

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OFFICE OF THE DIRECTOR
OF COPIES REQUIRED
(Other instructions on
reverse side)

30-015-27222
BLM Roswell District
Modified Form No.
NMD60-3160-2

11-7-1992

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

PLUG BACK ☐

b. TYPE OF WELL

OIL
WELL ☒

GAS
WELL ☐

OTHER ☐

SINGLE
ZONE ☐

MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

Chi Operating, Inc.

3a. Area Code & Phone No.

(915) 685-5001

3. ADDRESS OF OPERATOR

P. O. Box 1799

Midland, Texas 79702

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

At surface

990' FSL & 660' FWL

At proposed prod. zone

Same

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

11 miles NE of Carlsbad, NM

10. 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

478.29

17. NO. OF ACRES ASSIGNED
TO THIS WELL

40

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

2660.5'

19. PROPOSED DEPTH

8000'

20. ROTARY OR CABLE TOOLS

Rotary

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

3277' GL

22. APPROX. DATE WORK WILL START*

December 1, 1992

PROPOSED CASING AND CEMENTING PROGRAM

HOLE SIZE	CASING SIZE	WEIGHT/FOOT	GRADE	THREAD TYPE	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	12 3/4"	44.0#	J-55	STC	400'	Circ 825 sx "C"
7 7/8"	5 1/2"	15.5#	J-55	LTC	8000'	1660 sx "C" & "H"
NOTE: If drilling conditions dictate, will ream out with 11" and run following program:						
11"	8 5/8"	24.0#	J-55	LTC	3000'	Circ 635 sx "C"
7 7/8"	5 1/2"	15.5#	J-55	LTC	8000'	535 sx "C" tieback

Mud Program:

0' - 400': Fresh water gel spud mud:

Mud Wt.

8.4- 9.0 ppg

Vis.

32-38

W/L Control

No W/L cont.

400' - 6500': Cut brine w/gel & lime:

9.0- 9.2 ppg

28-30

No W/L cont.

6500' - 8000': Cut Brine w/gel & starch:

9.0- 9.3 ppg

29-31

W/L cont.-10cc

PH = 10 in fresh water mud and 9.5-10.5 in brine mud.

BOP Program:

A 10" 3000 psi wp Cameron Space Saver BOP will be installed on the 12 3/4" casing. Casing and BOP will be tested before drilling out with 7 7/8". BOP will be used as a 2000 psi wp system and will be tested daily. No high pressure gas known to be in the area at this depth. See exhibit "E".

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, 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.

Agent for:

Chi Operating, Inc.

Nov. 5, 1992

SIGNED

TITLE

DATE

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS

*See Instructions On Reverse Side

ATTACHED

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

Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator CHI OPERATING INC.			Lease REMINGTON FEDERAL		Well No. 1
Unit Letter M	Section 3	Township 20 SOUTH	Range 28 EAST	County EDDY COUNTY, NM	
Actual Footage Location of Well: 990 feet from the SOUTH line and 660 feet from the WEST line					
Ground level Elev. 3277.	Producing Formation Bone Springs	Pool Old Millman Ranch Bone Springs		Dedicated Acreage: 40 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.

2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?

