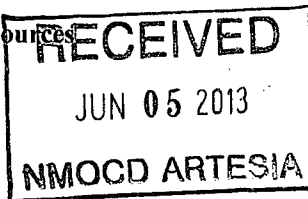


District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

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

Form C-101
Revised August 1, 2011
Permit



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

¹ Operator Name and Address CHI OPERATING, INC. P. O. BOX 1799, MIDLAND, TX. 79702		² OGRID Number 4378
³ Property Name PEACEKEEPER STATE COM 25		⁴ API Number 30-015-41438
⁵ Property Code 39947	⁶ Well No. 4H	

7 Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
N	25	19S	29E		200	S	1650	W	Eddy

8 Pool Information

Turkey Track; UNDESIGNATED BONE SPRING	60660
---	-------

Additional Well Information

⁹ Work Type N	¹⁰ Well Type 0	¹¹ Cable/Rotary R	¹² Lease Type S	¹³ Ground Level Elevation 3340.3'
¹⁴ Multiple No	¹⁵ Proposed Depth TVD: 8190 MD: 12,741	¹⁶ Formation Bone Spring	¹⁷ Contractor McVay	¹⁸ Spud Date
Depth to Ground water 180'		Distance from nearest fresh water well 2-1/2 miles		Distance to nearest surface water 4 miles

19 Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
	17 1/2"	13 3/8"	68#	330	600	Surface
	12 1/4"	9 5/8"	40#	3700	1050	Surface
	8 3/4"	7"	26#	8384	725	Surface
Liner	6 1/8"	4 1/2"	11.6#	12,741	N/A Open hole	

Casing/Cement Program: Additional Comments

See attached Drilling Plan, H2S Plan, Horizontal Plan & BOP

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
13 5/8" Double Ram 2FZ35-35	5,000#	3,000#	Guanghan

I hereby certify that the information given above is true and complete to the best of my knowledge and belief.
I further certify that the drilling pit will be constructed according to NMOCD guidelines ☐, a general permit ☐, or an (attached) alternative OCD-approved plan ☐. Closed Loop.

Printed name: Barry W. Hunt

Title: Permit Agent

E-mail Address: specialtpermitting@gmail.com

Date: 06/03/13

Phone (575) 361-4078

OIL CONSERVATION DIVISION

Approved By:

Title:

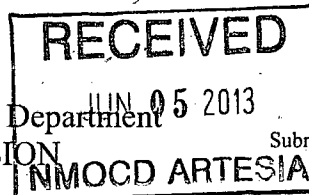
Approved Date:

Expiration Date:

Conditions of Approval Attached

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
DISTRICT II
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1000 Rio Brazos Rd., Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

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



Form C-102
Revised August 1, 2011
Submit one copy to appropriate District Office
☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-41438	Pool Code 6666	Pool Name Turkey Track Undesignated Bone Spring
Property Code 39947	Property Name PEACEKEEPER STATE 25	Well Number 4H
OGRID No. 4378	Operator Name CHI OPERATING, INC.	Elevation 3340.3'

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	25	19 S	29 E		200	SOUTH	1650	WEST	EDDY

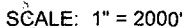
Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	25	19 S	29 E		330	NORTH	1650	WEST	EDDY
Dedicated Acres 160		Joint or Infill		Consolidated Code		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.

1650' 330' PEACEKEEPER STATE 25 #4H BHL NMSP-E (NAD 83) Y = 595916.7' N X = 634222.7' E LAT. = N32° 38' 16.30" LONG. = W104° 01' 53.71"	OPERATOR CERTIFICATION 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 voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature: <i>John W. Pulls</i> Date: 9-25-12 Print Name: John W. Pulls E-mail Address: john.g@chienergyinc.com
N 00°00'07" W - 4747.6'	SURVEYORS CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. SEPTEMBER 11, 2012 Date of Survey Signature and Seal of Professional Surveyor: <i>James E. Tompkins</i> JAMES E. TOMPKINS NEW MEXICO REGISTERED PROFESSIONAL LAND SURVEYOR 14729 Job No.: WTC48691 JAMES E. TOMPKINS 14729 Certificate Number
1650' 200' PEACEKEEPER STATE 25 #4H SHL NMSP-E (NAD 83) Y = 591169.1' N X = 634222.6' E LAT. = N32° 37' 29.32" LONG. = W104° 01' 53.87"	

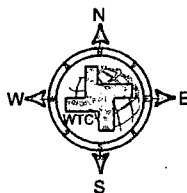
7: \\projects\Di & Eric Surveys\Chu Energy Inc.\48691--Chu Energy, State & Lot 2 Peacekeeper State 2's Wells, Liddy Co\Drawings\48691-14 ACI KIT PLK 25.dwg



COUNTY: EDDY STATE: NM

DESCRIPTION: 200' FSL & 1650' FWL

WELL NAME: PEACEKEEPER STATE 25 #4H



FROM THE JUNCTION OF STATE HIGHWAY 360 N AND HWY 62, ABOUT 15 MILES NORTHEAST OF CARLSBAD, NM. GO NORTH ON HWY 360 FOR 5.7 MILES TO COUNTY ROAD 235 ON THE LEFT. GO WEST-NORTHWEST FOR 4.8 MILES TO A LEASE ROAD TO THE LEFT. GO SOUTH 0.8 MILES AND THE LOCATION IS ± 475 FEET RIGHT.

