

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT

OPEN CLAIM NO. 4374
18416
13390
2/6/97
30-025-33818FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

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' FEL

At proposed prod. zone

Same

Unit 0

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

21 miles S. of Maljamar, NM

15. 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.

1320'

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.)

3629' GL

22. APPROX. DATE WORK WILL START*

January 25, 1997

23. PROPOSED CASING AND CEMENT 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'	Circ 475
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 spud mud:

MUD WT.

8.4 ppg

VIS.

32

W/L Control

No W/L control.

490' - 3100': Brine mud:

10.0 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 900Cameron Space Saver, double ram BOP, will installed on the 13 3/8" casing.
Casing and BOP will be tested before drilling out with 11". The BOP will be tested daily.

* 7 7/8": 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.

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

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.

Agent for:

SIGNED

Deborah Smith

TITLE

Chi Operating, Inc.

DATE January 9, 1997

(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 conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY

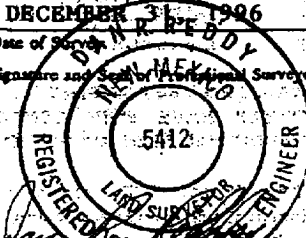
(ORIG. SGD) TONY L. FERGUSON

TITLE

ADM, MINERALS

DATE

*See Instructions On Reverse Side

16			
			<p>17 OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i></p> <p style="text-align: right;"><i>George R. Smith</i></p> <p>Signature George R. Smith, agent for: Printed Name Chi Operating, Inc. Title January 8, 1997 Date</p>
			<p>18 SURVEYOR CERTIFICATION</p> <p><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></p> <p>DECEMBER 31, 1996 Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <div style="text-align: center;">  </div> <p>LC-064790 Hudson & Hudson</p> <p style="text-align: right;">1980</p> <p style="text-align: center;">467</p>

APPLICATION FOR DRILLING

CHI OPERATING, INC.

Mustang Federal, Well No. 2
467' FSL & 1980' FEL, 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 3100': LDT-CNL, DLL/msfl, GR.
3100' 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: January 22, 1997.
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.

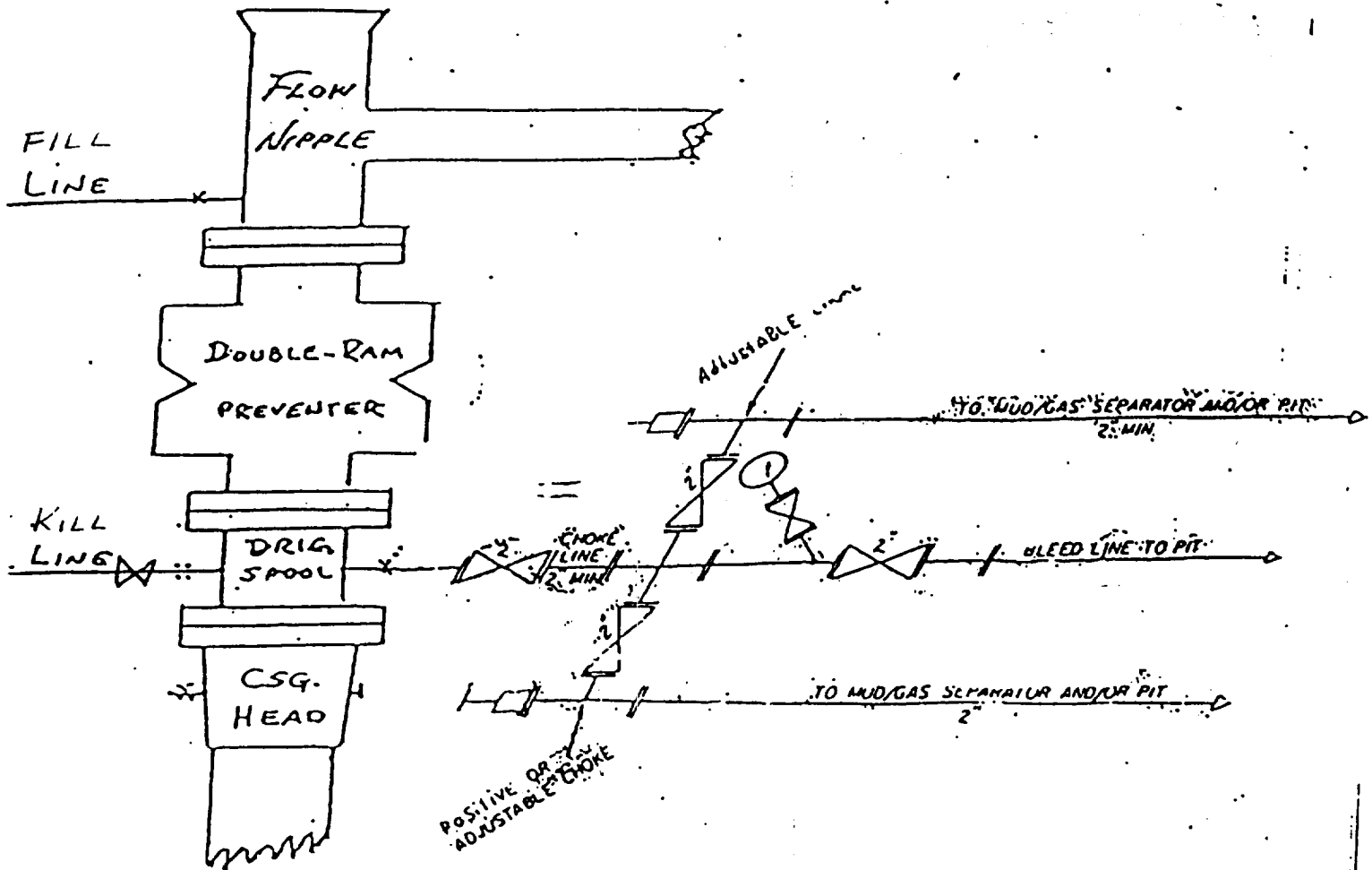


EXHIBIT "E"
CHI OPERATING, INC.
Mustang Federal, Well No. 2
BOP Specifications