Submit to Appropriate
District Office
State Lease – 6 copies
Fee Lease – 5 copies

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

FEB - 8 1994

Form C-101
Revised 1-1-89

API NO. (assigned by OCD on New Wells)

5. Indicate Type of Lease STATE [X] FEE [ ]

6. State Oil & Gas Lease No. K-6010

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work:
DRILL [ ] RE-ENTER [X] DEEPEN [ ] PLUG BACK [ ]

b. Type of Well:
OIL WELL [X] GAS WELL [ ] OTHER SINGLE ZONE [X] MULTIPLE ZONE [ ]

7. Lease Name or Unit Agreement Name: SILVER BULLET

2. Name of Operator: CHI OPERATING, INC

8. Well No. 1

3. Address of Operator: P.O. Box 1799 MIDLAND TX 79702

9. Pool name or Wildcat: UNDESIGNATED BONE SPRING

4. Well Location
Unit Letter J : 1650 Feet From The South Line and 1980 Feet From The EAST Line

Section 16 Township 24-S Range 28E NMPM EDDY County

10. Proposed Depth: 8500'
11. Formation: BONE SPRING
12. Rotary or C.T.: ROTARY

13. Elevations (Show whether DF, RT, GR, etc.): 3023 G.R
14. Kind & Status Plug. Bond: $50,000 BLANKET
15. Drilling Contractor:
16. Approx. Date Work will start: 2/18/94

17. PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
12-1/4"	10-3/4"	UNKNOWN	649'	500	SURFACE
8-3/4"	7-5/8"	UNKNOWN	9800'	1650	7940' CALC

CHI OPERATING IS APPLYING TO RE-ENTER THE PREVIOUSLY D+A'D AMINOIL OP'D WILLOW LAKE UNIT #2. ATTACHED IS A CURRENT WELLBORE SCHEMATIC OF THE WELL. OUR INTENTIONS ARE TO DRILLOUT SURFACE PLUGS + CLEAN OUT TO ± 9000', WE WILL THEN RUN CASED HOLE LOGS AND TEST THE BONE SPRINGS FORMATION FOR COMMERCIAL PRODUCTION.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

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

SIGNATURE [signature] TITLE OPERATIONS MANAGER DATE 2/7/94

TYPE OR PRINT NAME DAVID G. MYERS TELEPHONE NO.

(This space for State Use)

APPROVED BY [signature] TITLE OIL AND GAS INSPECTOR DATE 2-10-94

CONDITIONS OF APPROVAL, IF ANY: