

| | | | | | |
|------------------------|----------|--------------------|--------------------------|-----------------|---------------------------|
| DATE IN <u>3.24.11</u> | SUSPENSE | ENGINEER <u>TW</u> | LOGGED IN <u>3.24.11</u> | TYPE <u>PMX</u> | APP NO. <u>1108342720</u> |
|------------------------|----------|--------------------|--------------------------|-----------------|---------------------------|

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



Oxg 157984

Well #111

ADMINISTRATIVE APPLICATION CHECKLIST

30-025-05491

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

- [D] Other: Specify _____

R-6199-B

4.8.11

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Mark Stephens
 Print or Type Name

Mark Stephens
 Signature

Reg. Comp. Analyst
 Title

3/23/11
 Date

Mark_Stephens@oxy.com
 e-mail Address



March 23, 2011

State of New Mexico
Energy, Minerals & Natural Resources Department
Oil Conservation Division
1220 S. St. Francis Dr.
Santa Fe, NM 87505

RECEIVED OGD
2011 MAR 24 A 11:01

ATTN: Engineering & Geological Services Bureau

RE: Expansion of Pressure Maintenance Project (R-6199-B, 10/22/01)
North Hobbs (Grayburg/San Andres) Unit
Hobbs; Grayburg – San Andres Pool
Well No. 111 (30-025-05491)
Letter D, Section 25, T-18-S, R-37-E
Lea County, NM

Gentlemen:

Occidental Permian Ltd. respectfully requests administrative approval for expansion of the subject pressure maintenance project by converting North Hobbs G/SA Unit No. 111 to injection and by commencing injection (water, CO₂, and produced gas) at the maximum injection rates and maximum surface injection pressures as authorized by Order No. R-6199-B dated October 22, 2001. In support of this request, please find the following documentation:

- Administrative Application Checklist
- Form C-108 with miscellaneous data attached
- An Injection Well Data Sheet (with copy of Form C-103 from February, 2009)
- Form C-102
- Maps (2 ea.) showing the location of the subject well. One map identifies all wells located within a two-mile radius of Well No. 111. The other map has a one-half mile radius circle drawn around the subject well which identifies the well's Area of Review
- Exhibit 1.0 – Area of Review Data
- Exhibit 2.0 – Showing the location of the well in proximity to the Phase 1 Gas Reinjection Area



Occidental Permian Ltd.

A subsidiary of Occidental Petroleum Corporation

5 Greenway Plaza, Suite 110, Houston, Texas 77046-0521
P.O. Box 4294, Houston, Texas 77210-4294
Phone 713.215.7000

- A list of Offset Operators and Surface Owners (these parties have been notified of this application by certified mail)
- An Affidavit of Publication and copy of the legal advertisement that was published in the county in which the well is located

Your favorable consideration of our request will be appreciated. If you have any questions or need additional information, please call me at (713) 366-5158.

Very truly yours,

Mark Stephens

Mark Stephens
Regulatory Compliance Analyst

CC: Oil Conservation Division
Hobbs District Office
1625 N. French Drive
Hobbs, NM 88240

State of New Mexico
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87504-1148

Offset Operators (see attached list)

Surface Owners (see attached list)

APPLICATION FOR AUTHORIZATION TO INJECT

I. PURPOSE: Secondary Recovery Pressure Maintenance Disposal Storage
Application qualifies for administrative approval? Yes No

II. OPERATOR: Occidental Permian Ltd.

ADDRESS: P.O. Box 4294, Houston, TX 77210-4294

CONTACT PARTY: Mark Stephens, Rm. 20.099, GRWY 5 PHONE: (713) 366-5158

III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection.
Additional sheets may be attached if necessary.

IV. Is this an expansion of an existing project? Yes No
If yes, give the Division order number authorizing the project: R-6199-B (10/22/01)

V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.

VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.

VII. Attach data on the proposed operation, including:

1. Proposed average and maximum daily rate and volume of fluids to be injected;
2. Whether the system is open or closed;
3. Proposed average and maximum injection pressure;
4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).

*VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.

IX. Describe the proposed stimulation program, if any.

*X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted).

*XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.

XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.

XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.

XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

NAME: Mark Stephens TITLE: Reg. Comp. Analyst

SIGNATURE: Mark Stephens DATE: March 23, 2011

E-MAIL ADDRESS: Mark_Stephens@oxy.com

* If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstances of the earlier submittal: Hearing September 6, 2001; Case No. 12722, Order No. 6199-B, effective October 22, 2001

III. WELL DATA

A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:

- (1) Lease name; Well No.; Location by Section, Township and Range; and footage location within the section.
- (2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.
- (3) A description of the tubing to be used including its size, lining material, and setting depth.
- (4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

Division District Offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.

B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.

- (1) The name of the injection formation and, if applicable, the field or pool name.
- (2) The injection interval and whether it is perforated or open-hole.
- (3) State if the well was drilled for injection or, if not, the original purpose of the well.
- (4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.
- (5) Give the depth to and the name of the next higher and next lower oil or gas zone in the area of the well, if any.

XIV. PROOF OF NOTICE

All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

- (1) The name, address, phone number, and contact party for the applicant;
- (2) The intended purpose of the injection well; with the exact location of single wells or the Section, Township, and Range location of multiple wells;
- (3) The formation name and depth with expected maximum injection rates and pressures; and,
- (4) A notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, within 15 days.

NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.

NOTICE: Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.

Attachment To Form C-108
Miscellaneous Data

North Hobbs (Grayburg/San Andres) Unit
Well No. 111
API No. 30-025-05491
Letter D, Section 25, T-18-S, R-37-E
Lea County, New Mexico

III. Well Data

- B.(5) Next higher oil zone -- Byers (Queen) @ +/- 3680'
Next lower oil zone -- Glorieta @ +/- 5300'

VII. Proposed Operation

1. Average Injection Rate N/A
Maximum Injection Rate 9000 BWPD/15,000 MCFGPD*
(* In accordance with Order No. R-6199-B, effective 10/22/01)

2. Closed Injection System

3. Average Surface Injection Pressure N/A
Maximum Surface Injection Pressures
 Produced Water 1100 PSI*
 CO2 1250 PSI*
 CO2 w/produced gas 1770 PSI*
 <will not exceed 2400 psi bottomhole pressure>
(* In accordance with Order No. R-6199-B, effective 10/22/01)

4. Source Water – San Andres Produced Water
(Mitchell Analytical Laboratory analysis attached)

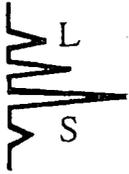
IX. Stimulation Program

Acid treatment of injection interval will be performed after sidetrack work and new perms are added (treatment design will be based on results of new log)

X. Fresh Water Sample Analysis

Laboratory Services, Inc. analysis attached – 2 ea., for nearby North Hobbs G/SA Unit Well No. 121 (API No. 30-025-07464) in Section 30

- XII. Occidental Permian Ltd. affirms that available geologic and engineering data has been examined resulting in the finding of no evidence of open faults or any other hydrologic connection between the disposal zone and any underground source of drinking water.



Laboratory Services, Inc.

4016 Fiesta Drive
Hobbs, New Mexico 88240
Telephone: (505) 397-3713

Water Analysis

COMPANY Altura Energy Ltd,

SAMPLE Fresh Water Well For Well 30-121
SAMPLED BY _____

DATE TAKEN 5/10/00

REMARKS T18S-R38E-Sec.30, Qtr Sec. 1,2,3

| | |
|----------------------------|-------|
| Barium as Ba | 0 |
| Carbonate alkalinity PPM | 0 |
| Bicarbonate alkalinity PPM | 224 |
| pH at Lab | 7.4 |
| Specific Gravity @ 60°F | 1.001 |
| Magnesium as Mg | 167 |
| Total Hardness as CaCO3 | 288 |
| Chlorides as Cl | 76 |
| Sulfate as SO4 | 110 |
| Iron as Fe | 0 |
| Potassium | 0.08 |
| Hydrogen Sulfide | 0 |
| Rw | 8 |
| Total Dissolved Solids | 717 |
| Calcium as Ca | 121 |
| Nitrate | 10.6 |

Results reported as Parts per Million unless stated

Langelier Saturation Index 0

Analysis by: Rolland Perry
Date: 5/14/00



Laboratory Services, Inc.

4016 Fiesta Drive
Hobbs, New Mexico 88240
Telephone: (505) 397-3713

Water Analysis

COMPANY Altura Energy Ltd,

SAMPLE Fresh Water Well For Well 30-121

SAMPLED BY _____

DATE TAKEN 5/10/00

REMARKS T18S-R38E-Sec 30, Qtr Sec 1,4,2

| | | |
|----------------------------|-------|--------|
| Barium as Ba | 0 | |
| Carbonate alkalinity PPM | 0 | |
| Bicarbonate alkalinity PPM | 184 | |
| pH at Lab | 7.42 | |
| Specific Gravity @ 60°F | 1.001 | |
| Magnesium as Mg | 128 | |
| Total Hardness as CaCO3 | 220 | |
| Chlorides as Cl | 42 | |
| Sulfate as SO4 | 75 | |
| Iron as Fe | 0 | |
| Potassium | 0.08 | |
| Hydrogen Sulfide | 0 | |
| Rw | 12.1 | 23.0 C |
| Total Dissolved Solids | 544 | |
| Calcium as Ca | 92 | |
| Nitrate | 11 | |

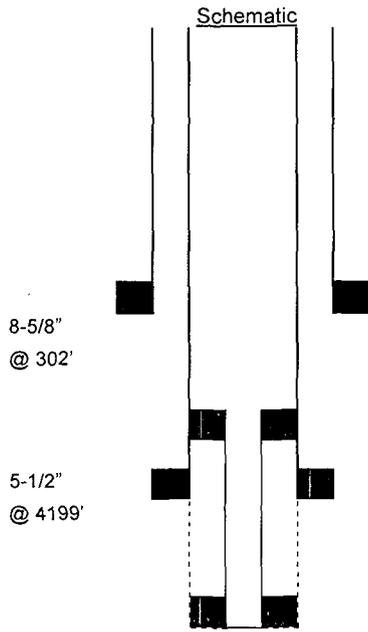
Results reported as Parts per Million unless stated

