

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

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

Form C-103

May 27, 2004

WELL API NO. 30-015-33781

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

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name VALLE FELIZ

8. Well Number 2

9. OGRID Number 004378

10. Pool name or Wildcat

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 [x] Other

2. Name of Operator CHI OPERATING, INC

3. Address of Operator PO BOX 1799 MIDLAND, TX 79702

4. Well Location

Unit Letter LOT4 : 860 feet from the NORTH line and 1250 feet from the WEST line Section 3 Township 22S Range 26E NMPM County EDDY

11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3215 GR

Pit or Below-grade Tank Application [] or Closure []

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 [] PLUG AND ABANDON [] TEMPORARILY ABANDON [] CHANGE PLANS [] PULL OR ALTER CASING [] MULTIPLE COMPL []

OTHER: []

SUBSEQUENT REPORT OF:

- REMEDIAL WORK [] ALTERING CASING [] COMMENCE DRILLING OPNS [] P AND A [] CASING/CEMENT JOB [x]

OTHER: []

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.

2/18/05- Set -5 1/2"-2493'-17#-P-110 & 8977'-17#-N-80 @ 11470'. Cmtd w/385 sks Super "C" Mod+.8% ba-10+.65% cd-32+.35% fl-52+.3% SMS. Calc. TOC @ 8500".

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 [Signature] TITLE DATE 2/21/05

Type or print name JOHN W. WOLF E-mail address: Telephone No. 432-685-5001

For State Use Only FOR RECORDS ONLY

APPROVED BY: TITLE DATE FEB 24 2005

Conditions of Approval (if any):