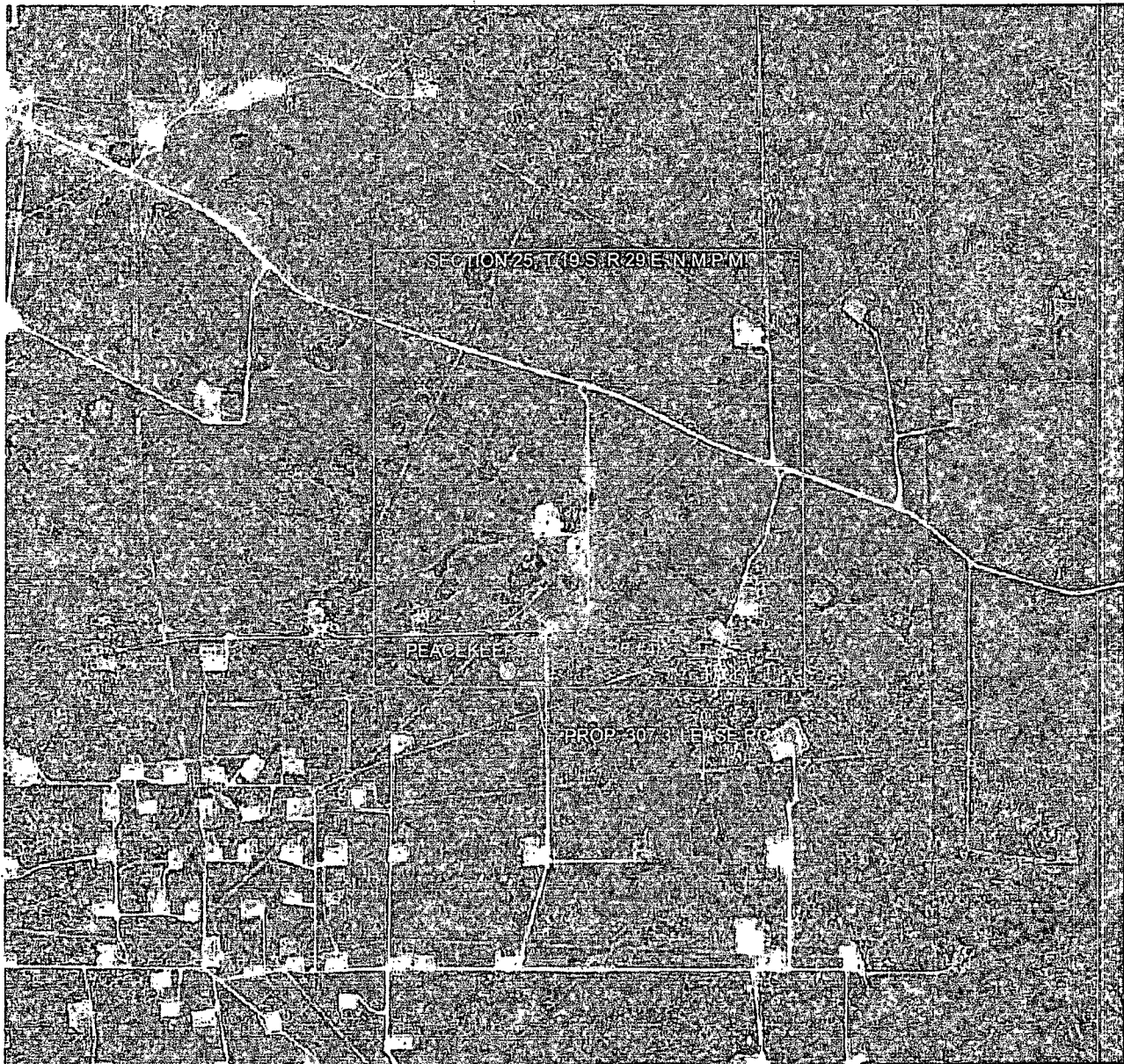


WEST TEXAS CONSULTANTS, INC.
ENGINEERS PLANNERS SURVEYORS
405 S.W. 1st. STREET
ANDREWS, TEXAS 79714
(432) 523-2181

CHI OPERATING, INC.

JOB No.: WTC48691

AERIAL MAP



SCALE: 1" = 2000'

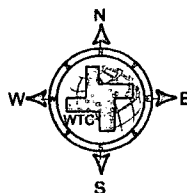
SECTION 25, T 19 S, R 29 E, N.M.P.M.

COUNTY: EDDY STATE: NM

DESCRIPTION: 200' FSL & 1650' FWL

OPERATOR: CHI OPERATING, INC.