Langelier Saturation Index - 0.33

Analysis by: Rolland Perry
Date: 5/14/00

INJECTION WELL DATA SHEET
(Proposed Design)

| | | | | | |
|--------------------------------------------|----------------------------------------------------|---------------------------------------|-------------------------|----------------------|-------------------------|
| Operator <u>Occidental Permian Ltd.</u> | | Lease <u>North Hobbs G/SA Unit</u> | | County <u>Lea</u> | |
| Well No. <u>111</u> | Footage Location <u>660' FNL & 660' FWL</u> | Section <u>25</u> | Township <u>18-S</u> | Range <u>37-E</u> | Unit Letter <u>D</u> |



| | | | |
|-------------------------------------|---------------|---------------------|-------------------------|
| <u>Surface Casing</u> | | <u>Tubular Data</u> | |
| Size | <u>8-5/8"</u> | Cemented with | <u>250</u> sxs. |
| TOC | <u>Surf</u> | Determined by | <u>Circ.</u> |
| Hole size | <u>16"</u> | | |
| <u>Intermediate Casing</u> | | | |
| Size | <u>5-1/2"</u> | Cemented with | <u>1500</u> sxs. |
| TOC | <u>1250</u> | Determined by | <u>Temp. Surv.</u> |
| Hole size | <u>7-7/8"</u> | | |
| <u>Proposed Liner string Casing</u> | | | |
| Size | <u>4-1/2"</u> | Cemented with | <u>50</u> sxs. |
| TOC | <u>TOL</u> | Determined by | <u>Circulate or CBL</u> |
| Hole size | <u>4-3/4"</u> | | |
| <u>Production String</u> | | | |
| Size | _____ | Cemented with | _____ sxs. |
| TOC | _____ | Determined by | _____ |
| Hole size | _____ | | |
| <u>Total depth</u> | <u>4350'</u> | | |

Well to be deepend to ±4350 and liner run

Injection interval
Approx. 4000 feet to 4350

Completion type Perforated Casing

Tubing size 2-7/8" lined with Duoline (Fiberglass liner) set in a
Halb G6 or similar style packer at Within 100 feet of top perf.
(brand and model)

Other Data

1. Name of the injection formation San Andres
2. Name of field or Pool Hobbs; Grayburg – San Andres
3. Is this a new well drilled for injection? Yes No
If no, for what purpose was the well originally drilled? Oil Producer
4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail (sacks of cement or bridge plug(s) used) No
5. Give the depth to and name of any overlying and/or underlying oil and gas zones (pools) in this area.
Byers (Queen), +/- 3680'; Glorieta, 5300'

Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 87240
 District II
 1301 W. Grand Ave., Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87404
 District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505

RECEIVED
FEB 03 2009
HOBBSOCD
 State of New Mexico
 Energy, Minerals and Natural Resources
OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

Form C-103
 May 27, 2004

| | |
|----------------------------------------------------------------------------------------------------------------------------------|--|
| WELL API NO. 30-025-05491 | |
| 5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> | |
| 6. State Oil & Gas Lease No. | |
| 7. Lease Name or Unit Agreement Name: North Hobbs G/SA Unit | |
| 8. Well Number 111 | |
| 9. OGRID Number 157984 | |
| 10. Pool name or Wildcat Hobbs; Grayburg - San Andres | |
| 11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3675' DF | |
| Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/> | |
| Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____ | |
| Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____ | |

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

| | | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPLETION <input type="checkbox"/> OTHER: <input type="checkbox"/> | | SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> PLUG AND ABANDONMENT <input type="checkbox"/> CASING TEST AND CEMENT JOB <input type="checkbox"/> OTHER: Convert Tx'd oil well to injection <input checked="" type="checkbox"/> | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|

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 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

See Attachment

PKR. will be set < 100' top perts. before use. TWH.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines , a general permit or an (attached) alternative OCD-approved plan

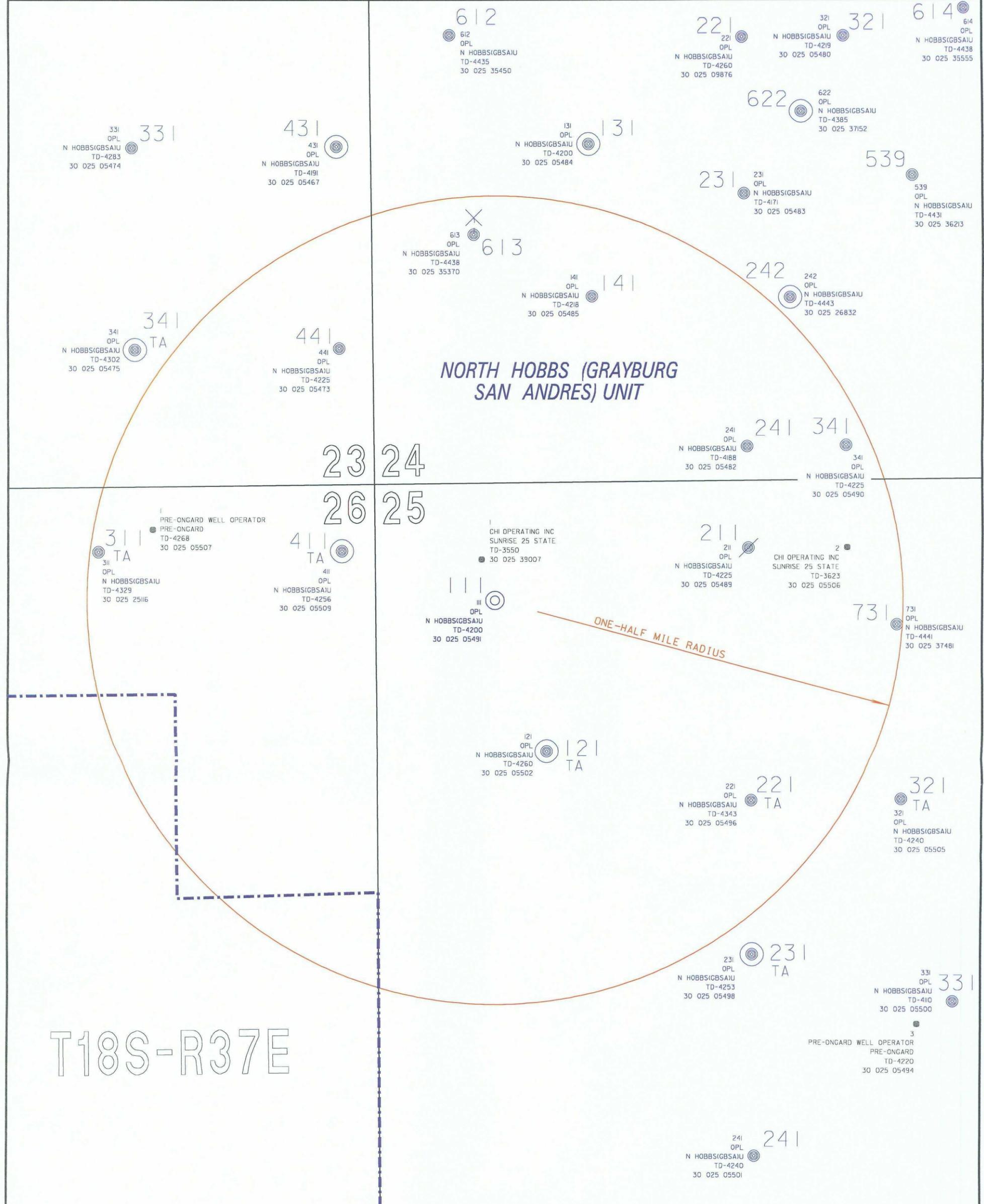
SIGNATURE Mark Stephens TITLE Regulatory Compliance Analyst DATE 2/2/09
 E-mail address: Mark_Stephens@oxy.com
 Type or print name Mark Stephens Telephone No. (713) 366-5158

For State Use Only
 APPROVED BY [Signature] TITLE DISTRICT 1 SUPERVISOR DATE FEB 04 2009
 Conditions of Approval, if any _____

12/22/08 - 1/3/09:

MI x RU. ND WH x NU BOP. Tag CIBP at 4054'. Drill on CIBP x push to bottom (4190'). Circulate well clean. RIH with 5-1/2" cement retainer x set at 4017'. RU HES x squeeze open perfs at 4087' - 4180' with 350 sx. Prem. Plus. Tag at 4000'. Drill out cement retainer x cement to 4190'. Circulate well clean. Test casing to 1000 psi. Drill out formation to new TD of 4350'. RU casing crew x run 9 jts. 4-1/2", 11.6#, J-55, FJ liner from 3976' - 4350'. RU HES x cement liner with 50 sx. Prem. Plus. Tag cement at 3810' x drill out to 4350'. Circulate well clean. RU WL x log well from 4350' - 3000'. RU Schlumberger x perf at 4340' - 4350' (20 shots). RU HES x acidize new perfs with 700 gal. 15% FE acid. Circulate well clean with with 110 bbls brine down casing. RIH with 4-1/2" Arrowset 1-X packer on 124 jts. 2-3/8" duoline injection tubing (packer set at 4099' - 4105'). Circulate well with 115 bbls 10# brine packer fluid. Pressure test casing to 680 psi x 30 min. (held). ND BOP x NU WH. RD x MO x clean location.

NOTE: Well is currently shut-in. Injection will not commence until Form C-108 is approved by the NMOCD.



T18S-R37E

NOTE:
WELL DATA DERIVED FROM THE PETROLEUM
INFORMATION - DATA MANAGEMENT SYSTEM,
WELL DATA SYSTEM PREPARED FOR
OCCIDENTAL PERMIAN LTD.



OXY Occidental Permian Ltd.

Area of Review Plat

**NORTH HOBBBS (GRAYBURG
SAN ANDRES) UNIT**

WELL NO. 25-111

T-18-S, R-37-E
Lea County, New Mexico

Scale: 1" = 600' 03-22-2011 NORTH_HOBBBS_API.dgn
Plat prepared by BWB
For Horizon Survey, Inc.