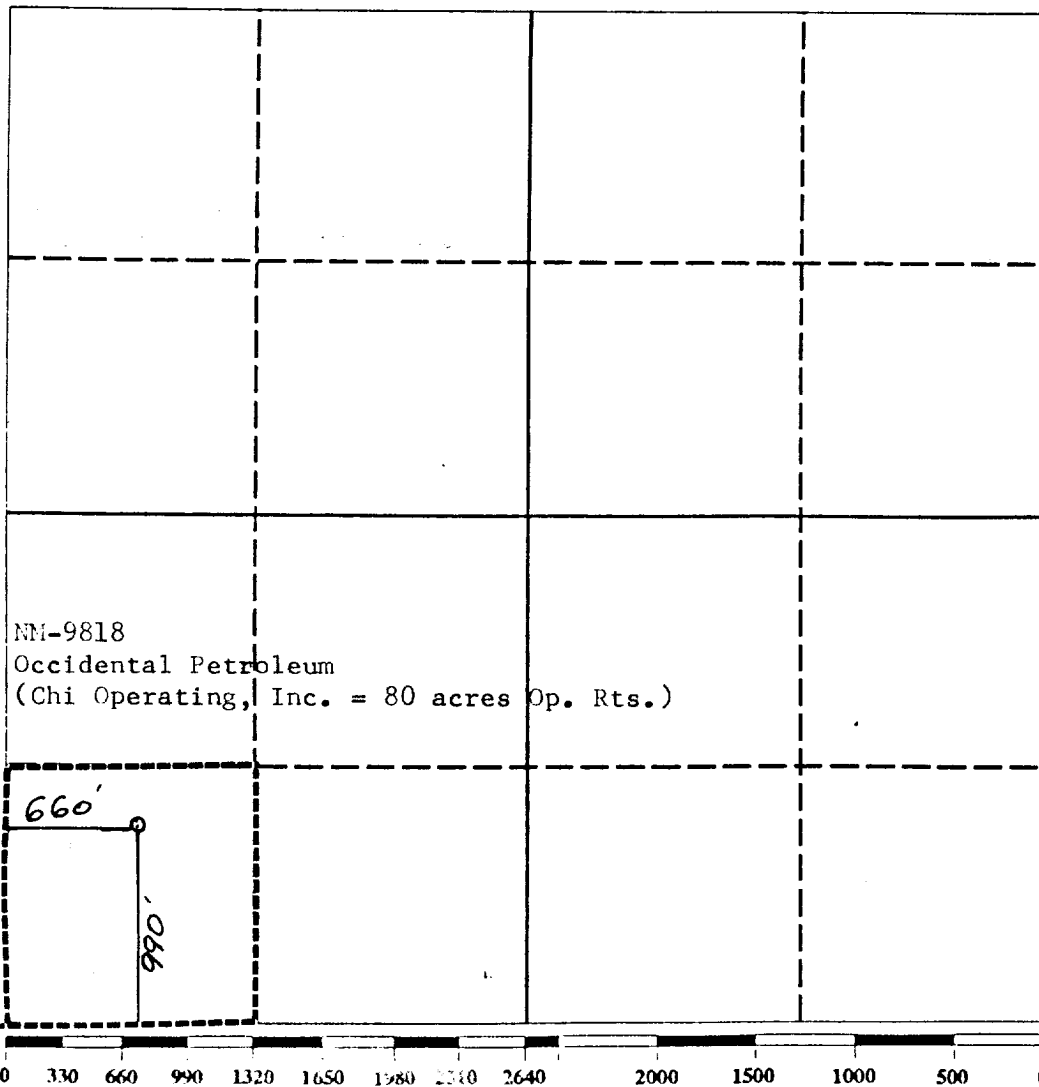
☐ Yes

☐ 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 interest, has been approved by the Division.



OPERATOR CERTIFICATION

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

Signature

Printed Name

George R. Smith

Position

Agent for:

Company

Chi Operating, Inc.

Date

November 6, 1992

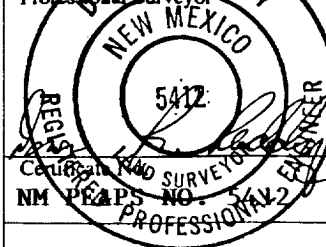
SURVEYOR CERTIFICATION

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 knowledge and belief.

Date Surveyed

OCTOBER 29, 1992

Signature of Surveyor
Professional Surveyor



APPLICATION FOR DRILLING

CHI OPERATING, INC.
Remington Federal, Well No. 1
990' FSL & 660' FWL, Sec. 3-T20S-R28E
Eddy County, New Mexico
Lease No.: NM-9818
(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:

Grayburg	1845'	1st Bone Springs	6175'
San Andres	2265'	2nd Bone Springs	7075'
Delaware	3165'	T.D	8000'
Bone Springs	4385'		
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 6175'.

Gas: Possible in the Bone Springs below 6175'.
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 3000': LDT-CNL, DLL/msfl, GR.
3000' to surface: LDT/GR

Coring: None.
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 = 2400 with a temperature of 133°.
10. H₂S: None encountered in previous wells drilled in the area.
11. Anticipated starting date: December 1, 1992.
Anticipated completion of drilling operations: Approximately 4 weeks.

