

Submit 1 Copy To Appropriate District Office
District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised August 1, 2011

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS)		WELL API NO. 30-015-33961
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
2. Name of Operator CHI Operating, Inc.		6. State Oil & Gas Lease No.
3. Address of Operator P.O. Box 1799 Midland, TX 79702		7. Lease Name or Unit Agreement Name Kodiak
4. Well Location Unit Letter <u>I</u> : <u>1980</u> feet from the <u>South</u> line and <u>660</u> feet from the <u>East</u> line Section <u>17</u> Township <u>22S</u> Range <u>27E</u> NMPM County <u>Eddy</u>		8. Well Number <u>1</u>
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3111' GR		9. OGRID Number <u>004378</u>
		10. Pool name or Wildcat Carlsbad, Morrow South

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:
PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☒
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
DOWNHOLE COMMINGLE ☐

SUBSEQUENT REPORT OF:
REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: ☐

OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

RU DD PU. Circ hole with mud laden fluid. POOH w/pkr and prod tbg.

Set CIBP @ 11,200', spot 35' of cmt on to abandon Morrow perfs.

Set CIBP @ 10,080', spot 35' of cmt on to abandon Strawn perfs.

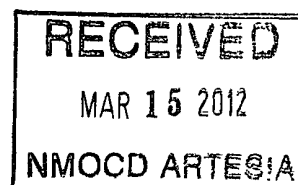
Set CIBP @ 9,440', spot 35' of cmt on to abandon Wolfcamp perfs.

Free point and attempt to cut 5 1/2" csg @ 8,650'. POOH LD csg.

Spot 150' cmt plug half in and half out @ 8,650'. Tag. Spot 100' cmt plug Tag across 9 5/8' csg shoe @ 5,321'. Spot ~~50'~~ surf plug 60'

Cut off well head. Intall dry hole marker and reclaim location.

Wellbore Diagram attached with procedure



Spud Date:

Rig Release Date:

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

SIGNATURE Pam Corbett TITLE Regulatory Clerk DATE 2/13/2012

Type or print name PAM CORBETT E-mail address: pamc@chienergyinc.com PHONE: 432-685-5001

