

Submit to Appropriate
District Office
State Lease - 6 copies
Fee Lease - 5 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-101
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

DEC 21 '89

API NO. (assigned by OCD on New Wells)
30-015-26266

5. Indicate Type of Lease
STATE ☐ FEE ☒

6. State Oil & Gas Lease No.

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work:
DRILL ☒ RE-ENTER ☐ DEEPEN ☐ PLUG BACK ☐

b. Type of Well:
OIL WELL ☒ GAS WELL ☐ OTHER ☐ SINGLE ZONE ☐ MULTIPLE ZONE ☐

2. Name of Operator
Chi Operating, Inc.

3. Address of Operator
P.O. Box 1799, Midland, Texas 79702

4. Well Location
Unit Letter M : 660 Feet From The West Line and 660 Feet From The South Line
Section 19 Township 22S Range 27E NMPM Eddy County

7. Lease Name or Unit Agreement Name
Merland

8. Well No.
#1

9. Pool name or Wildcat
South Carlsbad-Delaware

10. Proposed Depth
4,550'

11. Formation
Delaware

12. Rotary or C.T.
Rotary

13. Elevations (Show whether DF, RT, GR, etc.)
3167 3172

14. Kind & Status Plug. Bond
Blanket

15. Drilling Contractor
WEK Drilling Co., Inc.

16. Approx. Date Work will start
12/26/89

PROPOSED CASING AND CEMENT PROGRAM

| SIZE OF HOLE | SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | SACKS OF CEMENT | EST. TOP |
|--------------|----------------|-----------------|---------------|-----------------|----------|
| 11" | 8 5/8" | 24# | 500' | 200 | Surface |
| 7 7/8" | 4 1/2" | 11.60# | 4500' | 900 | Surface |

It is proposed to drill this well to a T.D. of 4550' and test the Delaware formation. The blowout prevention program is as follows:

BOP is a 11" (3,000 psi) Shaffer Type "E" with double hydraulics.

Post ID-1
12-29-89
New Mexico + API

THIS PERMIT IS VALID FOR 180 DAYS
IF REQUIRED 6-21-90
SINCE WORK IS UNDERWAY

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. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

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

SIGNATURE David H. Harrison TITLE Operations Manager DATE 12/18/89
TYPE OR PRINT NAME David H. Harrison TELEPHONE NO. (915) 685-5001

(This space for State Use)

ORIGINAL SIGNED BY
MIKE WILLIAMS
SUPERVISOR, DISTRICT II

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

PLUG BACK TO O.D. IN SUFFICIENT.
TWO INCHES CEMENTING THE
8 5/8 CASING

DEC 21 1989

**MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT**

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

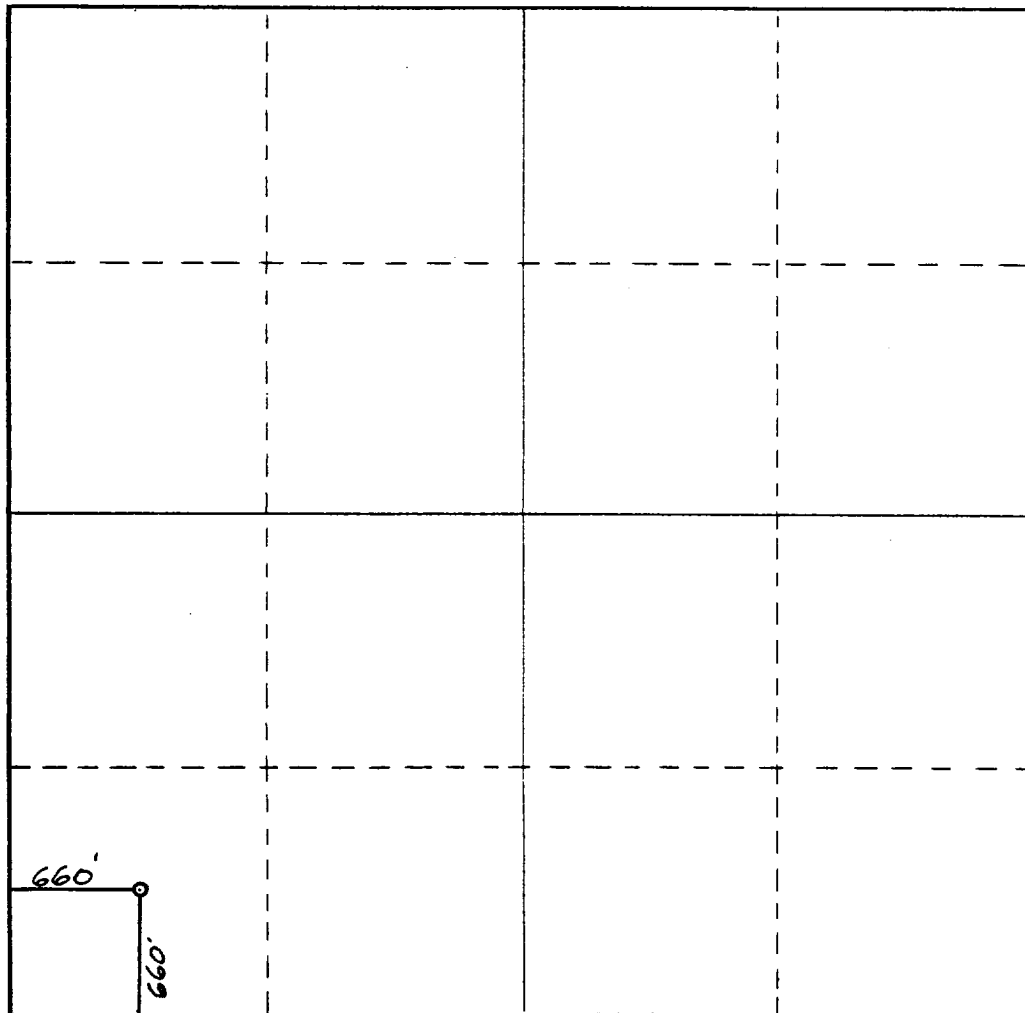
| | | | | | |
|--|--|-----------------------------|--|------------------------------------|---------------------------------------|
| Operator CHI OPERATING, INC. | | | Lease Merchant Merland | | Well No. 1 |
| Unit Letter M | Section 19 | Township 22 South | Range 27 East | County Eddy County, N.M. | |
| Actual Footage Location of Well: 660 feet from the South line and 660 feet from the West line | | | | | |
| Ground Level Elev. 3172. | Producing Formation Delaware | | Pool South Carlsbad-Delaware | | Dedicated Acreage: 40 Acres |

1. Outline the acreage dedicated to the subject well by colored pencil or hachure 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 interests 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 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.

Name _____

David H. Harrison

Position _____

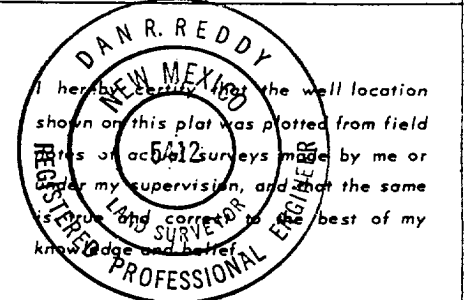
Operations Manager

Company _____

Chi Operating, Inc.

Date _____

12/18/89



Date Surveyed _____

November 17, 1989

Registered Professional Engineer and/or Land Surveyor

Dan R. Reddy

Certificate No. _____

NE PE&LS NO. 5412