MULTI POINT SURFACE USE AND OPERATIONS PLAN

CHI OPERATING, INC.
Remington Federal, Well No. 1
990' FSL & 660' FWL, Sec. 3-T20S-R28E
Eddy County, New Mexico
Lease No.: NM-9818
(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 30 road miles southeast of Artesia, NM or 11 miles northeast of Carlsbad, NM. Traveling east of Artesia on U.S. Highway 82 and county roads, there will be 27 miles of paved highway, plus 3.25 miles of proposed and existing gravel oilfield roads.
- B. Directions: Travel east from Artesia, NM on U. S. Highway 82 for approximately 8.5 miles to SPS power station. Turn southeast (right) onto county road #204 for 3 miles; then south on county road #206 for 12.7 miles to the Angel Ranch road (county road #237); then east on #237 for 2.5 miles to an oilfield road turnoff on the east (left) side of the road leading to a well site on the hill .25 mile east. Turn north at this well site and continue north, parallel to a power line on the west, for 1.75 miles, then take oilfield road on the right for .85 mile where road turns north to the Winchester Fed., Well 1 well site. The start of the proposed access road is on the east side of the road at this corner and runs east for approximately 800 feet, then south, parallel to a fence, for 1500 feet to an existing two-track road running east/west through the fence to the southwest corner of the proposed location.

2. PLANNED ACCESS ROAD:

- A. Length and Width: There will be approximately 3000 feet of new access road 12 feet wide (24' Max.). This will include 800 feet of upgrading on the existing two track road and a bypass around well site. The proposed and existing roads are color coded on Exhibits "A" and "B".
- B. Construction: The new access road will be constructed by grading and topping with compacted caliche. The surface will be properly drained.
- C. Turnouts: At least two turnouts will be required increasing the width of the proposed access road to 20 feet for passing.
- D. Culverts: None.
- E. Cuts and Fills: None required.
- F. Gates, Cattle guards: One cattle guard will be installed.
- G. Off Lease ROW: There will be approximately 2500 feet of off lease ROW for the proposed access road. The existing oil field roads in section 4 and 9, T20S-R28E have had a ROW issued with the APD for the Winchester Fed., Well No. 2.

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. There are gas production facilities on the lease in the SE $\frac{1}{4}$ of Sec. 3-T20S-R28E.
- 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. A 2 3/8" gas pipeline will be buried a maximum of 24" deep and will run 25' from and parallel to the proposed access road back to the Phillips gas line between the Winchester Fed., Well No. 1 and No. 2.

5. LOCATION AND TYPE OF WATER SUPPLY:

- A. It is planned to drill the proposed well with fresh water that will be obtained from private or commercial sources and will be transported over the existing and proposed access roads or a fast line beside existing roads may be used.

6. SOURCE OF CONSTRUCTION MATERIALS:

- A. Caliche for surfacing the proposed access road and well site pad will be obtained from a pit on the location if available or from a federal pit in the NW $\frac{1}{4}$ SE $\frac{1}{4}$, Sec. 12-T20S-R27E. 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 reserve pits.
- B. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.
- C. All pits 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, reserve pits, and major rig components. The pad and pit area has been staked and flagged, 400' X 400'.
- B. Mat Size: 220' X 145', plus 50' X 90' reserve pits.
- C. Cut & Fill: None required.
- D. The surface will be topped with compacted caliche and the reserve pits will be plastic lined.

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 Bureau of Land Management 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 the Burton Flats area west of the Palmilla Draw with a .67% slope to the southeast from an elevation of 3277' GL.
- B. Soil: The topsoil at the well site is a brown fine sandy loam of the Simona Series.
- C. Flora and Fauna: The vegetation cover is a very good grass cover of threeawn, grama, sand dropseed, fluffgrass, and bush muhly, along with plants of mesquite, broomweed, 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.
- F. Land Use: Cattle grazing.

11. OTHER INFORMATION: cont.....

- G. Surface Ownership: The proposed well site and access road are on Federal surface and minerals.
- H. There is no evidence of any archaeological, historical or cultural sites in the area. An archaeological survey has been conducted by Archaeological Survey Consultants, P. O. Box D, Roswell, NM 88202, and their report has been submitted to the appropriate government agencies.