For State Use Only

APPROVED BY: Tha Harker TITLE DATE 3/19/2012

**SEE ATTACHED
CONDITIONS OF
APPROVAL**

Approval Granted providing work
is complete by 6/19/2012

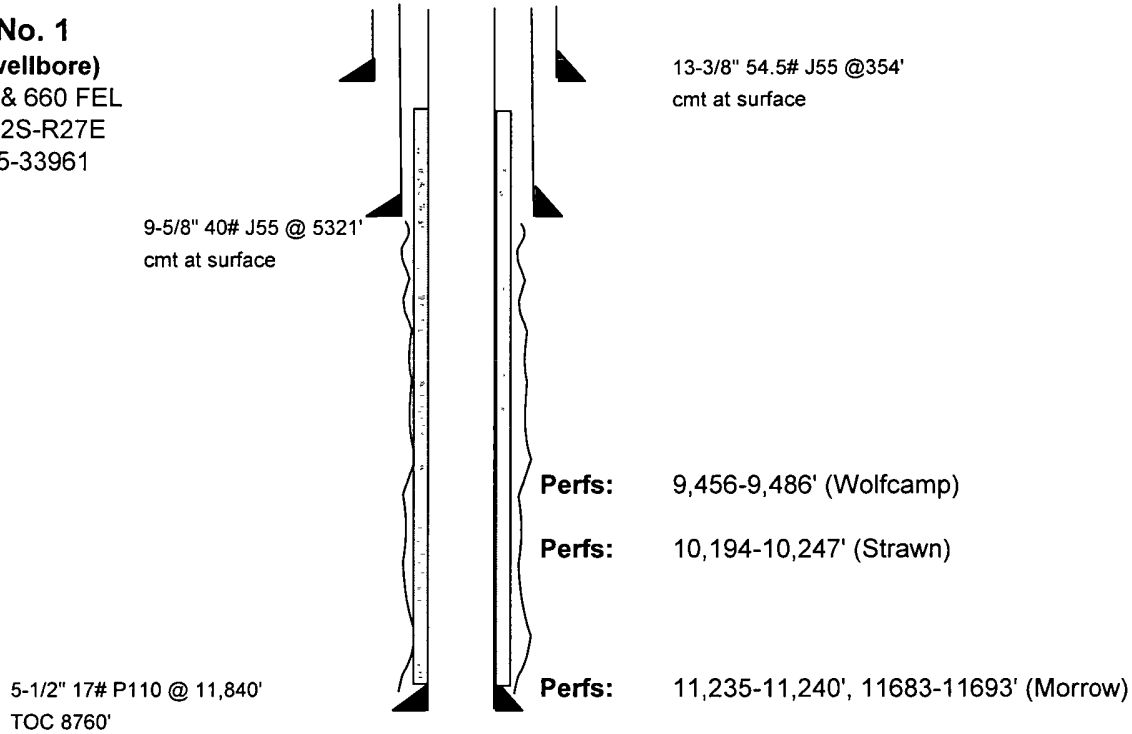
Kodiak No. 1

(current wellbore)

1980 FSL & 660 FEL

Sec 17-T22S-R27E

API 30-015-33961



Proposed Plugging Procedure:

RU DD PU. Circ hole w/mud laden fluid. POOH w/pkr & prod tbg.

Set CIBP @ 11,200', spot 35' of cmt on to abandon **Morrow** perfs.

Set CIBP @ 10,080', spot 35' of cmt on to abandon **Strawn** perfs.

Set CIBP @ 9,440', spot 35' of cmt on to abandon **Wolfcamp** perfs.

Free point & attempt to cut 5 1/2" csg @ 8650'. POOH LD csg.

Spot 150' cmt plug half in & half out @ 8650'. Tag. Spot 100' cmt plug

across 9-5/8" csg shoe @ 5321'. Spot 50' surf plug. 60'

Cut off well head. Install dry hole marker & reclaim location.

* Conditions Approval. No more than 2000' allowed between cement plugs.
* Cmt between 8650' & 5321' in Open Hole & No more than 3000' in Cased hole.
wac Tag.

Conditions of Approval.

* CMT Plug. between 8650' & 5321' WOC Tag.

CMT Plug (100') @ 2040' (Delaware) WOC Tag.

CMT Plug (100') @ 1510' (B. Salt) WOC Tag.

CMT Plug (100') @ 500' (Salado) WOC Tag.

60' CMT Plug @ 60' - Surface.

No more than 2000' Allowed between Cement Plugs in Open hole and no more than 3000' in Cased hole.

Plugs set below and above salt zones. - Tag.

NEW MEXICO OIL CONSERVATION DIVISION
DISTRICT 2 OFFICE
811 S. FIRST STREET
ARTESIA, NM 88210
(575)748-1283

CONDITIONS OF APPROVAL FOR PLUGGING & ABANDONMENT

Operator: CHI Operating

Well Name & Number: Kodiak #1

API #: 30-015-33961

1. Produced water will not be used during any part of the plugging & abandonment operation.
2. Notify NMOCD Dist. 2 office at least 24 hrs before beginning work.
3. Closed Loop System is to be used for entire plugging operation. Upon completion, contents of steel pit are to be hauled to a permitted disposal location.
4. Trucking companies being used to haul oilfield waste fluids to a disposal – commercial or private – shall have an approved NMOCD C-133 permit. A copy of this permit shall be available in each truck used to haul waste products. It is the responsibility of the operator, as well as the contractor, to verify that this permit is place prior to performing work. Drivers shall produce a copy upon request of NMOCD Field Inspectors.
5. A subsequent C-103 will serve as notification that the well bore has been plugged ONLY. A C-103 FINAL shall be filed before any bonding can be released on the well. Upon receipt of the Final, an inspection will be performed to verify that the location has been satisfactorily cleaned to NMOCD standards.
6. If work has not begun within 90 days of the approval of this procedure, an extension request must be filed, stating reason that well has not been plugged.
7. Every attempt must be made to clean the well bore out to below the perfs, before any plugs can be set, by whatever means possible.

8. Cement Retainers may not be used.

9. Squeeze pressures not to exceed 500 psi., unless approval is given by NMOCD Plugging Supervisor.

10. Plugs may be combined after consulting with NMOCD P & A Supervisor.

11. Minimum WOC time for tag plugs will be 4 hrs.

DG

Date: 3/19/2012