WELL NAME: PEACEKEEPER STATE 25 #4H



DRIVING DIRECTIONS:

FROM THE JUNCTION OF STATE HIGHWAY 360 N AND HWY 62, ABOUT 15 MILES NORTHEAST OF CARLSBAD, NM. GO NORTH ON HWY 360 FOR 5.7 MILES TO COUNTY ROAD 235 ON THE LEFT. GO WEST-NORTHWEST FOR 4.8 MILES TO A LEASE ROAD TO THE LEFT. GO SOUTH 0.8 MILES AND THE LOCATION IS ±475 FEET RIGHT.

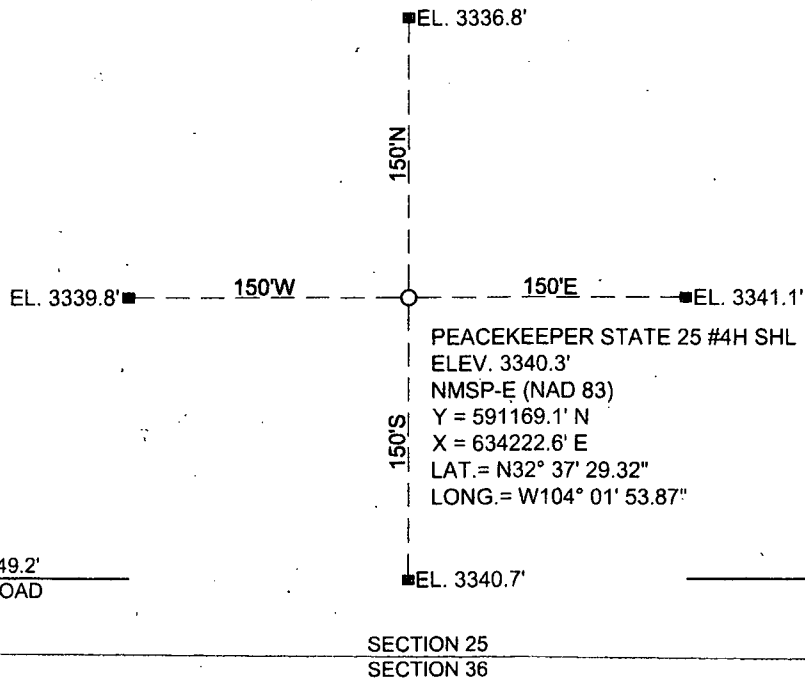


WEST TEXAS CONSULTANTS, INC.
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CHI OPERATING, INC.

JOB No.: WTC48691

It is a common mistake to think that the only way to avoid the problems of the first two approaches is to adopt a third approach, namely, to adopt a *functional* approach. This approach is based on the idea that the meaning of a word is determined by its function in a language. However, this approach is also problematic, as it leads to the problem of circularity. The function of a word is determined by its meaning, and its meaning is determined by its function. This is a circular argument, and it does not provide a satisfactory solution to the problem of meaning.



SCALE: 1" = 100'

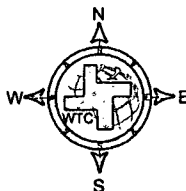
SECTION 25, T 19 S, R 29 E, N.M.P.M.

COUNTY: EDDY STATE: NM

DESCRIPTION: 200' FSL & 1650' FWL

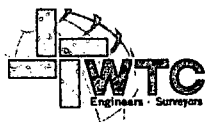
OPERATOR: CHI OPERATING, INC.

WELL NAME: PEACEKEEPER STATE 25 #4H



DRIVING DIRECTIONS:

FROM THE JUNCTION OF STATE HIGHWAY 360 N AND HWY 62, ABOUT 15 MILES NORTHEAST OF CARLSBAD, NM. GO NORTH ON HWY 360 FOR 5.7 MILES TO COUNTY ROAD 235 ON THE LEFT. GO WEST-NORTHWEST FOR 4.8 MILES TO A LEASE ROAD TO THE LEFT. GO SOUTH 0.8 MILES AND THE LOCATION IS ±475 FEET RIGHT.