12. OPERATOR'S REPRESENTATIVE:

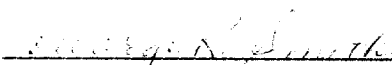
- A. The field representative for assuring compliance with the approved surface use and operations plan is as follows:

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

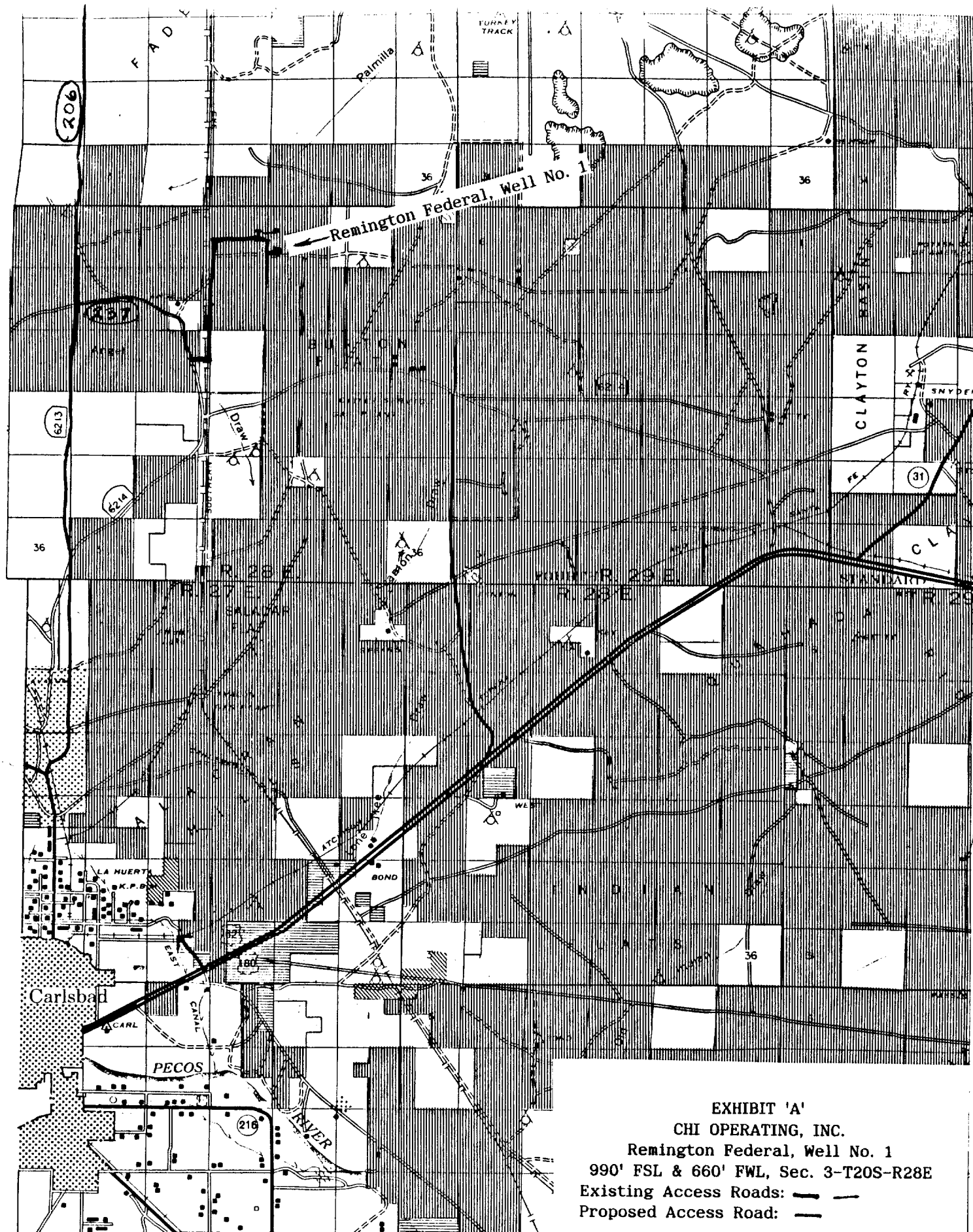
13. CERTIFICATION:

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.

