

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT

OPER. OGRID NO. 4378
PROPERTY NO. 18416
POOL CODE 13392
EFF. DATE 2/12/96
API NO. 30-25-33284

Form approved.
Budget Bureau No. 1004-0136
Expires: December 31, 1991

1A. TYPE OF WORK

DRILL ☒

DEEPEN ☐

B. TYPE OF WELL

OIL
WELL ☒

GAS
WELL ☐

OTHER ☐

SINGLE
ZONE ☐

MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

Chi Operating, Inc.

(915) 685-5001

3. ADDRESS AND TELEPHONE NO.

P. O. Box 1799

Midland, Texas 79702

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

At surface

467' FSL & 1980' FWL

At proposed prod. zone

Same

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

21 miles S of Maljamar, NM

10. DISTANCE FROM PROPOSED*
LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drlg. unit line, if any)

467'

18. DISTANCE FROM PROPOSED LOCATION*
TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

1513'

16. NO. OF ACRES IN LEASE

320

19. PROPOSED DEPTH

7900'

17. NO. OF ACRES ASSIGNED
TO THIS WELL

40

20. ROTARY OR CABLE TOOLS

Rotary

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

3622' GL

22. APPROX. DATE WORK WILL START*

February 15, 1996

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8" H-40	48.0#	490'	Circulate 475 sx "C"
11"	8 5/8" J-55	32.0#	3100'	Circ. 1200 sx "C"
7 7/8"	5 1/2" J-55	17.0#	7900'	1055 sx two stage DV tool*

Mud Program:

0' - 490': Fresh water native mud:

Mud Wt.

8.4 ppg

Vis.

32

W/L Control

No W/L control

490' - 3100': Brine mud:

10 ppg

28-32

No W/L control

3100' - 7900': Cut brine mud w/gel:

8.8 ppg

28-32

W/L control 15cc

BOP Program:

A 12" 3000 psi wp 900 Cameron Space Saver, double ram BOP, will be installed on the 13 3/8" casing. Casing and BOP will be tested before drilling out with 11". BOP will be tested daily.

* 5 1/2": Cement with DV tool in two stages starting at 6780':

1st stage: 230 sx "H" cement.

2nd stage: 825 sx lite cement. Cement to surface.

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

SIGNED

Agent for:

Jan. 18, 1996

TITLE Chi Operating, Inc.

DATE

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

APPROVED BY

TITLE

DATE

*See Instructions On Reverse Side

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 47-20-19-33-467		Pool Code 17-467	Pool Name Crazy Horse Delaware
Property Code 17-467	Property Name MUSTANG FEDERAL		Well Number 1
OGRID No. 47-20	Operator Name CHI OPERATING, INC.		Elevation 3622.

10 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	18	19-S	33-E		467	SOUTH	1980	WEST	LEA

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 0.00	13 Joint or Infill	14 Consolidation Code	15 Order No.
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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

16				<h3>17 OPERATOR CERTIFICATION</h3> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p>Signature George R. Smith, agent for:</p> <p>Printed Name Chi Operating, Inc.</p> <p>Title January 18, 1996</p> <p>Date</p>
				<h3>18 SURVEYOR CERTIFICATION</h3> <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 belief.</p> <p>JANUARY 8, 1996</p> <p>Date of Survey R. REDDY</p> <p>Signature and Seal of Professional Surveyer: 5412</p> <p>REGISTERED LAND SURVEYOR NEW MEXICO 5412</p> <p>Certificate Number NM PCEPS NO 5412</p>

APPLICATION FOR DRILLING

CHI OPERATING, INC.
Mustang Federal, Well No. 1
467' FSL & 1980' FWL, Sec. 18-T19S-R33E
Lea County, New Mexico
Lease No.: LC-064790
(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:

Top of Salt	1482'	San Andres	4925'
Base of Salt	2823'	Delaware	5389'
Yates	3076'	Bone Spring	7655'
Seven Rivers	3235'	T.D.	7900'
Queen	4165'		

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 Delaware below 5389'.

Gas: None expected.

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, DIL/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 evacuated BHP = 3200 with a temperature of 140°.