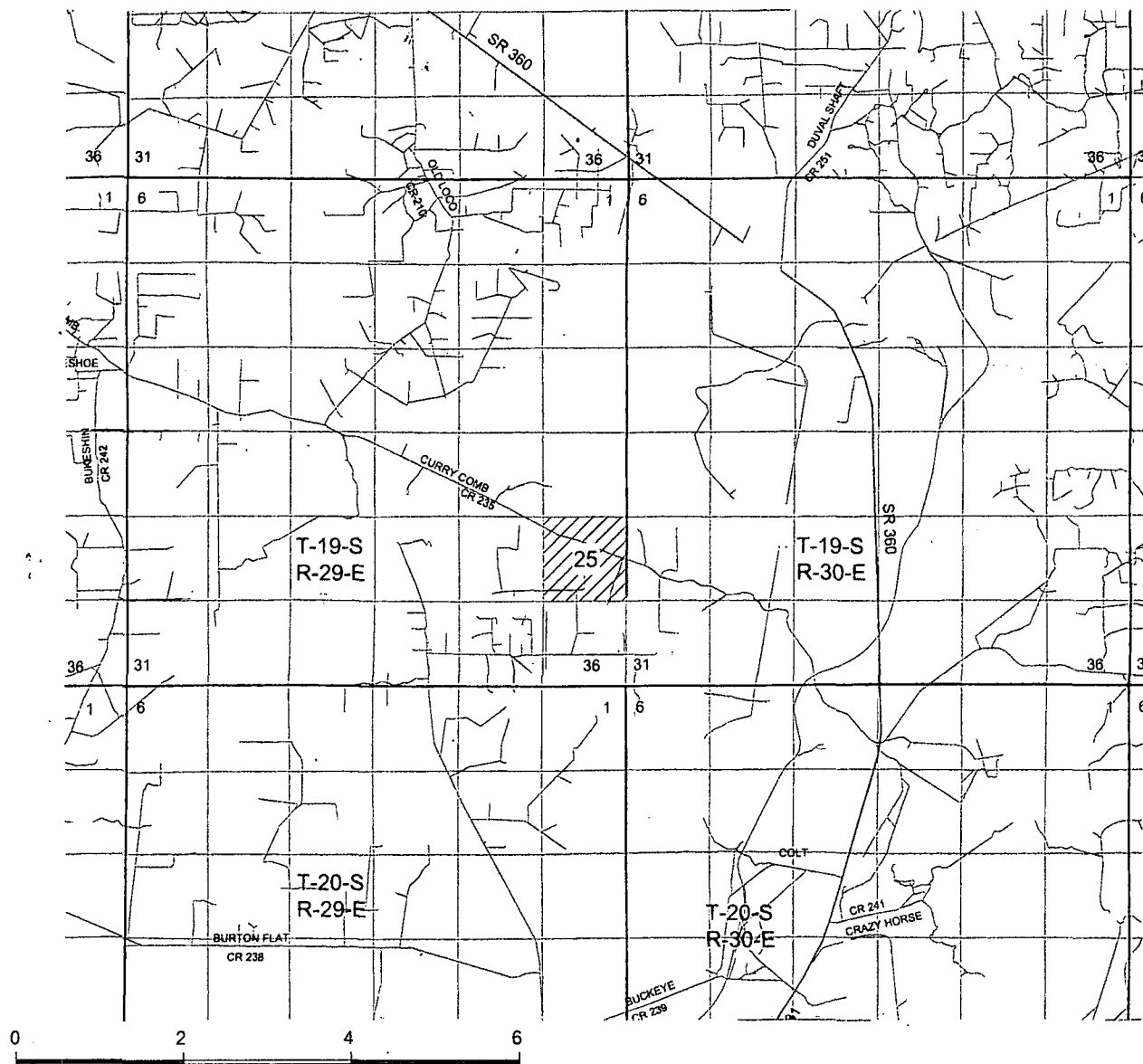
WEST TEXAS CONSULTANTS, INC.
ENGINEERS PLANNERS SURVEYORS
405 S.W. 1st. STREET
ANDREWS, TEXAS 79714
(432) 523-2181

CHI OPERATING, INC.

JOB No.: WTC48691

\\Project1\VM & Gov Sites\The Factory\src\Bowl - Chu Factory Site\2-11-2006\src\Site 2\Wells 1\004 Co\Drawings\4\Bowl - IN ACF 2\11 8 25 4H.dwg

VICINITY MAP



GRAPHIC SCALE OF MILES 1" = 2 MILE

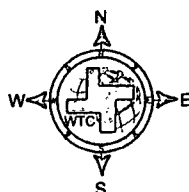
SECTION 25, T 19 S, R 29 E, N.M.P.M.

COUNTY: EDDY STATE: NM

DESCRIPTION: 200' FSL & 1650' FWL

OPERATOR: CHI OPERATING, INC.

WELL NAME: PEACEKEEPER STATE 25 #4H



DRIVING DIRECTIONS:

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ENGINEERS PLANNERS SURVEYORS
405 S.W. 1st. STREET
ANDREWS, TEXAS 79714
(432) 523-2181

CHI OPERATING, INC.

JOB No.: WTC48691

Application to Drill
Peacekeeper State Com 25 No. 4H
Sec. 25, T19S, R29E
Eddy County, New Mexico

Proposed drilling Plan

After drilling and setting surface casing, drill to approximately 8384' and set 7" casing. Cement in place. Drill out of the bottom of the 7" with a 6 1/8" bit and continue per directional plan to TD.

8. Casing & Cementing Program:

String	Hole size	Depth	Casing OD	Weight	Collar	Grade
Surface	17 1/2"	0' to 330'	New 13 3/8"	68#	STC	H-40
Intermediate	12 1/4"	0' to 3700'	New 9 5/8"	40#	LTC	J/K-55
Production	8 3/4"	0' to 8384'	New 7"	26#	LTC	P-110
Lateral Liner	6 1/8"	8384 to 12741'	New 4 1/2"	11.6#	LTC	P-110

9. Cementing:

Surface 600sx Premium Plus + 3% Salt + 25 CaCl₂(wt 14.8, yld 1.34)
TOC Surface

Intermediate Lead: 400sx EconoCem + 3% Salt + 2% CaCl₂ + 3 lbm/sk Gilsonite(wt 11.7, yld 2.06)
Tail: 650sx Premium Plus + 1% CaCl₂(wt 14.8, yld 1.34)
TOC Surface

Production Lead: 360sx EconoCem + 3% Salt + 5 lbm/sk gilsonite(wt 13.0, yld 1.71)
Tail: 365sx Halcem(wt14.8, yld 1.34)
TOC See COA

Lateral No cement needed. Open hole completion assembly.