Exhibit 1.0 – Area of Review Data (wells within a ½-mile radius)

Active Wells (includes SI and TxA'd wells) – 12:

Section 23, T-18-S, R-37-E

North Hobbs G/SA Unit No. 441 (30-025-05473)

Section 24, T-18-S, R-37-E

North Hobbs G/SA Unit No. 141 (30-025-05485)

North Hobbs G/SA Unit No. 241 (30-025-05482)

North Hobbs G/SA Unit No. 341 (30-025-05490)

North Hobbs G/SA Unit No. 613 (30-025-35370)

Section 25, T-18-S, R-37-E

North Hobbs G/SA Unit No. 121 (30-025-05502)

North Hobbs G/SA Unit No. 221 (30-025-05496)

North Hobbs G/SA Unit No. 731 (30-025-37481)

*Sunrise 25 State No. 1 (30-025-39007)

*Sunrise 25 State No. 2 (30-025-05506) – formerly North Hobbs G/SA Unit No. 311

Section 26, T-18-S, R-37-E

North Hobbs G/SA Unit No. 311 (30-025-25116)

North Hobbs G/SA Unit No. 411 (30-025-05509)

Plugged and Abandoned Wells – 2:

*North Hobbs G/SA Unit No. 211 (30-025-05489) – Sec. 25, T-18-S, R-37-E

*Gulf State No. 1 (30-025-05507) – Sec. 26, T-18-S, R37-E

*Documentation for these 4 wells is attached

Submit To Appropriate District Office
 State Lease - 6 copies
 Fee Lease - 5 copies

State of New Mexico
Energy, Minerals and Natural Resources

Conservation Division
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

Form C-105
 Revised June 10, 2003

WELL API NO.
 30-025-39007

5. Indicate Type of Lease
 STATE FEE

State Oil & Gas Lease No.

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. Type of Well:
 OIL WELL x GAS WELL DRY OTHER _____

b. Type of Completion:
 NEW WORK DEEPEN PLUG DIFF
 WELL OVER BACK RESVR. OTHER COMMINGLE

7. Lease Name or Unit/Agreement Name
 Sunrise State 25

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 DEC - 9 2009
 NMOCD ARTESIA

2. Name of Operator
 CHI OPERATING, INC.

8 Well No
 #1

3. Address of Operator
 212 N. Main, Midland, Texas 79701

9. Pool name or Wildcat
 BOWERS, SEVEN RIVERS POOL/ UNDES BYERS;
 YATES GAS POOL

4. Well Location
 Unit Letter A Section 25 Feet From The 495 NORTH Line and 691 Feet From The EAST Line
 Township 18S Range 37E NMPM LEA County

10 Date Spudded 7/29/08
 11. Date T.D. Reached 8/03/08
 12. Date Compl. (Ready to Prod.) 5/29/09
 13. Elevations (DF& RKB, RT, GR, etc.) GL:3662', KB:3680'
 14. Elev. Casinghead

15. Total Depth 3550'
 16 Plug Back T.D. 3500'
 17. If Multiple Compl. How Many Zones? _____
 18. Intervals Drilled By _____ Rotary Tools _____ Cable Tools _____

19 Producing Interval(s), of this completion - Top, Bottom, Name
 3242-3246; 3277-3290' BOWERS; SEVEN RIVERS
 2932-37'; 2919-21'; 2914-16'; 2866-68'; 2859-62'

20. Was Directional Survey Made _____

21. Type Electric and Other Logs Run
 DLL, CND

22 Was Well Cored _____

23. CASING RECORD (Report all strings set in well)

| CASING SIZE | WEIGHT LB./FT. | DEPTH SET | HOLE SIZE | CEMENTING RECORD | AMOUNT PULLED |
|-------------|----------------|-----------|-----------|------------------|---------------|
| 8 5/8" | 24# J55 | 1490' | 12 1/4" | 735sx C | Circ 209sxs |
| 5 1/2" | 15.5# J55 | 3546' | 7 7/8" | 445sx C | Circ 30sxs |
| | | | | | |
| | | | | | |

24. LINER RECORD

| SIZE | TOP | BOTTOM | SACKS CEMENT | SCREEN | 25. TUBING RECORD | DEPTH SET | PACKER SET |
|------|-----|--------|--------------|--------|-------------------|-----------|------------|
| | | | | | | 2 7/8" | |
| | | | | | | | |

26 Perforation record (interval, size, and number)

| 27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC. | DEPTH INTERVAL | AMOUNT AND KIND MATERIAL USED |
|-------------------------------------------------|-----------------------|--------------------------------------------------------------------------------------------------|
| | 3242-3246; 3277-3290' | A/1000gal 7 1/2% ; F/81,779gal slick 10# Brine & 16,000# Liteprop125, 14/30 6000# Super LC 16/30 |
| | 2932-2862' | 61,700gal; 52,527# Sand |

28 PRODUCTION

Date First Production 12/4/09
 Production Method (Flowing, gas lift, pumping - Size and type pump) PUMPING
 Well Status (Prod. or Shut-in) PRODUCING

Date of Test 12/07/09
 Hours Tested 24HRS
 Choke Size _____
 Prod'n For Test Period _____
 Oil - Bbl 3 BO
 Gas - MCF 322 MCF
 Water - Bbl 0 BW
 Gas - Oil Ratio _____

Flow Tubing Press. _____
 Casing Pressure _____
 Calculated 24-Hour Rate _____
 Oil - Bbl _____
 Gas - MCF _____
 Water - Bbl _____
 Oil Gravity - API - (Corr.) _____

29. Disposition of Gas (Sold, used for fuel, vented, etc)
 SOLD

Test Witnessed By
 SONNY MANN

30. List Attachments

31 I hereby certify that the information shown on both sides of this form as true and complete to the best of my knowledge and belief

Signature *Robin Askew*
 Printed Name ROBIN ASKEW Title REGULATORY CLERK Date 12/07/2009
 E-mail Address robina@chienergyinc.com

| | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Submit To Appropriate District Office State Lease - 6 copies Fee Lease - 5 copies District I 1625 N French Dr., Hobbs, NM 88240 District II 1301 W Grand Avenue, Artesia, NM 88210 District III 1000 Rio Brazos Rd., Aztec, NM 87410 District IV 1220 S St. Francis Dr., Santa Fe, NM 87505 | RECEIVED Energy, Minerals and Natural Resources MAY 03 2009 Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505 | Form C-105 Revised June 10, 2003 WELL API NO. 30-025-055076 5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> State Oil & Gas Lease No. |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

| | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|
| 1a. Type of Well OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> DRY <input type="checkbox"/> OTHER _____ b. Type of Completion: NEW <input type="checkbox"/> WORK <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG <input type="checkbox"/> DIFF. WELL OVER BACK RESVR. <input type="checkbox"/> OTHER | 7. Lease Name or Unit Agreement Name Sunrise State 25 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|

| | |
|--------------------------------------------|------------------|
| 2. Name of Operator CHI OPERATING, INC. | 8. Well No #2 |
|--------------------------------------------|------------------|

| | |
|-------------------------------------------------------------|-------------------------------------------------|
| 3. Address of Operator 212 N. Main, Midland, Texas 79701 | 9. Pool name or Wildcat BOWERS, SEVEN RIVERS |
|-------------------------------------------------------------|-------------------------------------------------|

| | | | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|--|--|
| 4. Well Location Unit Letter <u>B</u> : <u>330</u> Feet From The <u>NORTH</u> Line and <u>1980</u> Feet From The <u>EAST</u> Line Section <u>25</u> Township <u>18S</u> Range <u>37E</u> NMPM LEA County | | | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|--|--|

| | | | | |
|--------------------------------|-----------------------|--------------------------------------------|----------------------------------------|----------------------|
| 10. Date Spudded 2/12/10 WO | 11. Date T.D. Reached | 12. Date Compl. (Ready to Prod) 4/21/10 | 13. Elevations (DF& RKB, RT, GR, etc.) | 14. Elev. Casinghead |
|--------------------------------|-----------------------|--------------------------------------------|----------------------------------------|----------------------|

| | | | | | |
|---------------------------------|--------------------|---------------------------------------|--------------------------|--------------|-------------|
| 15. Total Depth 3623' | 16. Plug Back T.D. | 17. If Multiple Compl How Many Zones? | 18. Intervals Drilled By | Rotary Tools | Cable Tools |
|---------------------------------|--------------------|---------------------------------------|--------------------------|--------------|-------------|

| | |
|----------------------------------------------------------------------------------------------------------------|---------------------------------|
| 19. Producing Interval(s), of this completion - Top, Bottom, Name 3283-3288;3319-3327' BOWERS; SEVEN RIVERS | 20. Was Directional Survey Made |
|----------------------------------------------------------------------------------------------------------------|---------------------------------|

| | |
|---------------------------------------------------|--------------------|
| 21. Type Electric and Other Logs Run CNL & RBL | 22. Was Well Cored |
|---------------------------------------------------|--------------------|

23. CASING RECORD (Report all strings set in well)

| CASING SIZE | WEIGHT LB./FT. | DEPTH SET | HOLE SIZE | CEMENTING RECORD | AMOUNT PULLED |
|-------------|----------------|-----------|-----------|------------------|---------------|
| 12 1/2" | 50# | 220' | | | |
| 9" | 34# seamless | 2754' | | | |
| 7" | 24# | 3932' | | | |

24. LINER RECORD

| SIZE | TOP | BOTTOM | SACKS CEMENT | SCREEN | 25. TUBING RECORD | PACKER SET |
|------|-----|--------|--------------|--------|-------------------|--------------|
| | | | | | 2 7/8" | CIBP @ 3850' |

| | |
|----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 26. Perforation record (interval, size, and number) 3283-3288,3319-3327' 4spf | 27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC. DEPTH INTERVAL AMOUNT AND KIND MATERIAL USED 3283-3288,3319-3327 A/4000gal 7 1/2% NeFe; F/20,450, 16/30 SLC |
|----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

