

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-101
May 27, 2004

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to appropriate District Office

☐ 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, TX 79702		² OGRID Number
		³ API Number 30-015-21980
⁴ Property Code	⁵ Property Name Valle Feliz	⁶ Well No. 1
⁹ Proposed Pool Happy Valley Morrow		¹⁰ Proposed Pool 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
	3	22S	26E		1455	North	2130	East	Eddy

8 Proposed 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

Additional Well Information

¹¹ Work Type Code	¹² Well Type Code	¹³ Cable/Rotary	¹⁴ Lease Type Code	¹⁵ Ground Level Elevation 3107
¹⁶ Multiple	¹⁷ Proposed Depth	¹⁸ Formation	¹⁹ Contractor	²⁰ Spud Date
Depth to Groundwater		Distance from nearest fresh water well		Distance from nearest surface water
Pit: Liner: Synthetic <input type="checkbox"/> 12 mils thick Clay <input type="checkbox"/> Pit Volume: _____ bbls Drilling Method: Closed-Loop System <input checked="" type="checkbox"/> Fresh Water Brine <input checked="" type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

21 Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17 1/2	13 3/8	48	403	400	surface
12 1/4	9 5/8	36	2650	1200	surface
7 7/8	4 1/2	11.6	11435'	2400	8000'

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.

Location and working pit prep per NMOCD guidelines(Steel Working Pits)

Rig up DD workover unit

Install BOP and test

Drill out surface plug

Drill out cased hole plugs @ 2600-2700'

Drill out open hole plugs @: 4710-4810', 8375-8475', 9850-9950', 10400-10500', 10600-10700', 11384-11434'.

RU full lubricator and run Open hole logs

PU 4-1/2" casing, Run to TD

Cement w/ 2000 sx

RECEIVED

AUG 25 2004

OCD-ARTESIA

NSL-805-A

OIL CONSERVATION DIVISION

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines X, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Printed name: Gary Wornack

Title: Engineer

E-mail Address: garyw@chienergyinc.com

Date: 8-10-2004

Phone: 432-685-5001

Approved by:

TIM W. GUM

Title:

DISTRICT II SUPERVISOR

Approval Date: AUG 27 2004

Expiration Date: AUG 27 2005

Conditions of Approval Attached ☐

Arrant, Bryan

From: Gary Womack [garyw@chienergyinc.com]
Sent: Friday, August 27, 2004 7:41 AM
To: barrant@state.nm.us
Cc: robina@chienergyinc.com; 'John Qualls'
Subject: Valle Feliz H2S Letter

Bryan,

I have attached the H2S letter that you requested which will also be mailed to you today. Additionally, we have received the NSL approval from Santa Fe which was also sent to your office. Please call if you have any questions or require additional information. Thank you.

Gary Womack

Petroleum Engineer
Chi Energy, Inc.
915-685-5001
915-634-8958 c
915-682-2662 f

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For more information please visit <http://www.messagelabs.com/email>

8/27/2004

N MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form No. 1
Superintendent of
Petroleum Resources

All distances must be from the outer boundaries of the Section

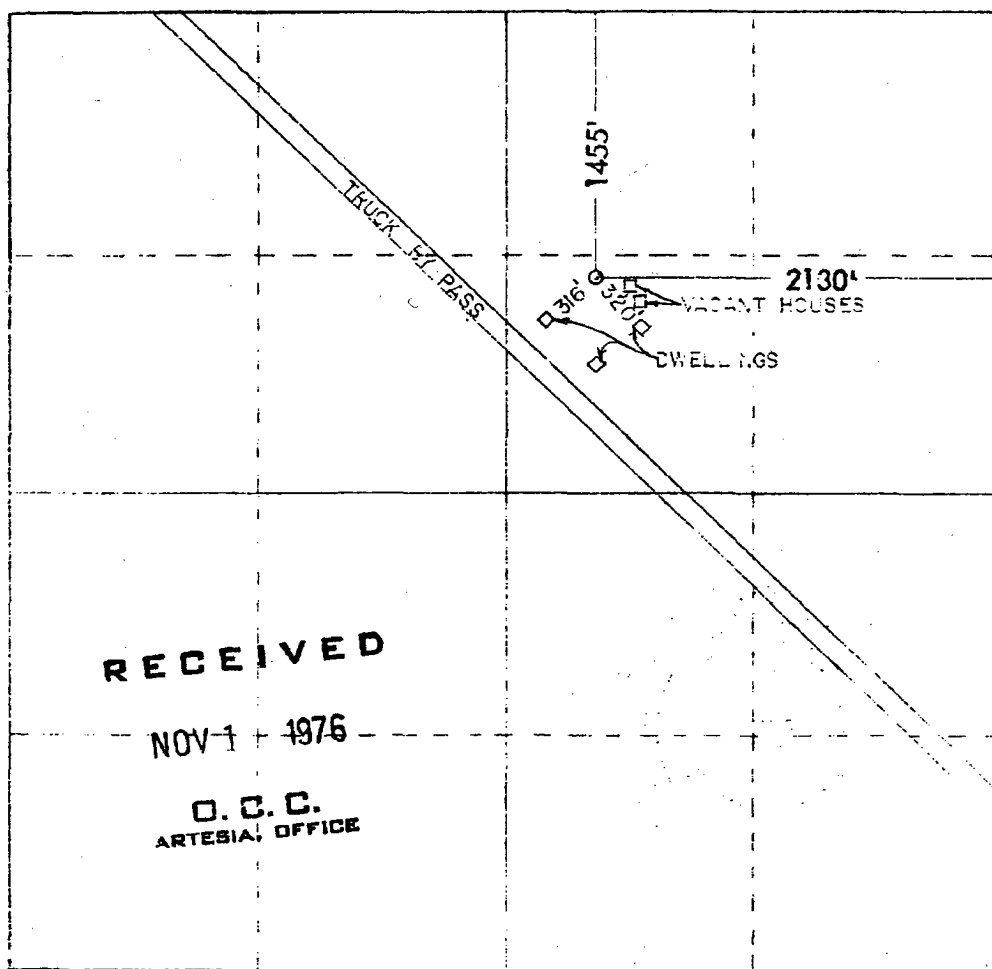
Owner Morris R. Antwell			Lease Valle Pariz		Acres 1
Section G	Range 3	Township 22 South	Range 26 East	County Eddy	
Location of Well					
1455 feet from the North line to		2130 feet from the East line to			
3220.4		1455'		2130'	

