

District I
1625 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
Revised 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	⁵ Property Name HENRY	⁶ Well No. 3

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
	22 (S/2)	22S	27E		990	SOUTH	1650	WEST	EDDY

⁸ Proposed Bottom Hole Location If Different From

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	County
Cement to cover all oil, gas and water bearing zones.						

⁹ Proposed Pool 1
Carlsbad; Morrow, South

¹¹ Work Type Code NW	¹² Well Type Code G	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation
¹⁶ Multiple	¹⁷ Proposed Depth 12200'	¹⁸ Formation MORROW	¹⁹ Contractor	²⁰ Spud Date 7/10/03

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	±300'	±400	SURFACE/Circ
12¼"	9 5/8"	36# J-55	±5500'	±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	12,200'	As deemed necessary	500' above productive
7 7/8" (If 7" is not set)	5 ½"	20/17# N-80	12,200'	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 300', set csg & cement to surface. WOC-18 hrs. NU annular, tst & drill intermediate to base of Delaware ±5500'. 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 6 1/8" 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: JOHN W. WOLF

Date: 6/30/03

Phone: 915-685-5001

OIL CONSERVATION DIVISION

Approved by:

Title:

Approval Date:

Conditions of Approval:

Attached ☐

JUL 16 2003

Expiration Date:

JUL 16 2004

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

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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 HENRY	Well Number 3
OGRID No.	Operation Name CHI OPERATING, INC.	Elevation 3113

Surface Location

UL or Lot No.	Section	Township	Range	Lot Idn.	Feet from the	North/South line	Feet from the	East/West line	County
N	22	22-S	27-E		990	SOUTH	1650	WEST	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
Dedicated Acres		Joint or Infill	Consolidation Code	Order No.					

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

		<p>OPERATOR CERTIFICATION</p> <p>I HEREBY CERTIFY THAT THE INFORMATION HEREIN IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.</p>
		<p>Signature <i>John W. Wolf</i></p> <p>Printed Name JOHN W. WOLF</p> <p>Title 7/2/03</p> <p>Date</p>
		<p>SURVEYOR CERTIFICATION</p> <p>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.</p>
		<p>JULY 2, 2003</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor</p> <p>DAN R. REEDY</p> <p>NEW MEXICO</p> <p>5412</p> <p>REGISTERED PROFESSIONAL SURVEYOR</p> <p>Certificate Number 5412</p>

Phone (915) 685-5001

Chi Operating, Inc.

Fax (915) 687-2662

P.O. Box 1799
Midland, TX 79702

6/30/03

State of New Mexico
Energy Minerals and Natural Resources
Oil Conservation Division
1301 W. Grand Avenue
Artesia, New Mexico 88201

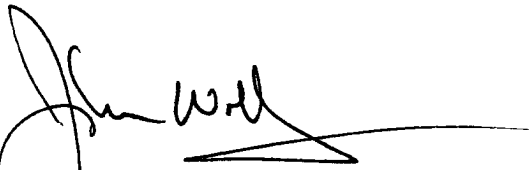
Re: OCD Rule 118
Henry #3
Sec 22-T22S-R27E
Eddy County, NM



Mr. Bryan Arrant;

As per your request, this drill site, to the best of my knowledge will not have H₂S > 100 ppm, thus rule 118 does not apply.

Respectfully;


John W. Wolf

Copy/file

Phone (915) 685-5001

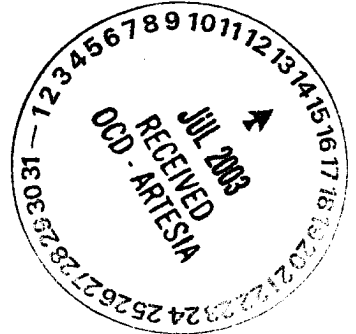
Chi Operating, Inc.

Fax (915) 687-2662

P.O. Box 1799
Midland, TX 79702

7/9/03

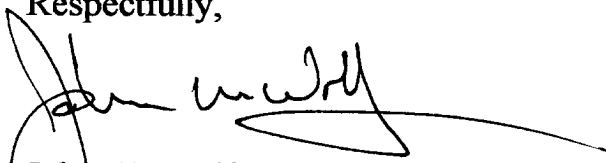
Mr. Bryan Arrant
New Mexico Oil Conservation Division
Subject: Henry #3
Section 22 -T22S -R27E
990' FSL & 1650' FWL (S/2)



Dear Bryan,

Chi Operating Inc. has entered into an agreement whereby "Chi" is the operator for the drilling & completion of the Henry #3. Following completion, Merit Energy, Inc. will operate.

Respectfully,


John W. Wolf.

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