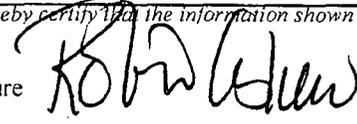
28. PRODUCTION

| | | | | | | | |
|----------------------------------|-----------------------|-----------------------------------------------------------------------------------------|------------------------|-------------------|-----------------------------------------------------|--------------------------------------|-----------------|
| Date First Production 4/21/10 | | Production Method (<i>Flowing, gas lift, pumping - Size and type pump</i>) PUMPING | | | Well Status (<i>Prod or Shut-in</i>) PRODUCING | | |
| Date of Test 4/27/10 | Hours Tested 24HRS | Choke Size | Prod'n For Test Period | Oil - Bbl 24BO | Gas - MCF 363MCF | Water - Bbl. 16 BW | Gas - Oil Ratio |
| Flow Tubing Press | Casing Pressure | Calculated 24-Hour Rate | Oil - Bbl. | Gas - MCF | Water - Bbl. | Oil Gravity - API - (<i>Corr.</i>) | |

| | |
|-----------------------------------------------------------------------------|-------------------|
| 29. Disposition of Gas (<i>Sold, used for fuel, vented, etc.</i>) SOLD | Test Witnessed By |
|-----------------------------------------------------------------------------|-------------------|

| |
|----------------------|
| 30. List Attachments |
|----------------------|

31. I hereby certify that the information shown on both sides of this form as true and complete to the best of my knowledge and belief

| | | | |
|-----------------------------------------------------------------------------------------------|--------------------------|------------------------|----------------|
| Signature  | Printed Name ROBIN ASKEW | Title REGULATORY CLERK | Date 4/27/2009 |
| E-mail Address robina@chienergyinc.com | | | |

INSTRUCTIONS

This form is to be filed with the appropriate District Office of the Division not later than 20 days after the completion of any newly-drilled or deepened well. It shall be accompanied by one copy of all electrical and radio-activity logs run on the well and a summary of all special tests conducted, including drill stem tests. All depths reported shall be measured depths. In the case of directionally drilled wells, true vertical depths shall also be reported. For multiple completions, items 25 through 29 shall be reported for each zone. The form is to be filed in quintuplicate except on state land, where six copies are required. See Rule 1105.

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

| Southeastern New Mexico | | Northwestern New Mexico | |
|-------------------------|-------|-------------------------|------------------|
| Anhydrite | 1602' | T. Ojo Alamo | T. Penn. "B" |
| Yates | 2733' | T. Kirtland-Fruitland | T. Penn. "C" |
| Seven Rivers | 2938' | T. Pictured Cliffs | T. Penn. "D" |
| Bowers | 3277' | T. Cliff House | T. Leadville |
| Queen | 3481' | T. Menefee | T. Madison |
| | | T. Point Lookout | T. Elbert |
| | | T. Mancos | T. McCracken |
| | | T. Gallup | T. Ignacio Otzte |
| | | Base Greenhorn | T. Granite |
| | | T. Dakota | T. |
| | | T. Morrison | T. |
| | | T. Todilto | T. |
| | | T. Entrada | T. |
| | | T. Wingate | T. |
| | | T. Chinle | T. |
| | | T. Permian | T. |
| | | T. Penn "A" | T. |

OIL OR GAS SANDS OR ZONES

No. 1, from.....to..... No. 3, from.....to.....
 No. 2, from.....to..... No. 4, from.....to.....

IMPORTANT WATER SANDS

Include data on rate of water inflow and elevation to which water rose in hole.

No. 1, from.....to.....feet.....
 No. 2, from.....to.....feet.....
 No. 3, from.....to.....feet.....

LITHOLOGY RECORD (Attach additional sheet if necessary)

| From | To | Thickness In Feet | Lithology | From | To | Thickness In Feet | Lithology |
|------|----|----------------------|-----------|------|----|----------------------|-----------|
| | | | | | | | |

Submit 3 Copies To Appropriate District
 Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 1301 W. Grand Ave., Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 June 19, 2008

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

| |
|-----------------------------------------------------------------------------------------------------|
| WELL API NO. 30-025-05506 |
| 5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> |
| 6. State Oil & Gas Lease No. |
| 7. Lease Name or Unit Agreement Name SUNRISE STATE 25 |
| 8. Well Number #2 |
| 9. OGRID Number 4378 |
| 10. Pool name or Wildcat BOWERS, SEVEN RIVERS |

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.)

1. Type of Well: Oil Well Gas Well Other

2. Name of Operator
CHI OPERATING, INC.

3. Address of Operator
212 N. MAIN, MIDLAND, TEXAS 79701

4. Well Location
 Unit Letter B : 330 feet from the NORTH line and 1980 feet from the EAST line
 Section 25 Township 18S Range 37E NMPM County LEA

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
 GL-3662' ; KB-3680'

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

| | | | |
|------------------------------------------------|-------------------------------------------|-----------------------------------------------------|------------------------------------------|
| NOTICE OF INTENTION TO: | | SUBSEQUENT REPORT OF: | |
| PERFORM REMEDIAL WORK <input type="checkbox"/> | PLUG AND ABANDON <input type="checkbox"/> | REMEDIAL WORK <input type="checkbox"/> | ALTERING CASING <input type="checkbox"/> |
| TEMPORARILY ABANDON <input type="checkbox"/> | CHANGE PLANS <input type="checkbox"/> | COMMENCE DRILLING OPNS. <input type="checkbox"/> | P AND A <input type="checkbox"/> |
| PULL OR ALTER CASING <input type="checkbox"/> | MULTIPLE COMPL <input type="checkbox"/> | CASING/CEMENT JOB <input type="checkbox"/> | |
| DOWNHOLE COMMINGLE <input type="checkbox"/> | | | |
| OTHER: <input type="checkbox"/> | | OTHER: Workover <input checked="" type="checkbox"/> | |

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 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

2/12/10 Dig out Dry Hole Marker, MIRU unit, pipe racks & tally tbg, clean pins & boxes. NU BOP & RU reverse unit. PU swivel, make up bit, NU stripper, drill cmt plug f/18-222', circ hole clean, drill cmt 222-283', hole clean, RD swivel, RU tbg tools, PU tbg, tag plug @ 1502', drill cmt 1502-1593', circ hole clean, tag cmt @ 2408, drill cmt 2408-2477', circ hole clean, clean reverse pit & fill tank w/fresh Wtr, drill cmt 2477-2622', circ hole clean, tag cmt @ 2729', drill cmt 2729-2820', wash t/2911, circ hole clean, PU tbg total 111jts + BHA = 3623'. Tst csg t/250psi-ok. Circ hole w/2% KCL wtr. RU WL & run CNL & RBL f/3600-surface. Perf well 4spf 3283-3288, 3319-3327'. Acidize w/4000gal 7½% NeFe HCL. Frac well w/20,450 16/30 SLC. 3/9/10 ND BOP & NU WH. W/O pumping unit. 4/21/10 PU new pump, PU the rods, space well out to tag on btm, hang well on.

Spud Date: Work over 2/12/10

Rig Release Date: Workover 3/9/10

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

SIGNATURE Robin Askew TITLE REGULATORY CLERK DATE 4/27/10

Type or print name ROBIN ASKEW E-mail address: _____ PHONE: 432-685-5001

For State Use Only

APPROVED BY: [Signature] TITLE PETROLEUM ENGINEER DATE MAY 03 2010

Conditions of Approval (if any): _____

Submit 1 Copy To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 1301 W. Grand Ave., Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 October 13, 2009

RECEIVED
 MAR 04 2010
 HOBSUCD

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

| |
|-------------------------------------------------------------------------------------------------------|
| WELL API NO. 30-025-05506 ✓ |
| 5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> ✓ |
| 6. State Oil & Gas Lease No. |
| 7. Lease Name or Unit Agreement Name STATE C ✓ |
| 8. Well Number 4 |
| 9. OGRID Number 4378 |
| 10. Pool name or Wildcat BOWERS; SEVEN RIVERS |

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)

1. Type of Well: Oil Well Gas Well Other

2. Name of Operator
CHI OPERATING, INC.

3. Address of Operator
P.O. BOX 1799, MIDLAND, TEXAS

4. Well Location
 Unit Letter B : 330 feet from the NORTH line and 1980 feet from the EAST line
 Section 25 Township 18S Range 37E NMPM LEA County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3667' GL

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

| | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> DOWNHOLE COMMINGLE <input type="checkbox"/> OTHER: CHANGE WELL NAME <input checked="" type="checkbox"/> | SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/> OTHER: <input type="checkbox"/> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

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.

CHI OPERATING, INC. would like to change the well name of the Re-entry STATE C #4, to the well name SUNRISE 25 STATE #2. Re-entry still in progress.

Eff. 2-9-10
 Per Pam C.

OPER. OGRID NO. 4378
 PROPERTY NO. 37244
 POOL CODE _____
 EFF. DATE 2-9-10
 API NO. 30-025-05506

MAR -- 2010
 SCANNED

Spud Date: 2/11/10 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 Reg Clerk DATE 3/3/10

Type or print name PAM CORBETT E-mail address: pamc@chienergyinc.com PHONE: 432-985-5001
For State Use Only

APPROVED BY: [Signature] TITLE PETROLEUM ENGINEER DATE MAR 11 2010
 Conditions of Approval (if any): _____

District I
1625 N French Dr., Hobbs, NM 88240
District II
1301 W Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S St Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

RECEIVED

Form C-101
June 16, 2008

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

FEB 08 2010

Submit to appropriate District Office
HOBBSOCD AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

| | | |
|---------------------------------------------------------|---------------------------------|-----------------------------------|
| Operator Name and Address CHI OPERATING, INC. | | OGRID Number 4378 |
| Property Code 38027 | Property Name STATE C | API Number 30-025-05506 |
| Proposed Pool 1 BOWERS; SEVEN RIVERS | | Proposed Pool 2 |
| | | Well No 4 |

| UL or lot no | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|--------------|-----------|-------------|-------------|---------|---------------|------------------|---------------|----------------|------------|
| B | 25 | T18S | R37E | | 336' | NORTH | 1980' | EAST | LEA |

| UL or lot no | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|--------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

| Work Type Code | Well Type Code | Cable/Rotary | Lease Type Code | Ground Level Elevation |
|-----------------|----------------|---------------|---------------------|---------------------------|
| RE-ENTRY | 0 | R | S | 3607' |
| Multiple | Proposed Depth | Formation | Contractor | Spud Date |
| N | 3600' | BOWERS | BASIC ENERGY | ASAP ONCE APPROVED |

| Hole Size | Casing Size | Casing weight/foot | Setting Depth | Sacks of Cement | Estimated TOC |
|-----------|----------------|--------------------|---------------|-----------------|---------------|
| | 12 1/2" | 55# | 220' | | |
| | 9" | 34# | 2754' | | |
| | 7" | 24# | 3932' | | |

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Well was originally state C #4, 1986 put in the North Hobbs Unit as the North Hobbs G S/A unit #311.