November 5, 1992



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



SCALE: $\frac{1}{2}'' = 1$ MILE

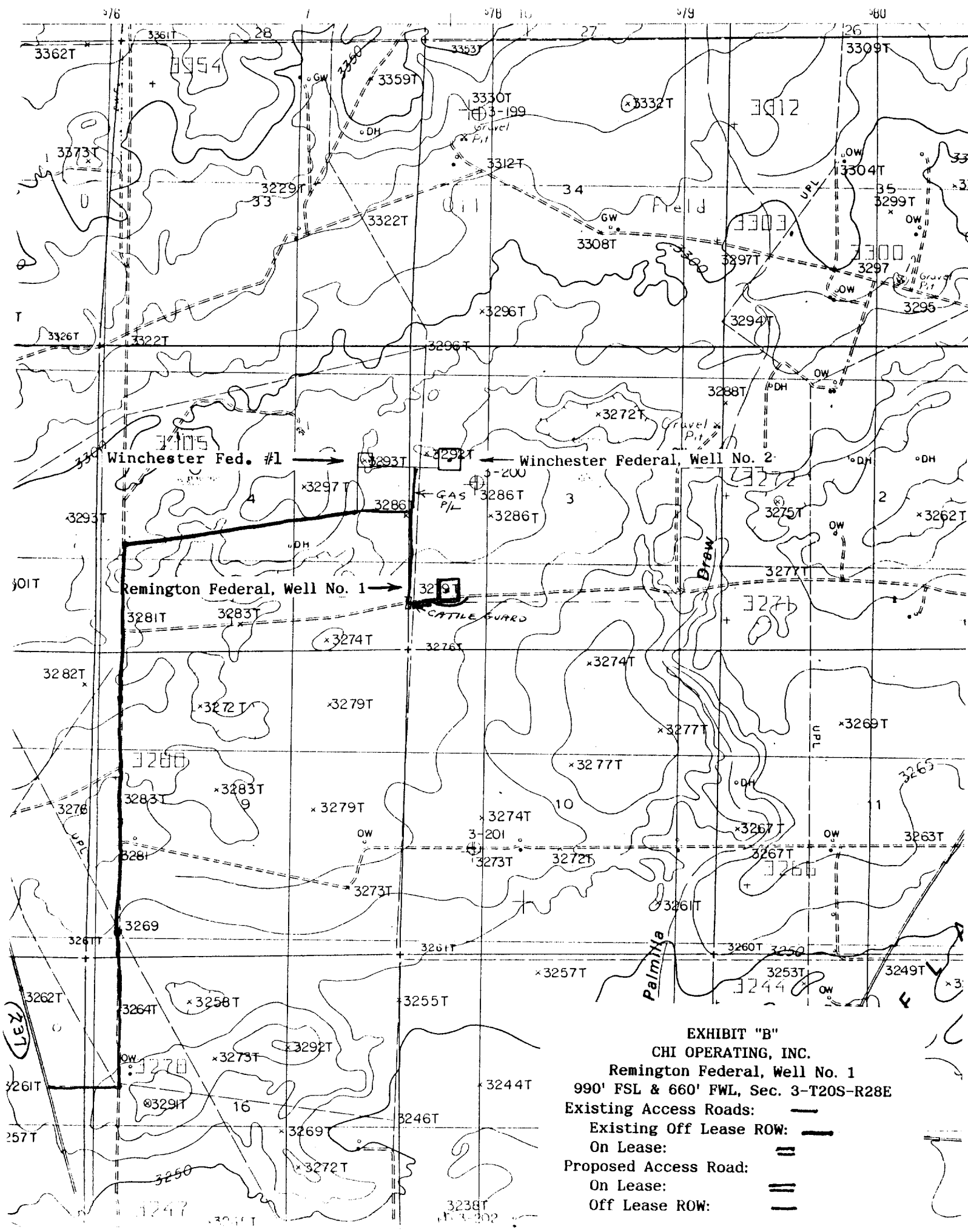


EXHIBIT "B"
CHI OPERATING, INC.
Remington Federal, Well No. 1
990' FSL & 660' FWL, Sec. 3-T20S-R28E
Existing Access Roads: ———
Existing Off Lease ROW: ———
On Lease: = = =
Proposed Access Road: ———
On Lease: = = =
Off Lease ROW: ———

