

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

HOBBS OCD
OCD Hobbs

FORM APPROVED
OMB No. 1004-0137
Expires: October 31, 2014

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.

JAN 08 2014

RECEIVED

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

CHISOS LTD

3a. Address

670 DONS ANA RD. SW., DEMING NEW MEXICO 88030

3b. Phone No. (include area code)

575 546-8802

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

660' FSL & 1980 FEL., SECTION 26, T17S-R32E

5. Lease Serial No.

LC058408B

6. If Indian, Allottee or Tribe Name

N/A

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

N/A

8. Well Name and No.

JOHN B NO.3

9. API Well No.

30-025-00698

10. Field and Pool or Exploratory Area

UNDESIGNATED QUEEN

11. County or Parish, State

LEA, NEW MEXICO

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input 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 checked="" 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 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	

13. 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 must 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 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

ALL REQUIREMENTS HAVE BEEN COMPLETED (PLUGGING OF WELL BORE AND SURFACE RECLAMATION OF THE WELL LOCATION)
PLEASE RELEASE THE LIABILITY UNDER THE ONE WELL BOND # RLB0004977

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14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)

DERRY W. MOORE

Title CONSULTANT FOR CHISOS LTD

Signature

Derry W Moore

Date

1/2/01/2013

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Jana R. Bono

Title

SEPS

Date

1-4-14

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

CEO

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.

MAB/OCD 1/8/2014

JAN 08 2014

STATE OF NEW MEXICO

ONE-WELL PLUGGING BOND

For CHAVES, EDDY, LEA, MCKINLEY, RIO ARriba, ROOSEVELT,
SANDOVAL, AND SAN JUAN COUNTIES ONLY

BOND NO. RLB0004977
AMOUNT OF BOND \$5,000.00
COUNTY Lea

NOTE: For wells less than 5,000 feet deep, the minimum bond is \$5,000.00*
For wells 5,000 to 10,000 feet deep, the minimum bond is \$7,500.00*
For wells more than 10,000 feet deep, the minimum bond is \$10,000.00

*Under certain conditions, a well being drilled under a \$5,000.00 or \$7,500.00 bond may be permitted to be drilled as much as 500 feet deeper than the normal maximum depth, e.g., a well being drilled under a \$5,000.00 bond may be permitted to go to 5,500 feet and a well being drilled under a \$7,500.00 bond may be permitted to go to 10,500 feet. (See Rule 101)

File with Oil Conservation Division, 1220 South Saint Francis, Santa Fe, NM 87505

KNOW ALL MEN BY THESE PRESENTS:

That Chisos, Ltd. (an individual) (a partnership) (a corporation organized in the State of Texas, with its principal office in the city of Houston, State of Texas and authorized to do business in the State of New Mexico), as PRINCIPAL, and RLI Insurance Company, a corporation organized and existing under the laws of the State of Illinois and authorized to do business in the State of New Mexico, as SURETY, are firmly bound unto the State of New Mexico, for the use and benefit of the Oil Conservation Division of the Energy, Minerals and Natural Resources Department, as DIVISION, pursuant to NMSA 1978, Section 70-2-14, as amended, in the sum of Five Thousand Dollars for the payment of which the PRINCIPAL and SURETY hereby bind themselves, their successors and assigns, jointly and severally, firmly by these presents.

The conditions of this obligation are such that:

WHEREAS, the PRINCIPAL has commenced or may commence the drilling of one well not to exceed a depth of 4,294 feet, to prospect for and produce oil or gas, carbon dioxide gas, helium gas or brine minerals or does own or may acquire, own or operate such well, or such well started by others, the identification and location of said well being

John B No. 3, 660' FSL & 1890' FEL Section 26 Township 17S (~~XXX~~) (South),
(State exact legal footage description and name of well)
Range 32E (~~XXX~~) (East) (~~XXX~~), NMPM, Lea County, New Mexico.