CHI OPERATING plans to re-enter the well and perf the Seven Rivers zone.

Attached is the Current Wellbore re-entry procedures.

| | | | |
|-----------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|----------------------------------------------------------|--|
| ²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief | | OIL CONSERVATION DIVISION | |
| Signature Robin Askew | Approved by | Title PETROLEUM ENGINEER | |
| Printed name Robin Askew | Approval Date FEB 09 2010 | Expiration Date | |
| Title Regulatory Clerk | E-mail Address robina@chienergyinc.com | | |
| Date 2-8-10 | Phone 432-686-5001 | Conditions of Approval Attached <input type="checkbox"/> | |

Permit Expires 2 Years from Approval
 Date Unless Indicated Otherwise
 Re-Entry

RECEIVED

FEB 08 2010

HOBBSON

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Geology, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.,
Santa Fe, NM 87505

Form C-102
Revised October 15, 2009
Submit one copy to appropriate
District Office
 AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-----------------------------------------|--------------------------------------------------|---------------------------------------------|
| ¹ API Number 30-025-05506 | ² Pool Code 7220 | ³ Pool Name Bowers / 7 Minors |
| ⁴ Property Code 38027 | ⁵ Property Name state C | |
| ⁷ OGRID No. 04378 | ⁸ Operator Name Chi Operating Inc. | ⁶ Well Number 4 |
| ¹⁰ Surface Location | | ⁹ Elevation 3667' |

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| B | 25 | 18S | 37E | E | 330 | North | 1980 | East | Lea |

¹¹ 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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

| | | | |
|-------------------------------------|-------------------------------|----------------------------------|-------------------------|
| ¹² Dedicated Acres 40 | ¹³ Joint or Infill | ¹⁴ Consolidation Code | ¹⁵ Order No. |
|-------------------------------------|-------------------------------|----------------------------------|-------------------------|

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

| | | | |
|----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|
| <p>¹⁶</p> | <p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division</p> <p><i>John W. Qualls</i> 2-8-10 Signature Date</p> <p>John W. Qualls Printed Name</p> | | |
| | <p>¹⁸ SURVEYOR CERTIFICATION</p> <p>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 belief.</p> <p>Date of Survey _____ Signature and Seal of Professional Surveyor _____</p> | | |
| | <p>Certificate Number _____</p> | | |

Chi Operating, Inc.
Re-enter
State C No. 4
(Formerly North Hobbs GBSAU No. 311)
API# 30-25-05506
Lea County, New Mexico

RECEIVED

FEB 08 2010

HOBBSUCD

Location: 330' FNL & 1980' FEL, Sec 25-T185-R37E

CURRENT WELLBORE:

Surf Csg: @ 220 12 1/2", 50#, SH

Inter Csg: @ 2754' 9" 34# Seamless

Prod Csg.: @ 3932' 7" 24#

Plugs: 3850' CIBP
2680' Cmt
1479' Cmt
Surface Cmt

Reentry Procedure:

MIRU unit, pipe racks & tally tubing. Clean pins & boxes. NU BOP (7 1/16"-3000#.)

RU Reverse Unit with power swivel and steel workover pits. PU bit and DC's on 2-7/8 tubing.

Drill out plugs and cement retainer to approximately 3600'. Circulate hole.

RU cased hole logs to run CNL and radial bond log from PBTD to surface.

Perf Bowers interval as dictated by CNL w/ casing guns at 3312-3320' and 3278-3283'.

Acidize w/4000 gals 7-1/2 % NeFe HCL.

Flow test and evaluate.

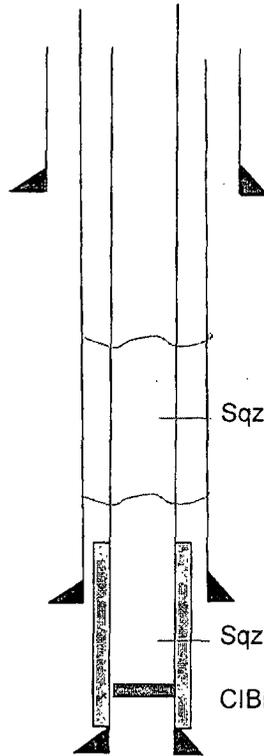
State C No. 4

Sec. 25-18S-37E
330' FNL & 1980' FEL

Elev. 3667 FT

12-1/2" 50# SH @ 220'

Sqz holes @ 270' circ 160 sx cmt out both annulus, topped off to surface



Sqz holes @ 1590' sqzd 70 sx cmt w/ TOC @ 1479' tagged

9" 34# Seamless @ 2754'

Sqz holes @ 2795' sqz 45 sx and TOC @ 2680' tagged

7" 24# @ 3932'
Cmtd w/ 220 sx
Est TOC @ 2600 ft

CIBP @ 3850' w/20 sx cmt 3850-3724'

Estimated top of cmt 7 X 9" Annulus @:

| | | | |
|--------|-----------------|------------------|---------------|
| 220 sx | 1.3 cu ft sx | 4.45 ft cu ft | 1272.7 |
| | | | 2659.3 |

Estimated top of cmt 7 X 12-1/2" Annulus @:

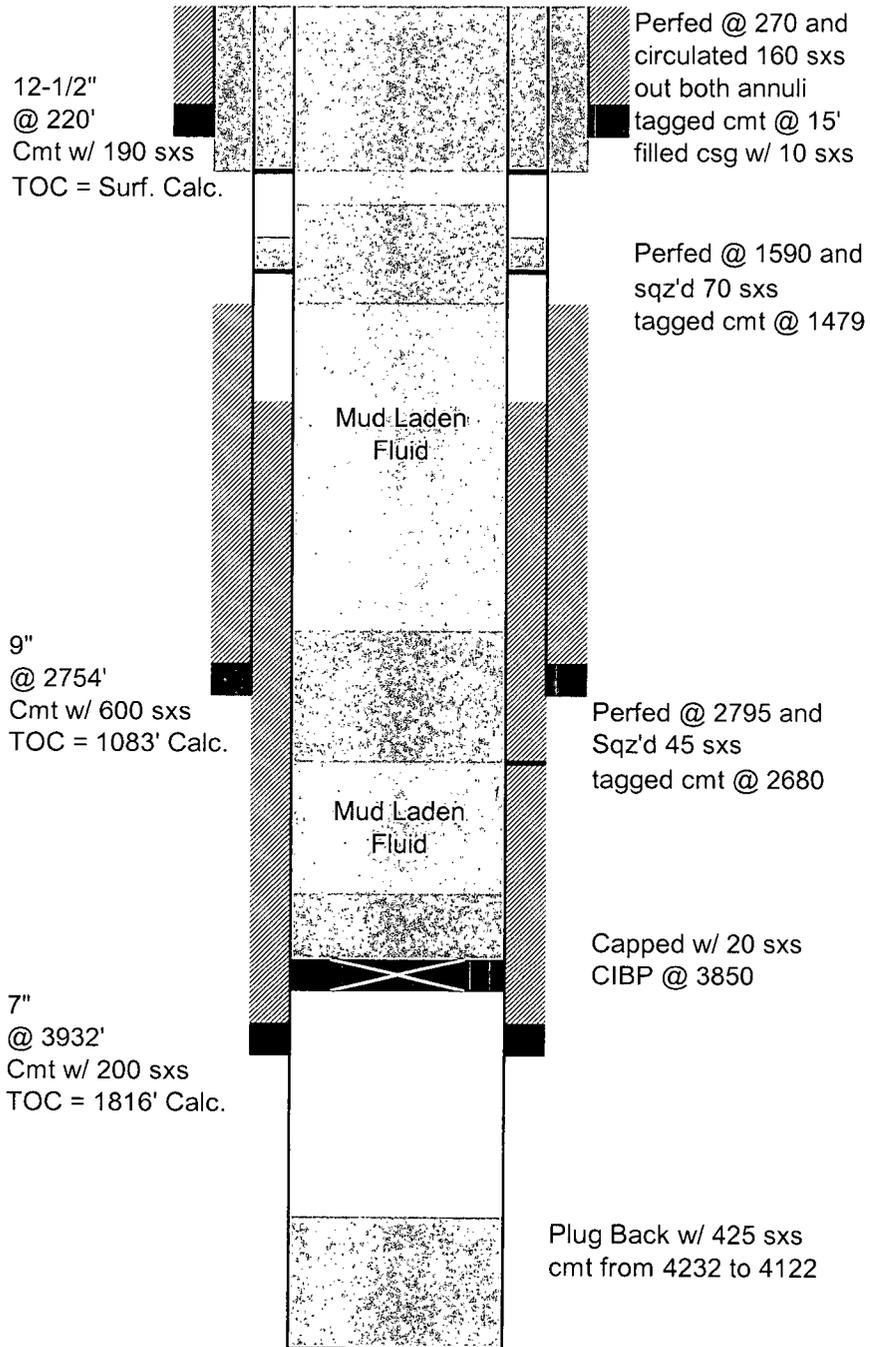
| | | | |
|--------|-----------------|-------------------|----------------|
| 600 sx | 1.3 cu ft sx | 2.084 ft cu ft | 1625.52 |
| | | | 1128.48 |

API No. 30-025-05506
Plugged 05/17/2004

North Hobbs Unit
Well # 311
B - 25 - 18S - 37E
Plugging Procedure



Installed Dry Hole Marker



TD 4232
PBD 4122

Submit 3 Copies
to Appropriate
District Office

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-103
Revised 1-1-89

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

OIL CONSERVATION DIVISION
2040 Pacheco St.
Santa Fe, NM 87505

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

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

| |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| WELL API NO. 30-025-05506 |
| Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE |
| State Oil & Gas Lease No. |
| Lease Name or Unit Agreement Name North Hobbs G S/A Unit |
| Well No. 311 |
| Pool name or Wildcat Hobbs; Grayburg / San Andres |
| Well Location Unit Letter <u>B</u> : <u>330</u> Feet From The <u>North</u> Line and <u>1980</u> Feet From The <u>East</u> Line Section <u>25</u> Township <u>18-S</u> Range <u>37-E</u> NMPM <u>Lea</u> County |
| Elevation (Show whether DF, RKB, RT, GR, etc.) 3672' |

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.)

