

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTSUBMIT IN
(Other than on
reverse side)FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒DEEPEN ☐

b. TYPE OF WELL

OIL
WELL ☐GAS
WELL ☒

OTHER

SINGLE
ZONE ☐MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

Chi Operating, Inc.

4378

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

2300' FSL & 660' FEL

At proposed prod. zone

Same Unit I

R-111-P POTASH

SECRETARY'S POTASH

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

10 miles SE of Loco Hills

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drlg. unit line, if any)

660'

16. NO. OF ACRES IN LEASE

2160.32

17. NO. OF ACRES ASSIGNED
TO THIS WELL

320

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

7600'

19. PROPOSED DEPTH

12,500'

20. ROTARY OR CABLE TOOLS

Rotary

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

3430' GL

CAPITAN CONTROLLED WATER BASIN

22. APPROX. DATE WORK WILL START*

June 15, 1998

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" J-55 | 48.0# | 450' | Circ. 450 sx "C" WITNESS |
| 12 1/4" | 8 5/8" J-55 | 32.0# | 3,950' | Circ. 1300 sx "C" WITNESS |
| 7 7/8" | 5 1/2" J-55 | 17 & 20# | 12,500' | 1500 sx "H" + add. |

Mud Program

0' - 450': Fresh water spud:
450' - 3,950': Native Brine water:
3,950' - 9,700': Controlled brine:
9,700' - 10,600': Controlled brine:
10,600' - 11,500': Controlled brine:
11,500' - 12,500': Controlled Brine:

Mud Wt. - Vis. - W/L Control
8.8- 9.2 ppg 34 - 36 No W/L control
10.0-10.1 ppg 28 - 29 No W/L control
8.6- 8.8 ppg 28 - 29 No W/L control
9.0- 9.2 ppg 28 - 29 No W/L control
9.0- 9.4 ppg 34 - 38 W/L control 10cc +/-
9.0- 9.4 ppg 34 - 38 W/L control 8 cc +/-

BOP Program:

A 11" 5000 psi wp Shaffer Type LWS BOP will be installed on the 13 3/8" casing. After setting the 8 5/8" casing, the casing and BOP will be tested to 5000 psi before drilling out with 7 7/8" and will be tested daily.

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

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 depth. If proposal is to install a well without preventive program, if any.

24.

SIGNED George R. SmithAgent for:
Chi Operating, Inc.DATE April 13, 1998

(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:APPROVED BY /s/ Richard A. Whaley TITLE Acting State Director DATE 5-20-98

*See Instructions On Reverse Side