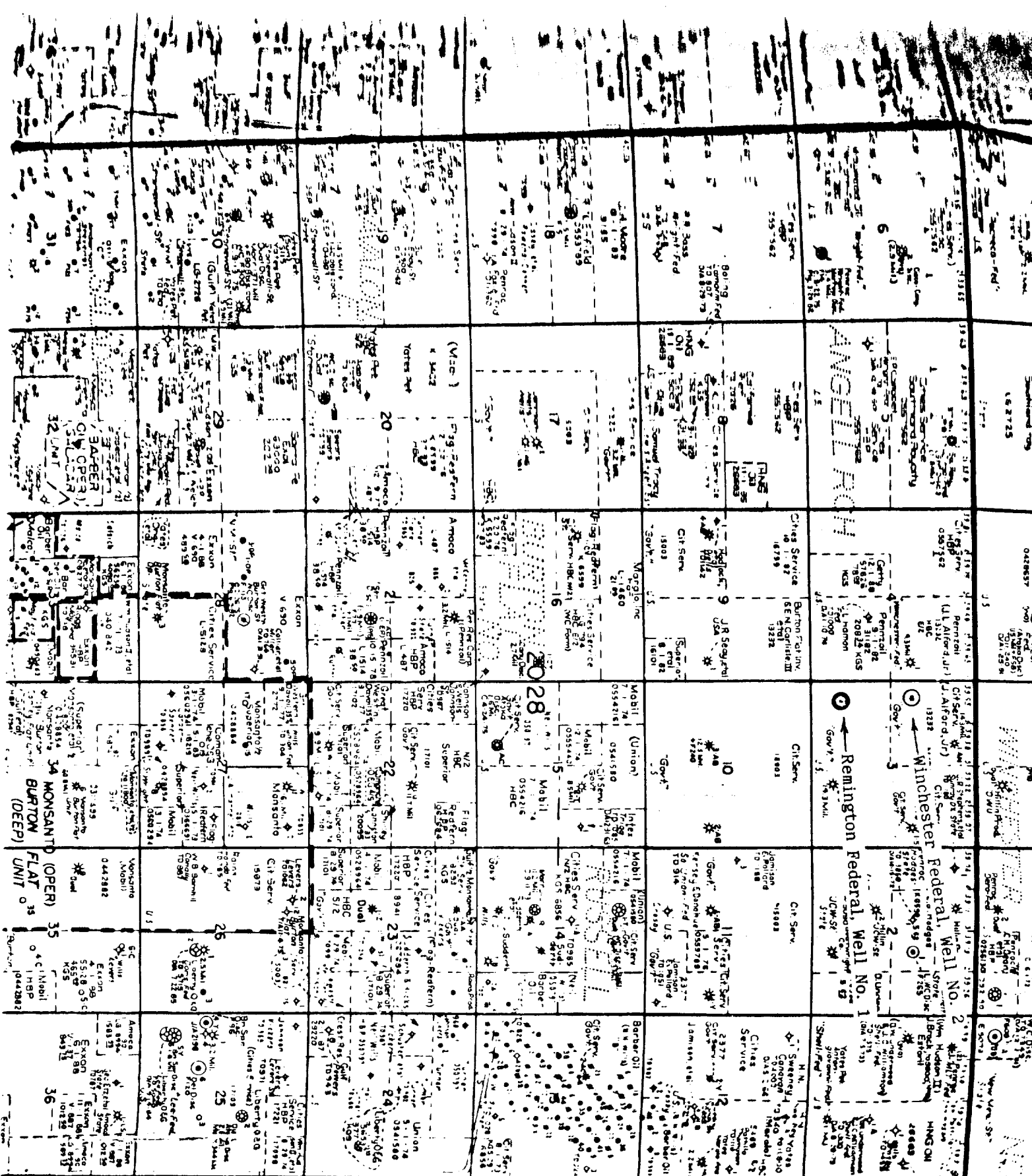


EXHIBIT "C"
CHI OPERATING, INC.
Remington Federal, Well No. 1
990' FSL & 660' FWL, Sec. 3-T20S-R28E
Existing Wells