Fresh water zones will be protected by setting 13 3/8" casing at 330' and cementing to surface. Hydrocarbon zones will be protected by setting 9 5/8" casing at 3700' and cementing to surface, and by setting 7" casing at 8722'.

Collapse Factor
1.125

Burst Factor
1.125

Tension Factor
1.6

3

- Elevation: 3340.3'**

- ## 7. Proposed Mud Circulating System:

Sufficient mud materials will be kept on location at all times in order to combat lost circulation or unexpected kicks. In order to run DSTs, open hole logs, and casing, the viscosity and water loss may have to be adjusted in order to meet these needs.

Application to Drill
Peacekeeper State Com 25 No. 4H
Sec. 25, T19S, R29E
Eddy County, New Mexico

10. Pressure control Equipment:

A 5000psi working pressure BOP tested to 3000psi consisting of one set of blind rams and One set of pipe rams and a 5000# annular type preventer. A choke manifold and 120 gallon accumulator with Floor and remote operating stations and auxiliary power system. Rotating head as needed. A kelly cock will be Installed and maintained in operable condition and a drill string safety valve in the open position will be available on the rig floor.

BOP unit will be hydraulically operated. BOP will be nipped up and operated at least once a day while drilling And the blind rams will be operated when out of hole during trips. No abnormal pressure or temperature is Expected while drilling. From the base of the surface pipe through the running of production casing, the well Will be equipped with a 5000psi BOP system tested to 3000psi.

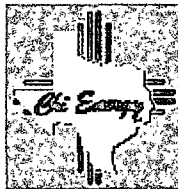
BOPs will be tested by an independent service company to 250psi low and 3000ps high. Hydrill will be tested to 250psi low and 1500psi high.



Weatherford®

Drilling Services

Proposal



PEACEKEEPER STATE 25 #4H

EDDY COUNTY, NEW MEXICO

WELL FILE: PLAN 1

MAY 30, 2013

Weatherford International, Ltd.