Type of Well:
OIL WELL GAS WELL OTHER

Name of Operator
Occidental Permian, LTD

Address of Operator
PO Box 4294 Houston, Texas 77210-4294

Well Location
Unit Letter B : 330 Feet From The North Line and 1980 Feet From The East Line
Section 25 Township 18-S Range 37-E NMPM Lea County

Elevation (Show whether DF, RKB, RT, GR, etc.)
3672'

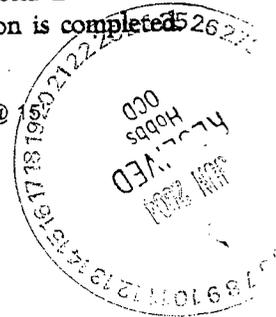
11 Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

| | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|
| <p>NOTICE OF INTENTION TO:</p> <p>PERFORM REMEDIAL WORK <input type="checkbox"/></p> <p>TEMPORARILY ABANDON <input type="checkbox"/></p> <p>PULL OR ALTER CASING <input type="checkbox"/></p> <p>OTHER: <input type="checkbox"/></p> | <p>PLUG AND ABANDON <input type="checkbox"/></p> <p>CHANGE PLANS <input type="checkbox"/></p> <p>OTHER: <input type="checkbox"/></p> | <p>SUBSEQUENT REPORT OF:</p> <p>REMEDIAL WORK <input type="checkbox"/></p> <p>COMMENCE DRILLING OPNS. <input type="checkbox"/></p> <p>CASING TEST AND CEMENT JOB <input type="checkbox"/></p> <p>OTHER: <input type="checkbox"/></p> | <p>ALTERING CASING <input type="checkbox"/></p> <p>PLUG AND ANBANDONMENT <input checked="" type="checkbox"/></p> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|

Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

- 5-12-04 Tagged existing CIBP @ 3850'
Circ. well w/ plugging mud.
Spot 20 sks of cement 3850'-3724'
- 5-13-04 Perf @ 2795' Sqz'd 45 sks of cement WOC & tagged TOC @ 2680'
Perf @ 1590'
- 5-14-04 Sqz'd 70 sks of cement WOC & tagged TOC @ 1479'
Perf @ 270' Established circulation out both annulus, circulated 160 sks of cement Tagged TOC @ 1590'
- 5-17-04 Filled well w/ 10 sks of cement 15'-surface.

Approved as to plugging of the Well Bore.
Liability under bond is retained until
surface restoration is completed 5/25/04



Cut off wellhead & anchors 3' BGL. Cap well. Install dry hole marker.

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

SIGNATURE Jack Shelton TITLE Plugging Manager DATE 5-25-04
TYPE OR PRINT NAME Jack Shelton TELEPHONE NO. 432 523-5155

(This space for State Use)

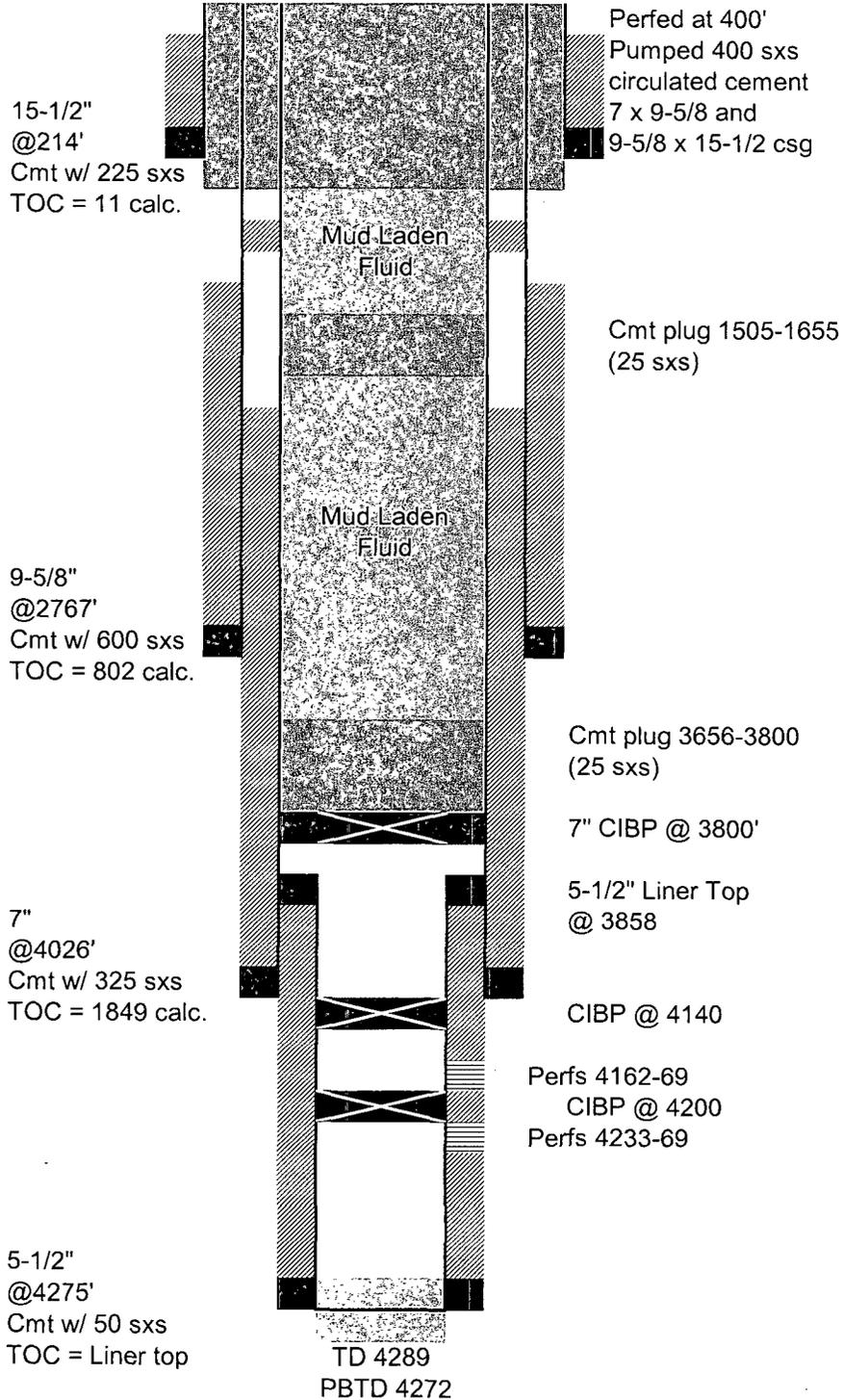
APPROVED BY Hayden Wink TITLE OC FIELD REPRESENTATIVE II/STAFF MANAGER DATE JUN 09 2004

CONDITIONS OF APPROVAL, IF ANY:

North Hobbs Unit
 Well # 211
 C - 25 - 18S - 37E
 Plugging Procedure

API No. 30-025-05489
 Plugged 10/07/1997

Installed Dry Hole Marker



TOC calculated using 20% excess

Submit 3 Copies
to Appropriate
District Office

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-103
Revised 1-1-89

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

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

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

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

WELL API NO.
30-025-05489

5. Indicate Type of Lease
STATE FEE

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name
N. HOBBS (G/SA) UNIT
SECTION 25

8. Well No.

211

9. Pool name or Wildcat

HOBBS (G/SA)

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.)

1. Type of Well:
OIL WELL GAS WELL OTHER

2. Name of Operator
ALTURA ENERGY, LTD.

3. Address of Operator
PO BOX 4294 HOUSTON, TX 77210-4294

4. Well Location
Unit Letter C : 330 Feet From The N Line and 2310 Feet From The W Line
Section 25 Township 18S Range 37E NMPM LEA County

10. Elevation (Show whether DF, RKB, RT, GR, etc.)
3763' DF

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

NOTICE OF INTENTION TO:

SUBSEQUENT REPORT OF:

PERFORM REMEDIAL WORK PLUG AND ABANDON REMEDIAL WORK ALTERING CASING
TEMPORARILY ABANDON CHANGE PLANS COMMENCE DRILLING OPNS. PLUG AND ABANDONMENT
PULL OR ALTER CASING CASING TEST AND CEMENT JOB
OTHER: OTHER:

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

10-3-97 MOVE IN P & A EQMT.
10-6-97 SET 7" CIBP. CIRC HOLE W/MLF. PUMP 25 SX FROM 3809' TO 3656'
10-6-97 PUMP 25 SX FROM 1655' TO 1505'
10-7-97 PERF AT 400'.
10-7-97 PUMP 400 SXS DOWN 7" CSG. CIRC 7 x 9-5/8 & 9-5/8 x 15 1/2 CASING.
10-7-97 R.D. P & A EQMT. MOVE OFF. INSTALL DRY HOLE MARKER.