2

Reserve PIT
LINED WITH PLASTIC



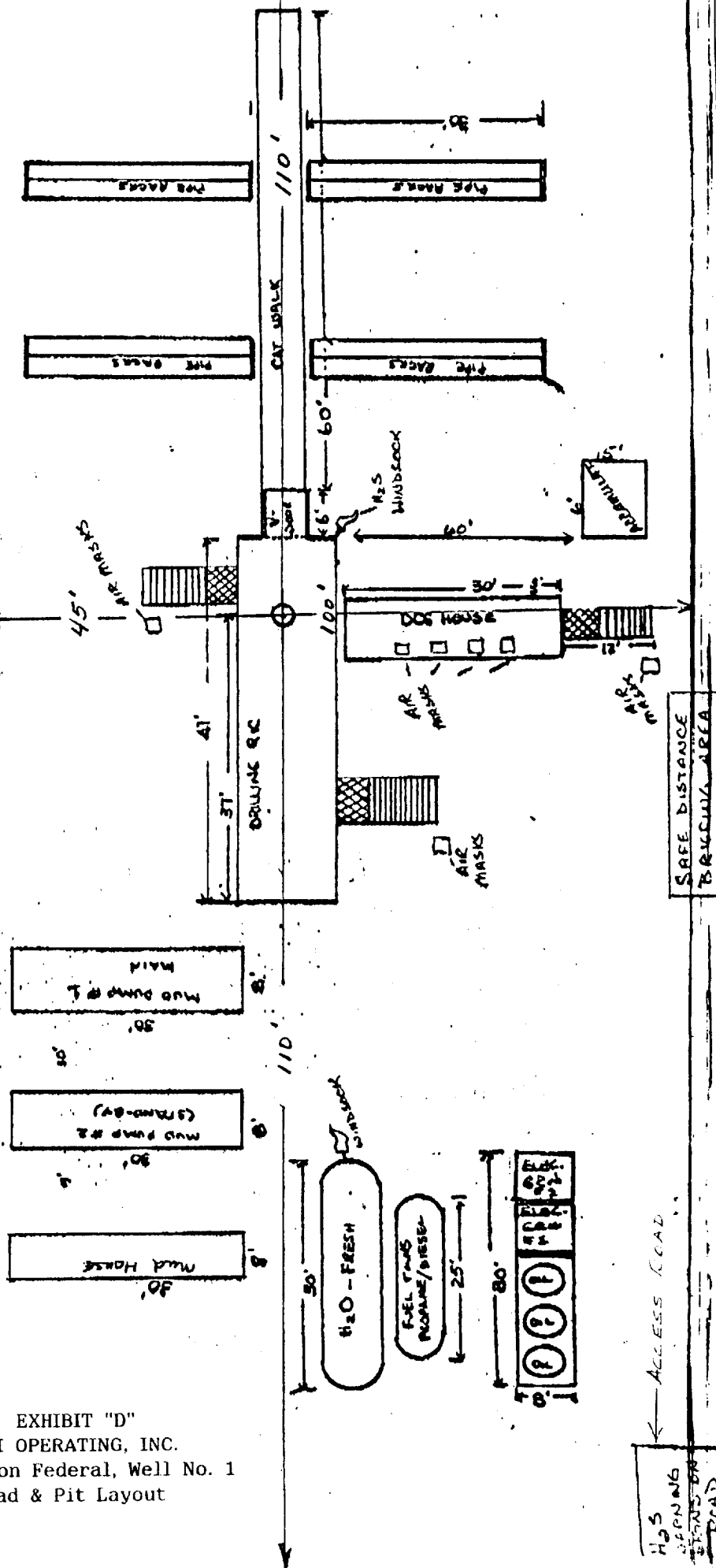
STEEL PITS

STELL: P. 153

34

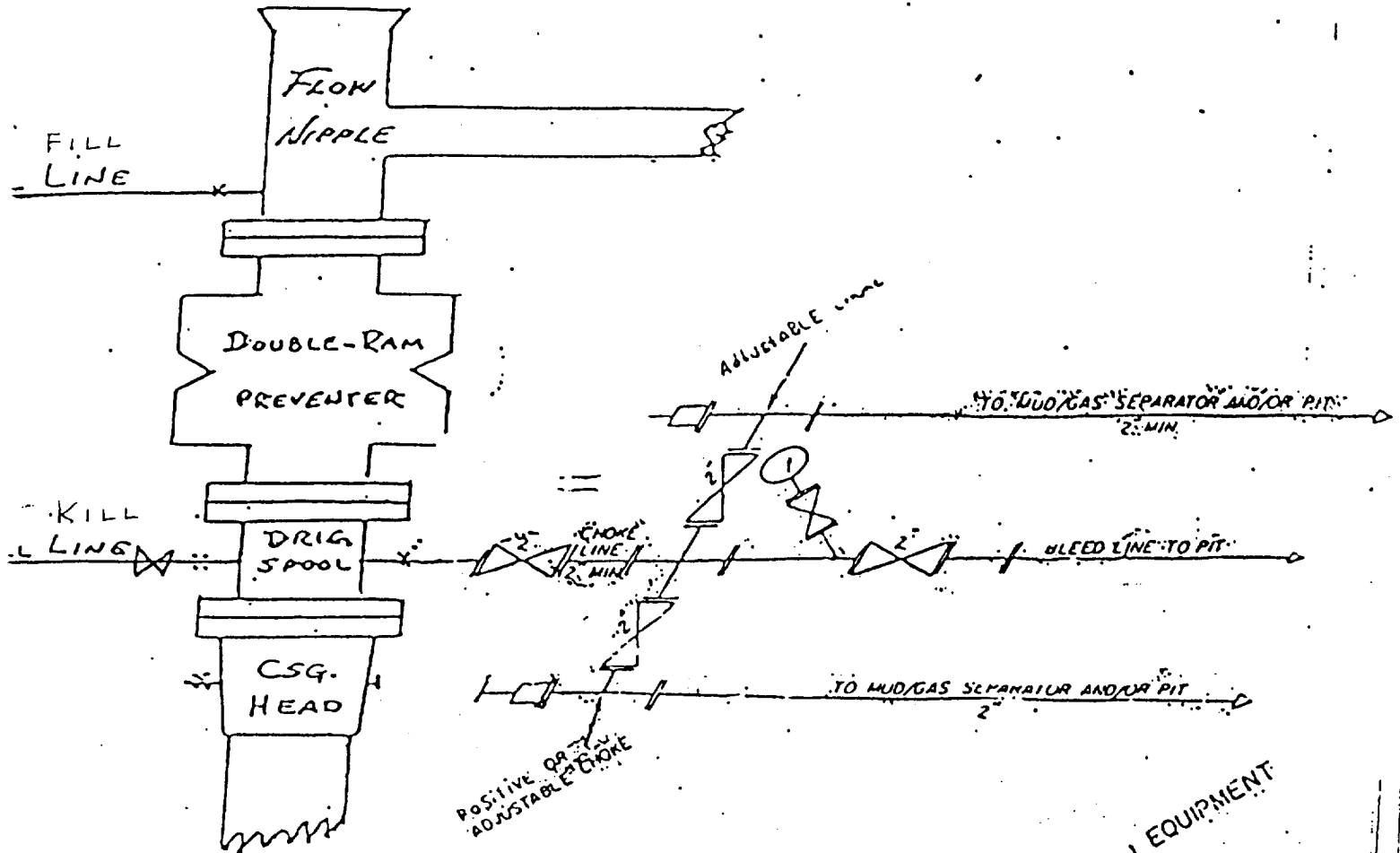
EXHIBIT "D"

CHI OPERATING, INC.
Remington Federal, Well No. 1
Pad & Pit Layout



B O P & CHOKE MANIFOLD

10"/900 Cameron SS Space Saver
 3000# Working Pressure
 3000# Working Pressure Choke Manifold



2" CHOKE MANIFOLD EQUIPMENT

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