P.O. Box 61028

Midland, TX 79711 USA

+1.432.561.8892 Main

+1.432.561.8895 Fax

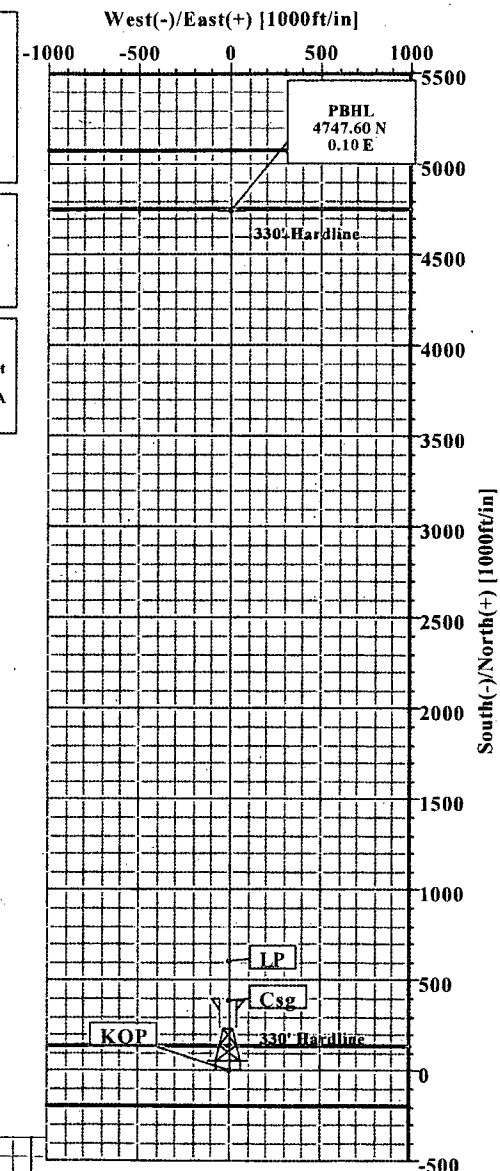
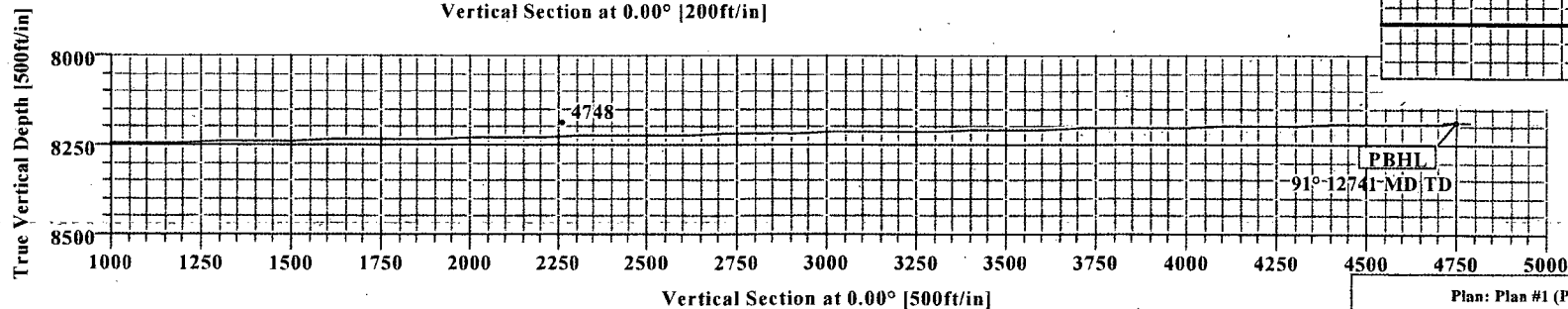
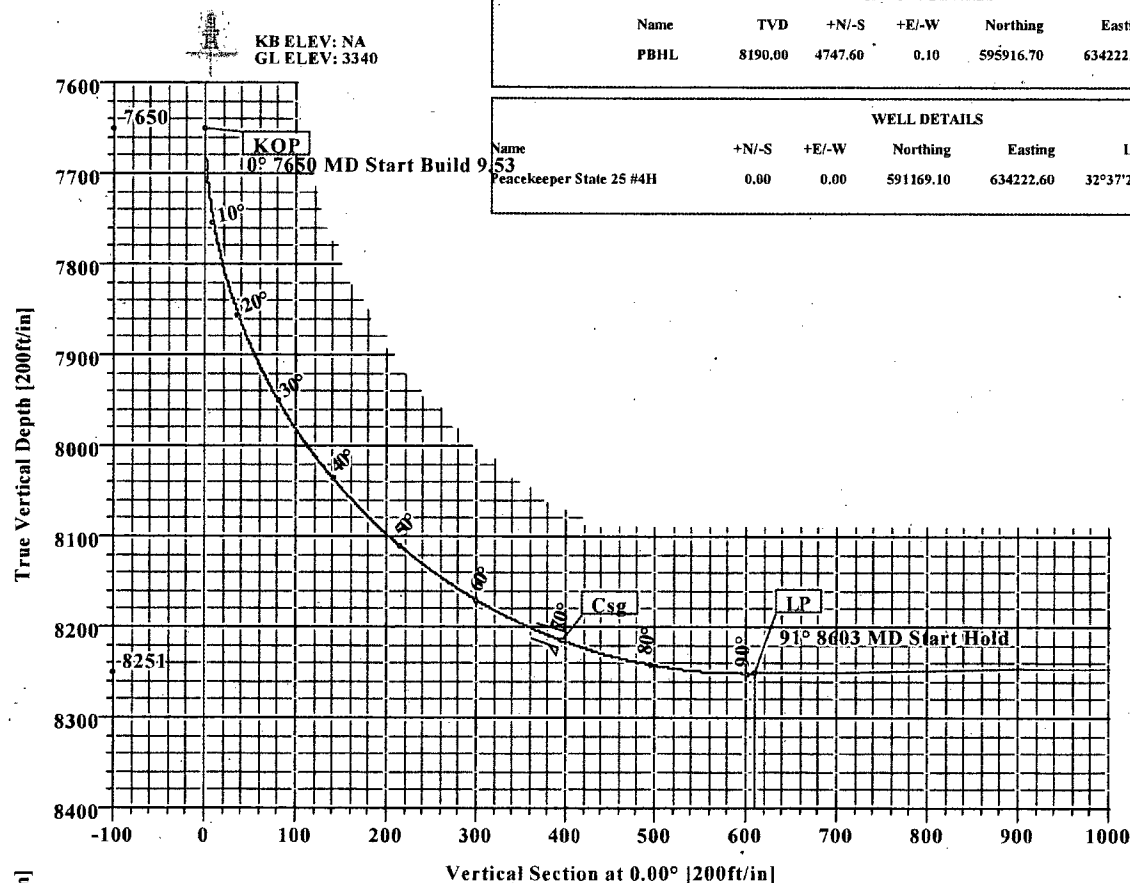
www.weatherford.com



SECTION DETAILS										
Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSec	Target
1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2	7649.85	0.00	0.00	7649.85	0.00	0.00	0.00	0.00	0.00	
3	8603.10	90.84	0.00	8251.00	610.08	0.01	9.53	0.00	610.08	
4	12741.07	90.84	0.00	8190.00	4747.60	0.10	0.00	0.00	4747.60	PBHL

TARGET DETAILS						
Name	TVD	+N/-S	+E/-W	Northing	Easting	Shape
PBHL	8190.00	4747.60	0.10	595916.70	634222.70	Point

WELL DETAILS						
Name	+N/-S	+E/-W	Northing	Easting	Latitude	Longitude
Peacekeeper State 25 #4H	0.00	0.00	591169.10	634222.60	32°37'29.310N	104°01'53.880W



Plan: Plan #1 (Peacekeeper State 25 #4H/1)
Created By: Russell W. Joyner Date: 5/30/2013



Weatherford

Wft Plan Report X Y's.