NOW, THEREFORE, if the PRINCIPAL and SURETY or either of them or their successors or assigns, or any of them, shall plug said well when dry or when abandoned, in accordance with the rules and orders of the DIVISION, in such way as to confine the oil, gas, brine and water in the strata in which they are found, and to prevent them from escaping into other strata.

THEN THEREFORE, this obligation shall be null and void; otherwise and in default of complete compliance with any and all of said obligations, the same shall remain in full force and effect.

Chisos, Ltd
PRINCIPAL
1221 Lamar, #1600, Houston, TX 77010
Address

By _____
Signature

Title
If PRINCIPAL is a corporation, affix
corporate seal here.

RLI Insurance Company
SURETY
8 Greenway Plaza, #400, Houston, TX 77046
Address


Attorney-In-Fact
Greg E. Chilson

Corporate surety affix
corporate seal here.



9025 North Lindbergh Dr. • Peoria, IL 61615
(309) 692-1000 or (800) 645-2402

RLB0004977

POWER OF ATTORNEY RLI Insurance Company

Know All Men by These Presents:

That the RLI INSURANCE COMPANY, a corporation organized and existing under the laws of the State of Illinois, and authorized and licensed to do business in all states and the District of Columbia does hereby make, constitute and appoint: GREG E. CHILSON

in the City of HOUSTON, State of TEXAS, as Attorney-in-Fact, with full power and authority hereby conferred upon him to sign, execute, acknowledge and deliver for and on its behalf as Surety and as its act and deed, all of the following classes of documents to-wit:

\$5,000.00

Indemnity, Surety and Undertakings that may be desired by contract, or may be given in any action or proceeding in any court of law or equity; policies indemnifying employers against loss or damage caused by the misconduct of their employees; official, bail and surety and fidelity bonds. Indemnity in all cases where indemnity may be lawfully given; and with full power and authority to execute consents and waivers to modify or change or extend any bond or document executed for this Company; and to compromise and settle any and all claims or demands made or existing against said Company.

The RLI INSURANCE COMPANY further certifies that the following is a true and exact copy of a Resolution adopted by the Board of Directors of RLI Insurance Company, and now in force to-wit:

"All bonds, policies, undertakings, Powers of Attorney, or other obligations of the corporation shall be executed in the corporate name of the Company by the President, Secretary, any Assistant Secretary, Treasurer, or any Vice President, or by such other officers as the Board of Directors may authorize. The President, any Vice President, Secretary, any Assistant Secretary, or the Treasurer may appoint Attorneys-in-Fact or Agents who shall have authority to issue bonds, policies, or undertakings in the name of the Company. The corporate seal is not necessary for the validity of any bonds, policies, undertakings, Powers of Attorney, or other obligations of the corporation. The signature of any such officer and the corporate seal may be printed by facsimile."

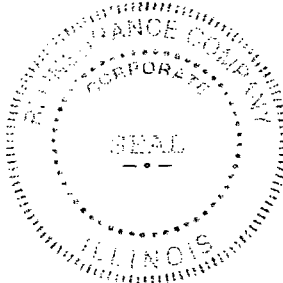
(Blue shaded areas above indicate authenticity)

IN WITNESS WHEREOF, the RLI Insurance Company has caused these presents to be executed by its PRESIDENT with its corporate seal affixed this

ATTEST:

Camille J. Hensey
Corporate Secretary

State of Illinois)
County of Peoria) SS



RLI INSURANCE COMPANY

By: Jonathan E. Michael
President

On this 4 day of Oct. 2002 before me, a Notary Public, personally appeared Jonathan E. Michael and Camille J. Hensey, who being by me duly sworn, acknowledged that they signed the above Power of Attorney as President and Corporate Secretary, respectively, of the said RLI INSURANCE COMPANY, and acknowledged said instrument to be the voluntary act and deed of said corporation.

