

Previous Approv.: 2/6/02

Form 3160-3
(August 1999)

Re-submit

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Oil Cons.
N.M. DIV-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		7. If Unit or CA Agreement, Name and No. 22234	
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		8. Lease Name and Well No. USA "9" Federal Com., No. 2	
2. Name of Operator Chi Operating, Inc. 4378		9. API Well No. 30-015 32202	
3a. Address P.O. Box 1799 Midland, TX 79702		10. Field and Pool, or Exploratory Burton Flats Morrow	
3b. Phone No. (include area code) (915) 685-5001		11. Sec., T., R., M., or Blk. and Survey or Area Sec. 9-T20S-R28E	
4. Location of Well (Report location clearly and in accordance with any State requirements) At surface 660' FNL & 660' FEL At proposed prod. zone same W.A.		12. County or Parish Eddy	
14. Distance in miles and direction from nearest town or post office* 11 road miles NE. of Carlsbad, NM		13. State NM	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 660'	16. No. of Acres increase 280	17. Spacing Unit dedicated to this well 320 (280)	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 2640'	19. Proposed Depth 11,500'	20. BLM/BIA Bond No. on file NM-1616	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3275' GL	22. Approximate date work will start* 04/15/03	23. Estimated duration 4 weeks	

24. Attachments

Capitan Controlled Water Basin

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification. |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature <i>George R. Smith</i>	Name (Printed/Typed) George R. Smith	Date 2/19/03
Title Agent for Chi Operating, Inc.		
Approved by (Signature) <i>/s/ LESLIE A. THEISS</i>	Name (Printed/Typed) <i>/s/ LESLIE A. THEISS</i>	Date MAR 25 2003
Title FIELD MANAGER	Office CARLSBAD FIELD OFFICE	

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, are attached.

APPROVAL FOR 1 YEAR

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.

*(Instructions on reverse)

Lease Responsibility Statement: Chi Operating, Inc. accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof.

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

George R. Smith
George R. Smith, agent

District I
1825 N. French Dr. Hobbs, NM 88240

District II
811 South First, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

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 Burton Flats Morrow
Property Code	Property Name USA "9" FEDERAL COM	Well Number 2
OGRID No.	Operation Name CHI OPERATING INC.	Elevation 3275

Surface Location

UL or Lot No.	Section	Township	Range	Lot Idn.	Feet from the	North/South line	Feet from the	East/West line	County
A	9	20-S	28-E		660	NORTH	660	EAST	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 320	Joint or Infill	Consolidation Code Com	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

	OPERATOR CERTIFICATION I HEREBY CERTIFY THAT THE INFORMATION HEREIN IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.	
	Signature <u>George R. Smith</u> Printed Name <u>agent</u> Title <u>February 19, 2003</u> Date	
	SURVEYOR CERTIFICATION 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.	
	DEC. 6, 2001 Date of Survey Signature and Seal of Professional Surveyor NM-16101 Certificate Number	

TIMBER//SHARP DRILLING

B.O.P. Equipment Intended for use on Rig # 24
Well To Be drilled for Timber/Sharp

'All B.O.P equipment is H2S Trim'
'All Accumulators are Kookey Type-80 : Dual Power Electric/Air'
'Choke Manifold: * See sheet 2'
4" Valves : Cameron F/FC, Shaffer DB Hydraulic
2" Check Valve: Cameron Type R
2" Valves : Cameron or Shaffer

Annular Shaffer Type: Spherical

Annular PSI: 3000

(If Shaffer: Spherical , If Hydril: Type GK)

BOP Type Shaffer LWS

(If Shaffer: LWS or SL, If Cameron: Type U)

BOP Size: 13 5/8" - 5000 PSI

Rotating Head Type Smith

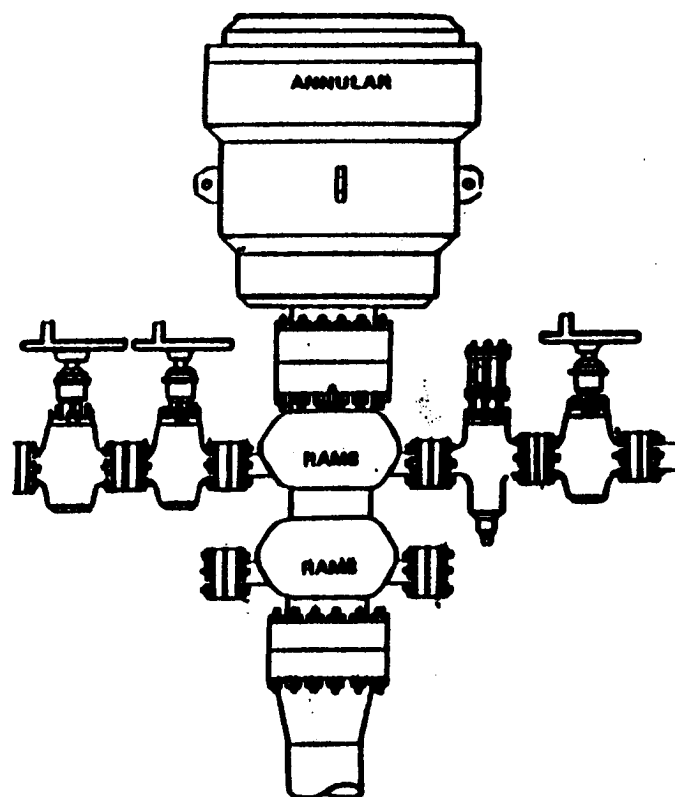
Rot-Head Furnished By Timber

Rams in top gate: 4 1/2" pipe

Rams in bottom: Blinds

Side Outlets used:
Bottom X Top

4" Valves on Tee



B.O.P. Equipment Intended for use on Rig # 24
Well To Be drilled for Timber/Sharp

'All Valves (H2S)'

Choke Manifold:

Pressure Rating 3,000 or 5,000 (as Req.)

1 - 4" Valves

2 - 2" Valves

2 - 2" Adjustable Chokes

Valve Types Used:

Cameron - F or FC

Shaffer - B Floeal

WKM Type 2

Chokes - Cameron H2 or TC unbolt