Weatherford

Company: Chi Energy Date: 5/30/2013 Time: 10:37:07 Page: 1
 Field: Eddy Co. NM (Nad 83) Co-ordinate(NE) Reference: Well: Peacekeeper State 25 #4H
 Site: Peacekeeper State 25 #4H Vertical(TVD) Reference: SITE 3340.0
 Well: Peacekeeper State 25 #4H Section(VS) Reference: Well(0.00N:0.00E:0.00Az)
 Wellpath: 1 Survey Calculation Method: Minimum Curvature Db: Sybase

Plan: Plan #1 Date Composed: 5/30/2013
 Principal: Yes Version: 1
 Tied-to: From Surface

Site: Peacekeeper State 25 #4H

Site Position: Northing: 591169.10 ft Latitude: 32 37 29.310 N
 From: Map Easting: 634222.60 ft Longitude: 104 1 53.880 W
 Position Uncertainty: 0.00 ft North Reference: Grid
 Ground Level: 3340.00 ft Grid Convergence: 0.16 deg

Well: Peacekeeper State 25 #4H Slot Name:

Well Position: +N/-S 0.00 ft Northing: 591169.10 ft Latitude: 32 37 29.310 N
 +E/-W 0.00 ft Easting: 634222.60 ft Longitude: 104 1 53.880 W
 Position Uncertainty: 0.00 ft

Wellpath: 1

Current Datum: SITE Height 3340.00 ft
 Magnetic Data: 10/15/2013
 Field Strength: 48599 nT
 Vertical Section: Depth From (TVD) +N/-S
 ft ft
 0.00 0.00 0.00 0.00

Drilled From: Surface
 Tie-on Depth: 0.00 ft
 Above System Datum: Mean Sea Level
 Declination: 7.54 deg
 Mag Dip Angle: 60.42 deg
 +E/-W Direction
 ft deg
 0.00 0.00

Plan Section Information

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg	Target
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
7649.85	0.00	0.00	7649.85	0.00	0.00	0.00	0.00	0.00	0.00	
8603.10	90.84	0.00	8251.00	610.08	0.01	9.53	9.53	0.00	0.00	
12741.07	90.84	0.00	8190.00	4747.60	0.10	0.00	0.00	0.00	0.00	PBHL

Survey

MD ft	Incl deg	Azim deg	TVD ft	N/S ft	E/W ft	VS ft	DLS deg/100ft	MapN ft	MapE ft	Comment
7600.00	0.00	0.00	7600.00	0.00	0.00	0.00	0.00	591169.10	634222.60	
7649.85	0.00	0.00	7649.85	0.00	0.00	0.00	0.00	591169.10	634222.60	KOP
7700.00	4.78	0.00	7699.94	2.09	0.00	2.09	9.53	591171.19	634222.60	
7800.00	14.31	0.00	7798.44	18.65	0.00	18.65	9.53	591187.75	634222.60	
7900.00	23.84	0.00	7892.84	51.29	0.00	51.29	9.53	591220.39	634222.60	
8000.00	33.37	0.00	7980.54	99.11	0.00	99.11	9.53	591268.21	634222.60	
8100.00	42.90	0.00	8059.10	160.79	0.00	160.79	9.53	591329.89	634222.60	
8200.00	52.43	0.00	8126.37	234.63	0.00	234.63	9.53	591403.73	634222.60	
8300.00	61.96	0.00	8180.49	318.58	0.01	318.58	9.53	591487.68	634222.61	
8384.37	70.00	0.00	8214.81	395.58	0.01	395.58	9.53	591564.68	634222.61	Csg
8400.00	71.49	0.00	8219.96	410.34	0.01	410.34	9.53	591579.44	634222.61	
8500.00	81.02	0.00	8243.69	507.36	0.01	507.36	9.53	591676.46	634222.61	
8600.00	90.55	0.00	8251.04	606.98	0.01	606.98	9.53	591776.08	634222.61	
8603.10	90.84	0.00	8251.00	610.08	0.01	610.08	9.53	591779.18	634222.61	LP
8700.00	90.84	0.00	8249.57	706.97	0.01	706.97	0.00	591876.07	634222.61	
8800.00	90.84	0.00	8248.10	806.96	0.02	806.96	0.00	591976.06	634222.62	
8900.00	90.84	0.00	8246.62	906.95	0.02	906.95	0.00	592076.05	634222.62	
9000.00	90.84	0.00	8245.15	1006.94	0.02	1006.94	0.00	592176.04	634222.62	
9100.00	90.84	0.00	8243.67	1106.92	0.02	1106.92	0.00	592276.02	634222.62	
9200.00	90.84	0.00	8242.20	1206.91	0.03	1206.91	0.00	592376.01	634222.63	
9300.00	90.84	0.00	8240.73	1306.90	0.03	1306.90	0.00	592476.00	634222.63	
9400.00	90.84	0.00	8239.25	1406.89	0.03	1406.89	0.00	592575.99	634222.63	
9500.00	90.84	0.00	8237.78	1506.88	0.03	1506.88	0.00	592675.98	634222.63	



Weatherford

Wft Plan Report X Y's.