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

SIGNATURE Jimmy Bagley TITLE SENIOR SUPERVISOR DATE 10/20/97
TYPE OR PRINT NAME JIMMY BAGLEY TELEPHONE NO. 915 530-0907

(This space for State Use)

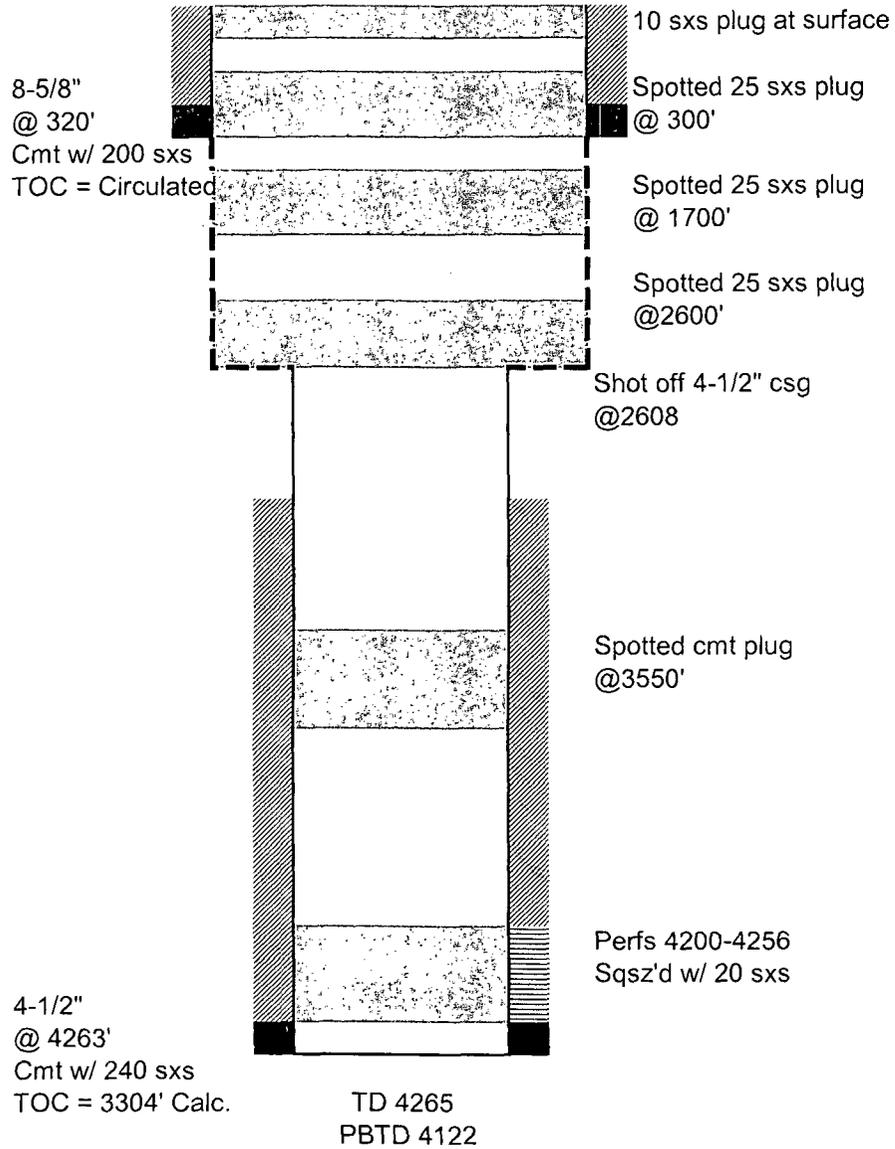
APPROVED BY [Signature] TITLE fld rep DATE 11-9-00
CONDITIONS OF APPROVAL, IF ANY: LANW

Moran Oil Prod & Drilling Corp.
Gulf State
Well #1
B - 26 - 18S - 37E
Plugging Procedure



API No. 30-025-05507
Plugged 06/18/1965

Installed Dry Hole Marker



| | | |
|-------------------|----------|--|
| FILE | RECEIVED | |
| DATE | | |
| LAND OFFICE | | |
| TRANSPORTER | OIL | |
| | GAS | |
| PRODUCTION OFFICE | | |
| OPERATOR | | |

NEW MEXICO OIL CONSERVATION COMMISSION

FORM C-103
(Rev 3-55)

MISCELLANEOUS REPORTS ON WELLS

(Submit to appropriate District Office as per Commission Order 1106)

| | | | | | | |
|---------------------------------------------------------|---------------|----------------------------------------------|---------------|-----------------|--------------|--|
| Name of Company Moran Oil Producing & Drilling Corp. | | Address P. O. Box 1919, Hobbs, New Mexico | | | | |
| Lease Gulf State | Well No. 1 | Unit Letter B | Section 26 | Township 18S | Range 37E | |
| Date Work Performed 6-18-65 | Pool Hobbs | County Lea | | | | |

THIS IS A REPORT OF: (Check appropriate block)

- Beginning Drilling Operations
 Casing Test and Cement Job
 Other (Explain):
 Plugging
 Remedial Work

Detailed account of work done, nature and quantity of materials used, and results obtained.

Squeeze Perfs 4000-4250 W/20 sx
 Spot 25 sx plug @ 3550
 Shoot off 4-1/2 @ 2608
 Spot 25 sx @ 2600'
 Spot 25 sx @ 1700'
 Spot 25 sx @ 300'
 10 sx at surface.

Installed 4' x 4" permanent marker, location cleaned up and restored to original contour. Location ready for inspection.

| | | |
|--------------|----------|---------|
| Witnessed by | Position | Company |
|--------------|----------|---------|

FILL IN BELOW FOR REMEDIAL WORK REPORTS ONLY

ORIGINAL WELL DATA

| | | | | |
|------------------------|--------------|------------------------|--------------------|-----------------|
| DF Elev. | TD | PBTD | Producing Interval | Completion Date |
| Tubing Diameter | Tubing Depth | Oil String Diameter | Oil String Depth | |
| Perforated Interval(s) | | | | |
| Open Hole Interval | | Producing Formation(s) | | |

RESULTS OF WORKOVER

| Test | Date of Test | Oil Production BPD | Gas Production MCFPD | Water Production BPD | GOR Cubic feet/Bbl | Gas Well Potential MCFPD |
|-----------------|--------------|--------------------|----------------------|----------------------|--------------------|--------------------------|
| Before Workover | | | | | | |
| After Workover | | | | | | |

OIL CONSERVATION COMMISSION

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

| | |
|-----------------------------------------|-------------------------------------------------|
| Approved by <i>James W. Anderson</i> | Name <i>K. D. McPeters</i> K. D. McPeters |
| Title | Position Engineer |
| Date | Company Moran Oil Producing & Drilling Corp. |

NEW MEXICO OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

MISCELLANEOUS NOTICES

Submit this notice in TRIPLICATE to the District Office, Oil Conservation Commission, before the work specified is to begin. A copy will be returned to the sender on which will be given the approval, with any modifications considered advisable, or the rejection by the Commission or agent, of the plan submitted. The plan as approved should be followed, and work should not begin until approval is obtained. See additional instructions in the Rules and Regulations of the Commission.

Indicate Nature of Notice by Checking Below

| | | | | | |
|--------------------------------------|---|-------------------------------------------------|--|--------------------------------------|--|
| NOTICE OF INTENTION TO CHANGE PLANS | | NOTICE OF INTENTION TO TEMPORARILY ABANDON WELL | | NOTICE OF INTENTION TO DRILL DEEPER | |
| NOTICE OF INTENTION TO PLUG WELL | X | NOTICE OF INTENTION TO PLUG BACK | | NOTICE OF INTENTION TO SET LINER | |
| NOTICE OF INTENTION TO SQUEEZE | | NOTICE OF INTENTION TO ACIDIZE | | NOTICE OF INTENTION TO SHOOT (Nitro) | |
| NOTICE OF INTENTION TO GUN PERFORATE | | NOTICE OF INTENTION (OTHER) | | NOTICE OF INTENTION (OTHER) | |

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Hobbs
(Place)

May 6, 1965
(Date)

Gentlemen:

Following is a Notice of Intention to do certain work as described below at the GULF STATE
Moran Oil Producing & Drilling Corp. Well No. 1 in B
(Company or Operator) (Unit)
NW 1/4 NE 1/4 of Sec. 26, T. 18S, R. 37E, NMPM, Hobbs Pool
(40-acre Subdivision)
Lea County.

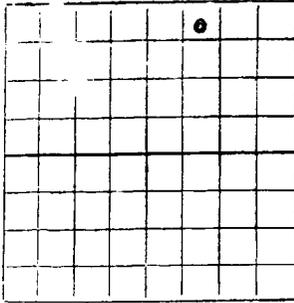
**FULL DETAILS OF PROPOSED PLAN OF WORK
(FOLLOW INSTRUCTIONS IN THE RULES AND REGULATIONS)**

Squeeze perms w/20 sx 4000-4250
 Shoot off 4 1/2" at top of cement @ 3500'
 Spot 25 sx in stub @ 3550'
 25 sx at base of salt - 2500'
 25 sx at top of salt - 1700'
 25 sx at base of surface 320'
 10 sx at surface
 Install 4" x 4" perm. marker & clean up location

Approved....., 19.....
 Except as follows:

Approved
 OIL CONSERVATION COMMISSION
 By.....
 Title.....

MORAN OIL PRODUCING & DRILLING CORP.
Company or Operator
 By K. D. McPeters
 Position Engineer
 Send Communications regarding well to:
 Name Moran Oil Prod. & Drlg. Corp.
 Address Box 1919, Hobbs, New Mexico



AREA 640 ACRES
LOCATE WELL CORRECTLY

NEW MEXICO OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

WELL RECORD

Mail to District Office, Oil Conservation Commission, to which Form C-101 was sent not later than twenty days after completion of well. Follow instructions in Rules and Regulations of the Commission. Submit in QUINTUPLICATE. If State Land submit 6 Copies

Byard Bennett Gulf-State E8485
(Company or Operator) (Lease)

Well No. 1, in NW 1/4 of NE 1/4, of Sec. 26, T. 18 S., R. 37 E., NMPM.
Undesignated Pool, Lea County.

Well is 330 feet from North line and 1650 feet from East line
of Section 26. If State Land the Oil and Gas Lease No. is E-8485

Drilling Commenced Nov. 3, 1959. Drilling was Completed Nov. 16, 1959.

Name of Drilling Contractor: Donnelly Drilling Co., Inc.
Address: Box 433 Artesia, N.M.

Elevation above sea level at Top of Tubing Head: 3,674. The information given is to be kept confidential until _____, 19____.

OIL SANDS OR ZONES

No. 1, from 4,202 to 4,260 No. 4, from _____ to _____
No. 2, from _____ to _____ No. 5, from _____ to _____
No. 3, from _____ to _____ No. 6, from _____ to _____

IMPORTANT WATER SANDS

Include data on rate of water inflow and elevation to which water rose in hole.

No. 1, from _____ to _____ feet.
No. 2, from _____ to _____ feet.
No. 3, from _____ to _____ feet.
No. 4, from _____ to _____ feet.