Cherie L. Montgomery
Notary Public



BOND RIDER NO. 1

Attaching to and forming part of One-Well Plugging Bond, Bond No. RLB0004977, executed October 4, 2002, on behalf of Chisos, Ltd. as Principal, in favor of the State of New Mexico as Obligee, in the amount of Five Thousand and No/100 Dollars (\$5,000.00).

It is understood and agreed that effective September 22, 2003, the address of the Principal has been changed under this bond to read:

670 Dona Ana Road, SW
Deming, New Mexico 88030

All other conditions and terms to remain as originally written or previously changed by rider.

Signed, Sealed and dated this 22nd day of September 2003.

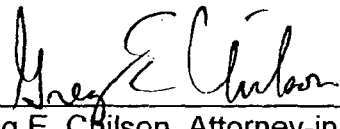
Chisos, Ltd.
Principal

By _____

RLI Insurance Company
8 Greenway Plaza, Suite 400
Houston, TX 77046

Surety

By _____


Greg E. Chilson, Attorney-in-Fact



9025 North Lindbergh Dr. • Peoria, IL 61615
(309) 692-1000 or (800) 645-2402

RLB0004977

POWER OF ATTORNEY RLI Insurance Company

Know All Men by These Presents:

That the RLI INSURANCE COMPANY, a corporation organized and existing under the laws of the State of Illinois, and authorized and licensed to do business in all states and the District of Columbia does hereby make, constitute and appoint: GREG E. CHILSON

in the City of HOUSTON, State of TEXAS, as Attorney-in-Fact, with full power and authority hereby conferred upon him to sign, execute, acknowledge and deliver for and on its behalf as Surety and as its act and deed, all of the following classes of documents to-wit:

\$5,000.00

Indemnity, Surety and Undertakings that may be desired by contract, or may be given in any action or proceeding in any court of law or equity; policies indemnifying employers against loss or damage caused by the misconduct of their employees; official, bail and surety and fidelity bonds. Indemnity in all cases where indemnity may be lawfully given; and with full power and authority to execute consents and waivers to modify or change or extend any bond or document executed for this Company, and to compromise and settle any and all claims or demands made or existing against said Company.

The RLI INSURANCE COMPANY further certifies that the following is a true and exact copy of a Resolution adopted by the Board of Directors of RLI Insurance Company, and now in force to-wit:

"All bonds, policies, undertakings, Powers of Attorney, or other obligations of the corporation shall be executed in the corporate name of the Company by the President, Secretary, any Assistant Secretary, Treasurer, or any Vice President, or by such other officers as the Board of Directors may authorize. The President, any Vice President, Secretary, any Assistant Secretary, or the Treasurer may appoint Attorneys-in-Fact or Agents who shall have authority to issue bonds, policies, or undertakings in the name of the Company. The corporate seal is not necessary for the validity of any bonds, policies, undertakings, Powers of Attorney, or other obligations of the corporation. The signature of any such officer and the corporate seal may be printed by facsimile."

(Blue shaded areas above indicate authenticity)

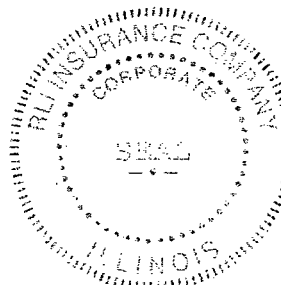
IN WITNESS WHEREOF, the RLI Insurance Company has caused these presents to be executed by its PRESIDENT with its corporate seal affixed this

ATTEST:

Camille J. Hensey

Corporate Secretary

State of Illinois)
) SS
County of Peoria)



RLI INSURANCE COMPANY

By: Jonathan E. Michael

President

On this 22 day of Sept. 2003 before me, a Notary Public, personally appeared Jonathan E. Michael and Camille J. Hensey, who being by me duly sworn, acknowledged that they signed the above Power of Attorney as President and Corporate Secretary, respectively, of the said RLI INSURANCE COMPANY, and acknowledged said instrument to be the voluntary act and deed of said corporation.

Cherie L. Montgomery

Notary Public



SPA026 (10/01)