

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM APPROVED
OMB No 1004-0135
Expires November 30, 2000



SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No
NM-89156

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No

8. Well Name and No
OXY Whipsnake Federal, #1

9. API Well No
30 015 35031

10. Field and Pool, or Exploratory Area
Undsg. Red Lake Atoka- Morrow

11. County or Parish, State
Eddy

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
Chi Operating, Inc. **DEC 12 2007**
OCD-ARTESIA

3a. Address
P.O. Box 1799 Midland, TX 79702

3b. Phone No (include area code)
432/685-5001

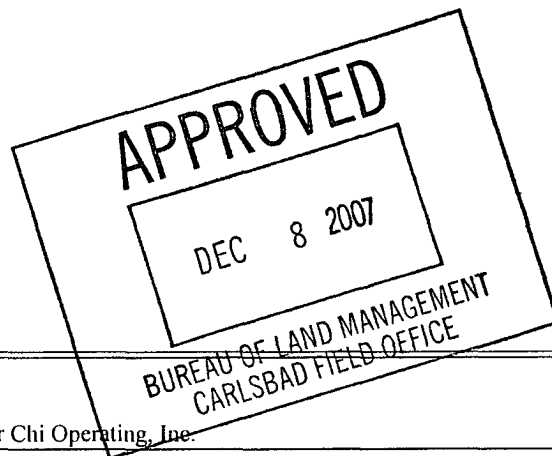
4. Location of Well (Footage, Sec., T, R, M, or Survey Description)
1497' FSL & 2022' FEL, Sec. 8-T18S-R27E original surface location.

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other _____
	<input checked="" type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

3. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Occidental Permian Limited Partnership has transferred the operating rights to the above captioned lease and well APD to Chi Operating, Inc. The OCD was notified on October 18, 2007 of this change of ownership. A Sundry Notice, approved 6/26/07, is included showing a 2 year extension of the Occidental Permian APD for this well. Please change you records to reflect this change of operator.



14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed) George R. Smith Title Agent for Chi Operating, Inc.

Signature *George R. Smith* Date November 15, 2007

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by (Signature) _____ Name (Printed/Typed) _____ Title _____

Conditions of approval, if any, are attached. Approval of this notice 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. Office _____ Date _____

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

TEACO DRILLING INC.

P.O. BOX 1500 (505) 3910699 FAX (505) 391- 3824 HOBBS, NEW MEXICO 88241

INCLINATION REPORT

DATE: 11/26/07

WELL NAME AND NUMBER PINNACLE # 16
LOCATION EDDY COUNTY
OPERATOR: RKI EXPLORATION AND PRODUCTION
DRILLING CONTRACTOR: TEACO DRILLING INC

THE UNDERSIGNED HEREBY CERTIFIES THAT HE IS AN AUTHORIZED REPRESENTATIVE OF THE DRILLING CONTRACTOR WHO DRILLED THE ABOVE DESCRIBED WELL AND THAT HE HAS CONDUCTED DEVIATION TEST AND OBTAINED THE FOLLOWING RESULTS:

DEGREE	DEPTH	DEGREE	DEPTH	DEGREE	DEPTH
<u>0.75</u>	<u>238</u>	<u>1.75</u>	<u>4486</u>	_____	_____
<u>1</u>	<u>817</u>	<u>0.5</u>	<u>4740</u>	_____	_____
<u>1</u>	<u>939</u>	<u>1</u>	<u>5228</u>	_____	_____
<u>1</u>	<u>1427</u>	<u>0.5</u>	<u>5705</u>	_____	_____
<u>1.75</u>	<u>1927</u>	<u>0.75</u>	<u>6183</u>	_____	_____
<u>0.75</u>	<u>2183</u>	<u>1</u>	<u>6716</u>	_____	_____
<u>1</u>	<u>2560</u>	<u>1</u>	<u>6943</u>	_____	_____
<u>0.75</u>	<u>3031</u>	_____	_____	_____	_____
<u>0.75</u>	<u>3536</u>	_____	_____	_____	_____
<u>0.75</u>	<u>3981</u>	_____	_____	_____	_____

DRILLING CONTRACTOR:
TEACO DRILLING INCORPORATED

BY: Bob Wegner
BOB WEGNER
DRILLING SUPERINTENDENT

SUBSCRIBED AND SWORN TO BEFORE ME ON THE 26 DAY OF November, 2007

MY COMMISSION EXPIRES: 03/01/11

[Signature]

NADEL AND GUSSMAN PERMIAN, L.L.C.

601 N. Marienfeld, Suite #508

Midland, Texas 79701

(432) 682-4429

Fax (432) 682-4325

January 2, 2008

Mr. Gerry Guye
District 2 Geologist
New Mexico Oil and gas Division
1301 West Grand
Artesia, NM 88210

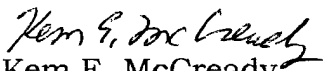
RE: Little Box State #3
1980 FNL 1980 FWL
UL F Sec. 36 T20S R 21E
Rule 118 H2S Exposure

Dear Mr. Arrant,

Nadel and Gussman Permian has evaluated this well and we do not expect to encounter hydrogen sulfide in excess of 100 ppm. This well is approx 2.640' North of the Little Box State #4 which also produces from the Upper Penn. The production from the Little Box State #4 is sweet.

Please contact me if you have any additional questions.

Sincerely,


Kem E. McCready
Operations Engineer