CHI OPERATING, INC.
Welch Federal, Well No. 1
BOP Specifications