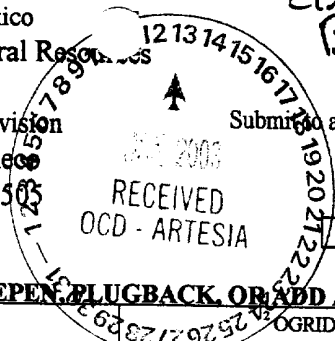


District I
1635 N. French Dr., Hobbs, NM 88240
District II
1301W. Grand Avenue, Artesia NM 88201
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

Form C-101
March 17, 1999
Submit to appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies
AMENDED REPORT



APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address CHI OPERATING, INC. P.O. Box 1799 Midland, Texas 79702		² OGRID Number 004378
³ Property Code 31079	⁵ Property Name RYAN	⁶ Well No. 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
Lot 2	5	23	27		990	NORTH	990	EAST	EDDY

⁸ Proposed Bottom Hole Location If Differ

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North	Cement to cover all oil, gas and water bearing zones.	County
⁹ Proposed Pool 1 Carlsbad; Morrow South								

¹¹ Work Type Code N	¹² Well Type Code G	¹³ Cable/Rotary R	¹⁴ Lease Type Code P	¹⁵ Ground Level Elevation 3165'
¹⁶ Multiple	¹⁷ Proposed Depth 12000	¹⁸ Formation Morrow	¹⁹ Contractor	²⁰ Spud Date 2/1/03

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17½"	13 3/8"	48.5# J-55	±350'	±400	SURFACE/Circ
12¼"	9 5/8"	36# J-55	±5445'	±1000	SURFACE/Circ
8¾"	7" (CONTINGENCY)	26# N-80	±10,400'	±400	±8000'
6 1/8" (If 7" is set)	4 ½" Liner	11.6# N-80	12,000'	As deemed necessary	500' above productive
7 7/8" (If 7" is not set)	5 ½"	20/17# N-80	12,000'	As deemed necessary	zones

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.

Drill surface hole to 350', set csg & cement to surface. WOC-18 hrs. NU annular, tst & drill intermediate to base of Delaware ±5445'. Cement to surface. NUBOP & test 5000# while waiting 18 hrs on cement. Drill 8¾" hole to ±10400'. If necessary, set 7" psi string & cement. If 7" is set, drill out with 6¼" bit to TD. Log/evaluate, set liner & cement. (If 7" is not set, continue with 7 7/8" hole to TD. Log/evaluate, set csg & cement.)

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature:

Printed name:

Date:

Phone: 915-685-5001

OIL CONSERVATION DIVISION

Approved by:

ORIGINAL SIGNED BY TIM W. GUM
DISTRICT II SUPERVISOR

Title:

Approval Date:

Expiration Date:

Conditions of Approval:

Attached ☐

District I
1625 N. French Dr. Hobbs, NM 88240

District II
811 South First, Artesia, NM 88210

District III
1600 Rm Grazeo Rd., Aztec NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, N M 87505

Form C-102

Revised March 17, 1999

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name RYAN	Well Number 2
OGRID No. 004378	Operation Name CHI OPERATING, INC.	Elevation 3165

Surface Location

UL or Lot No.	Section	Township	Range	Lot Idn.	Feet from the	North/South line	Feet from the	East/West line	County
LOT 1	5	23-S	27-E		990	NORTH	990	EAST	EDDY

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
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Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTEREST HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	OPERATOR CERTIFICATION I HEREBY CERTIFY THAT THE INFORMATION HEREIN IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.	
	Signature <i>John W. Wolf</i> Printed Name JOHN W. WOLF Title _____ Date 1/10/03	
	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 of Survey JANUARY 4, 2003 Signature and Seal of Licensing Surveyor 	
Certificate Number NM PLATS 38412		

Phone (915) 685-5001

Chi Operating, Inc.

Fax (915) 687-2662

P.O. Box 1799
Midland, TX 79702

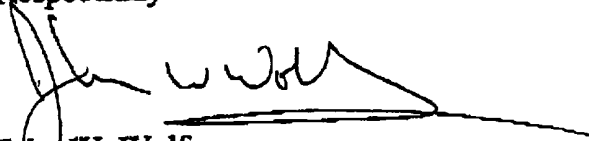
1/14/03

Mr. Bryan Arrant
New Mexico Oil Conservation Division
Subject: Ryan #2
Section 5 -T23S -R27E
990 FNL & 990 FEL (N/2)

Dear Bryan

Chi Operating Inc. has entered into an agreement whereby "Chi" is the operator for the drilling & completion of the Ryan #2.

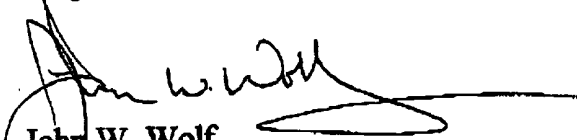
Respectfully


John W. Wolf.

1/24/03

As per our conversation this A.M. Merit Energy, Inc. will operate this well following the drilling and completion.

Respectfully,


John W. Wolf

Cc/file