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

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: **October 19, 1976**

Signature: _____
Title: _____

John W. West
676

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State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-21980		² Pool Code		³ Pool Name Happy Valley Morrow	
⁴ Property Code		⁵ Property Name Valle Feliz			⁶ Well Number 1
⁷ OGRID No.		⁸ Operator Name Chi Operating, Inc.			⁹ Elevation 3107

¹⁰ Surface Location

UL or lot no. G	Section 3	Township 22S	Range 26E	Lot Idn	Feet from the 1455	North/South line North	Feet from the 2130	East/West line East	County Eddy
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¹¹ 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
¹² Dedicated Acres		¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No.			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<div>¹⁶</div>	¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i> Signature Gary Wornack Printed Name Engineer garyw@chienergyinc.com Title and E-mail Address August 24, 2004 Date	
	¹⁸ SURVEYOR CERTIFICATION <i>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 belief.</i> Date of Survey Signature and Seal of Professional Surveyor: Original survey also submitted per NMOCDD Certificate Number	

(432)-685-5001

Fax (432) 687-2662

Chi Operating, Inc.

P. O. BOX 1799
MIDLAND, TEXAS 79702

Mr. Bryan Arrant
New Mexico Oil Conservation District II
1301 W. Grand Avenue, Artesia, NM 88210

Re: Valle Feliz No. 1, API 30-015-21980

Dear Mr. Arrant,

Chi Operating, Inc. requests approval to reenter the subject plugged wellbore to test the Morrow producing formation. This producing horizon does not contain hydrogen sulfide in this area. However; H₂S monitoring equipment will be used in the reentry and completion process as a component of our operation procedure.

Please contact me at 432-685-5001 if you have any questions or require further information.

Sincerely,

Gary Womack

Gary Womack
Petroleum Engineer
Chi Operating, Inc.

August 26, 2004

Chi Energy, Inc.
c/o James Bruce
P. O. Box 1056
Santa Fe, New Mexico 87504-1056

Administrative Order NSL-805-A

Dear Mr. Bruce:

Reference is made to the following: (i) your application on behalf of the operator, Chi Energy, Inc. ("Chi") dated August 24, 2004 (***administrative application reference No. pSEM0-423826804***); (ii) your e-mail of Thursday morning, August 26, 2004, requesting this application be expatiate due to lease expiration problems; and (iii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe, including the file on Division Administrative Order NSL-805: all concerning Chi's request for an unorthodox gas well location in the Wolfcamp, Strawn, Atoka, and Morrow formations for the Morris R. Antweil Valle Feliz Well No. 1 (**API No. 30-015-21980**), located 1455 feet from the North line and 2130 feet from the East line (Unit G) of Section 3, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico.

Lots 1 through 4 and the S/2 N/2 (N/2 equivalent) of Section 3, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico, being a standard 319.76-acre lay-down deep gas spacing unit for the wildcat Wolfcamp formation, Happy Valley-Strawn Gas Pool (**78070**), Undesignated Happy Valley-Atoka Gas Pool (**78055**), and Undesignated Happy Valley-Morrow Gas Pool (**78060**), is to be dedicated to this well.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

The above-described Valle Feliz Well No. 1 was originally drilled to a total depth of 11,434 feet in the winter of 1976-77 by Morris R. Antweil of Hobbs, New Mexico, to test the Morrow formation for gas at an unorthodox location (approved by Division Administrative Order NSL-805, dated November 22, 1976) within the above-described 319.76-acre unit. According to the Division's records, the well tested dry and was subsequently plugged and abandoned on January 11, 1977.

It is the Division's understanding that Chi intends to re-enter this well to test the shallower Wolfcamp formation at an approximate depth of 8,425 feet. In addition Chi may test the Strawn and Atoka intervals as well as retesting the Morrow formation.

By the authority granted me under the provisions of Division Rule 104.F (2), as revised, the above-described unorthodox deep Wolfcamp, Strawn, Atoka, and Morrow gas well location for the existing Valle Feliz Well No. 1 within the N/2 equivalent of Section 3 is hereby approved.

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

Michael E. Stogner
Engineer/Hearing Officer

MES/ms

cc: New Mexico Oil Conservation Division – Artesia
U. S. Bureau of Land Management – Carlsbad
Chi Energy, Inc. – Midland, Texas [telefax No. (432) 687-2662]