CASING RECORD

| SIZE | WEIGHT PER FOOT | NEW OR USED | AMOUNT | KIND OF SHOE | CUT AND PULLED FROM | PERFORATIONS | PURPOSE |
|-------|-----------------|-------------|--------|--------------|---------------------|--------------|------------|
| 8-5/8 | 24 | New | 320 | | | | Surface |
| 4-1/2 | 11.6 | New | 4263 | Halliburton | | 4,200-4,256 | Production |

MUDDING AND CEMENTING RECORD

| SIZE OF HOLE | SIZE OF CASING | WHERE SET | NO. BAGS OF CEMENT | METHOD USED | MUD GRAVITY | AMOUNT OF MUD USED |
|--------------|----------------|-----------|--------------------|-------------|-------------|--------------------|
| 11 | 8-5/8 | 320 | 200 | Halliburton | | |
| 7-7/8 | 4-1/2 | 4263 | 240 | Halliburton | | |

RECORD OF PRODUCTION AND STIMULATION

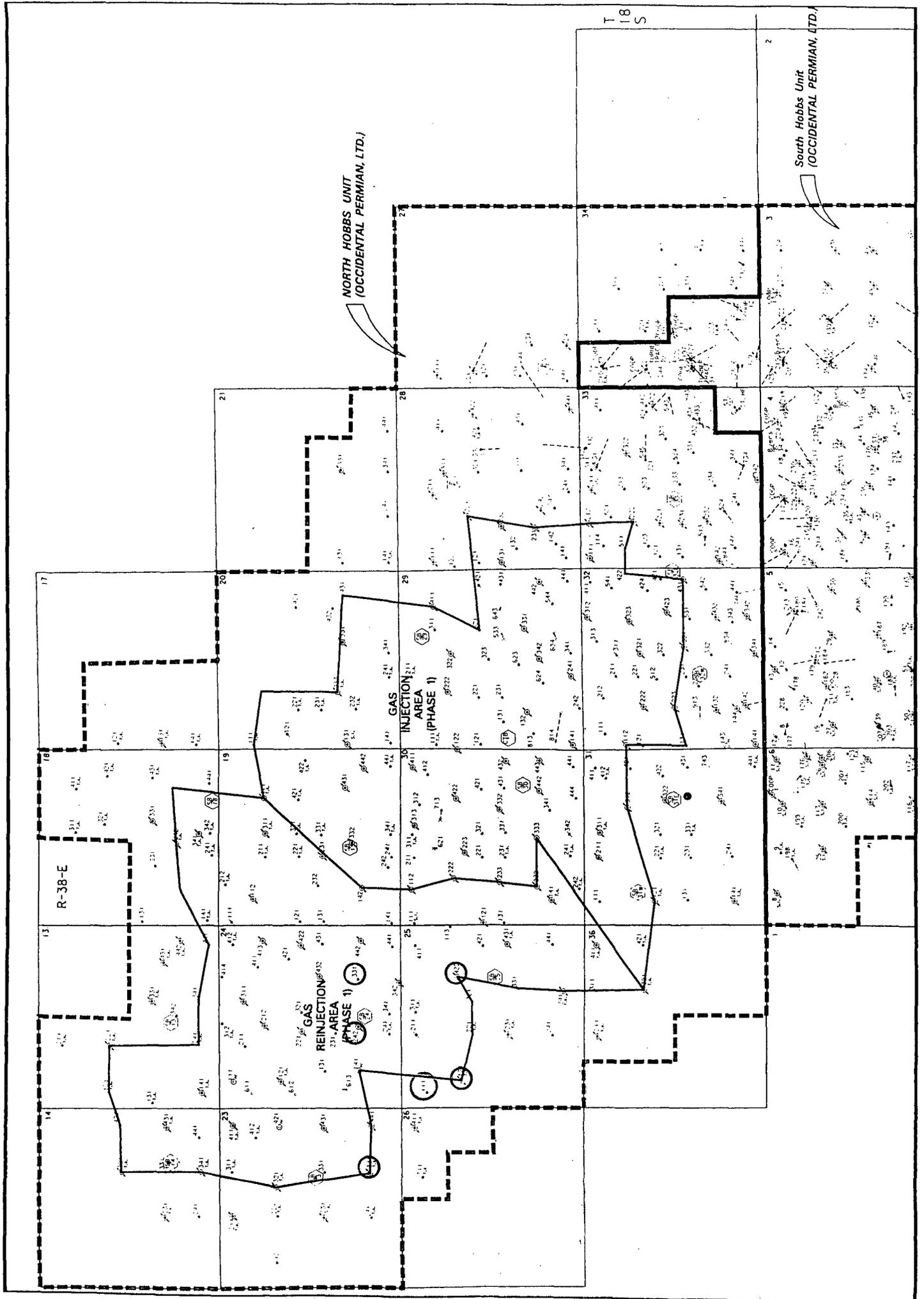
(Record the Process used, No. of Qts. or Gals. used, interval treated or shot.)

Sand-frac with 450 Bbls. Frac Oil & 11,000# Sand

Result of Production Stimulation: After recovering frac oil well swabbed 45 barrels new oil.

Depth Cleaned Out: _____

Exhibit 2.0 - Well No. 111 circled in red; wells approved for similar injectants/rates under Order R-6199-B circled in blue



LIST OF OFFSET OPERATORS & SURFACE OWNERS

North Hobbs (Grayburg/San Andres) Unit
Well No. 111
API No. 30-025-05491
660' FNL & 660' FWL, UL D, Sec. 25, T-18-S, R-37-E
Lea County, NM

Offset Operators

Occidental Permian Ltd.
P.O. Box 4294
Houston, TX 77210-4294

Chi Operating Inc.
212 N. Main
Midland, TX 79701

Surface Owners

State of New Mexico
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87504-1148

Sally Houston Seed (Tenant)
4721 Lovington Highway
Hobbs, NM 88240

| SENDER: COMPLETE THIS SECTION | | COMPLETE THIS SECTION ON DELIVERY | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <ul style="list-style-type: none"> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. | | A. Signature <input type="checkbox"/> Agent <input checked="" type="checkbox"/> <input type="checkbox"/> Addressee | |
| 1. Article Addressed to: Chi Operating Inc. 212 N. Main Midland, TX 79701 | | B. Received by (Printed Name) C. Date of Delivery | |
| | | D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No | |
| | | 3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D. | |
| | | 4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes | |
| 2. Article Number (Transfer from service label) | | 7010 3090 0000 7825 6422 | |
| PS Form 3811, February 2004 | | Domestic Return Receipt | |
| | | 102595-02-M-1540 | |

| SENDER: COMPLETE THIS SECTION | | COMPLETE THIS SECTION ON DELIVERY | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <ul style="list-style-type: none"> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. | | A. Signature <input type="checkbox"/> Agent <input checked="" type="checkbox"/> <input type="checkbox"/> Addressee | |
| 1. Article Addressed to: State of New Mexico Commissioner of Public Lands P.O. Box 1148 Santa Fe, NM 87504-1148 | | B. Received by (Printed Name) C. Date of Delivery | |
| | | D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No | |
| | | 3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D. | |
| | | 4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes | |
| 2. Article Number (Transfer from service label) | | 7010 3090 0000 7825 6439 | |
| PS Form 3811, February 2004 | | Domestic Return Receipt | |
| | | 102595-02-M-1540 | |

| SENDER: COMPLETE THIS SECTION | | COMPLETE THIS SECTION ON DELIVERY | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <ul style="list-style-type: none"> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. | | A. Signature <input type="checkbox"/> Agent <input checked="" type="checkbox"/> <input type="checkbox"/> Addressee | |
| 1. Article Addressed to: Sally Houston Seed 4721 Lovington Highway Hobbs, NM 88240 | | B. Received by (Printed Name) C. Date of Delivery | |
| | | D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No | |
| | | 3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D. | |
| | | 4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes | |
| 2. Article Number (Transfer from service label) | | 7010 3090 0000 7825 6446 | |
| PS Form 3811, February 2004 | | Domestic Return Receipt | |
| | | 102595-02-M-1540 | |

Affidavit of Publication

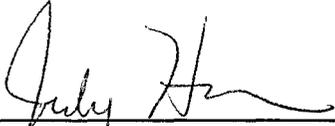
State of New Mexico,
County of Lea.

I, JUDY HANNA
PUBLISHER

of the Hobbs News-Sun, a
newspaper published at Hobbs, New
Mexico, do solemnly swear that the
clipping attached hereto was
published in the regular and entire
issue of said newspaper, and not a
supplement thereof for a period

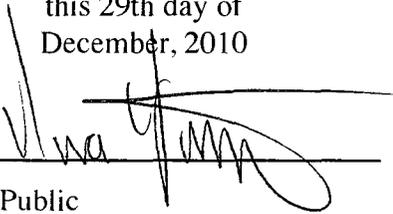
of 1 issue(s).

Beginning with the issue dated
December 19, 2010
and ending with the issue dated
December 19, 2010



PUBLISHER

Sworn and subscribed to before me
this 29th day of
December, 2010

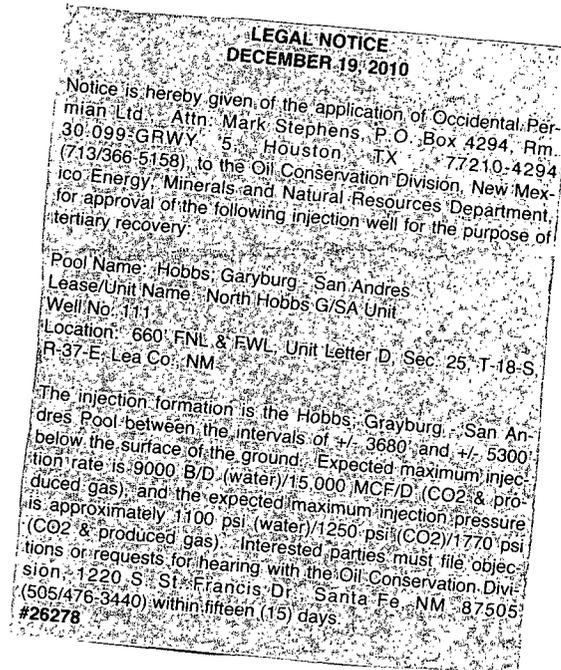


Notary Public

My commission expires
February 09, 2013
(Seal)



This newspaper is duly qualified to
publish legal notices or
advertisements within the meaning of
Section 3, Chapter 167, Laws of
1937 and payment of fees for said
publication has been made.



02101173 00065034
MARK STEPHENS-RM.22.099
OCCIDENTAL PERMIAN LIMITED
PARTNERSHIP
P. O. BOX 4294 RM. 20.009, GRWY 5
HOUSTON, TX 77210-4294