10. H₂S: None expected, but a Drilling Operations Plan, Exhibit "F", is being submitted to cover this contingency.

11. Anticipated starting date: February 15, 1996.
Anticipated completion of drilling operations: Approximately 4 weeks.

B O P & CHOKE MANIFOLD

12"/900 Cameron SS Space Saver
3000# Working Pressure

3000# Working Pressure Choke Manifold.

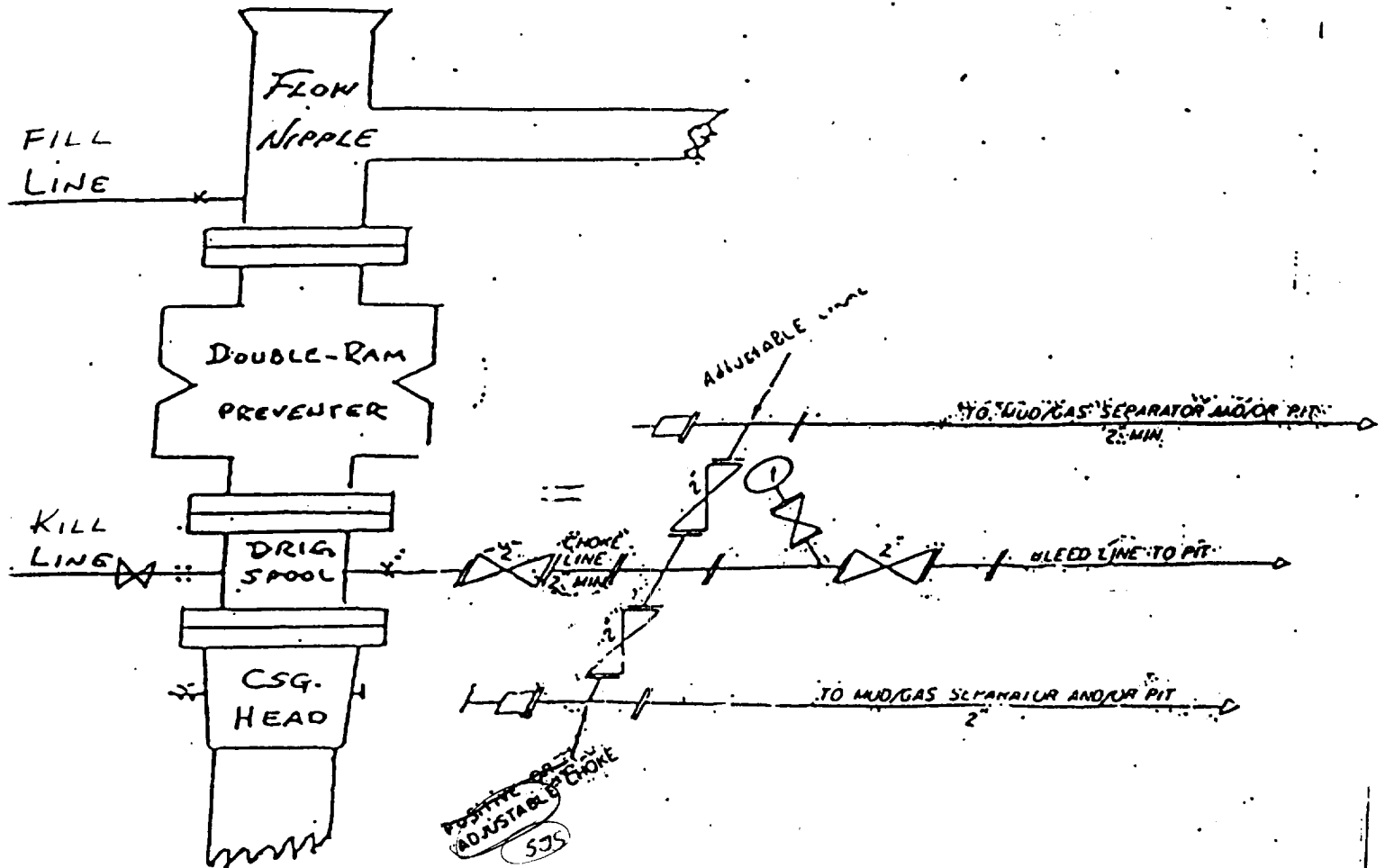


EXHIBIT "E"
CHI OPERATING, INC.
Mustang Federal, Well No. 1
BOP Specifications