Weatherford

Company: Chi Energy Date: 5/30/2013 Time: 10:37:07 Page: 2
Field: Eddy Co. NM (Nad 83) Co-ordinate(N/E) Reference: Well: Peacekeeper State 25 #4H
Site: Peacekeeper State 25 #4H Vertical (TVD) Reference: SITE 3340.0
Well: Peacekeeper State 25 #4H Section (VS) Reference: Well (0.00N,0.00E,0.00Az)
Wellpath: 1 Survey Calculation Method: Minimum Curvature Db: Sybase

Survey

MD ft	Incl deg	Azim deg	TVD ft	N/S ft	E/W ft	VS ft	DLS deg/100ft	MapN ft	MapE ft	Comment
9600.00	90.84	0.00	8236.30	1606.87	0.03	1606.87	0.00	592775.97	634222.63	
9700.00	90.84	0.00	8234.83	1706.86	0.04	1706.86	0.00	592875.96	634222.64	
9800.00	90.84	0.00	8233.36	1806.85	0.04	1806.85	0.00	592975.95	634222.64	
9900.00	90.84	0.00	8231.88	1906.84	0.04	1906.84	0.00	593075.94	634222.64	
10000.00	90.84	0.00	8230.41	2006.83	0.04	2006.83	0.00	593175.93	634222.64	
10100.00	90.84	0.00	8228.93	2106.82	0.04	2106.82	0.00	593275.92	634222.64	
10200.00	90.84	0.00	8227.46	2206.80	0.05	2206.80	0.00	593375.90	634222.65	
10300.00	90.84	0.00	8225.98	2306.79	0.05	2306.79	0.00	593475.89	634222.65	
10400.00	90.84	0.00	8224.51	2406.78	0.05	2406.78	0.00	593575.88	634222.65	
10500.00	90.84	0.00	8223.04	2506.77	0.05	2506.77	0.00	593675.87	634222.65	
10600.00	90.84	0.00	8221.56	2606.76	0.05	2606.76	0.00	593775.86	634222.65	
10700.00	90.84	0.00	8220.09	2706.75	0.06	2706.75	0.00	593875.85	634222.66	
10800.00	90.84	0.00	8218.61	2806.74	0.06	2806.74	0.00	593975.84	634222.66	
10900.00	90.84	0.00	8217.14	2906.73	0.06	2906.73	0.00	594075.83	634222.66	
11000.00	90.84	0.00	8215.67	3006.72	0.06	3006.72	0.00	594175.82	634222.66	
11100.00	90.84	0.00	8214.19	3106.71	0.07	3106.71	0.00	594275.81	634222.67	
11200.00	90.84	0.00	8212.72	3206.70	0.07	3206.70	0.00	594375.80	634222.67	
11300.00	90.84	0.00	8211.24	3306.69	0.07	3306.69	0.00	594475.79	634222.67	
11400.00	90.84	0.00	8209.77	3406.67	0.07	3406.67	0.00	594575.77	634222.67	
11500.00	90.84	0.00	8208.30	3506.66	0.07	3506.66	0.00	594675.76	634222.67	
11600.00	90.84	0.00	8206.82	3606.65	0.08	3606.65	0.00	594775.75	634222.68	
11700.00	90.84	0.00	8205.35	3706.64	0.08	3706.64	0.00	594875.74	634222.68	
11800.00	90.84	0.00	8203.87	3806.63	0.08	3806.63	0.00	594975.73	634222.68	
11900.00	90.84	0.00	8202.40	3906.62	0.08	3906.62	0.00	595075.72	634222.68	
12000.00	90.84	0.00	8200.92	4006.61	0.08	4006.61	0.00	595175.71	634222.68	
12100.00	90.84	0.00	8199.45	4106.60	0.09	4106.60	0.00	595275.70	634222.69	
12200.00	90.84	0.00	8197.98	4206.59	0.09	4206.59	0.00	595375.69	634222.69	
12300.00	90.84	0.00	8196.50	4306.58	0.09	4306.58	0.00	595475.68	634222.69	
12400.00	90.84	0.00	8195.03	4406.57	0.09	4406.57	0.00	595575.67	634222.69	
12500.00	90.84	0.00	8193.55	4506.55	0.09	4506.55	0.00	595675.65	634222.69	
12600.00	90.84	0.00	8192.08	4606.54	0.10	4606.54	0.00	595775.64	634222.70	
12700.00	90.84	0.00	8190.61	4706.53	0.10	4706.53	0.00	595875.63	634222.70	
12741.07	90.84	0.00	8190.00	4747.60	0.10	4747.60	0.00	595916.70	634222.70	PBHL

Targets

Name	Description	TVD	+N/-S	+E/-W	Map Northing	Map Easting	Latitude Deg Min Sec	Longitude Deg Min Sec
PBHL		8190.00	4747.60	0.10	595916.70	634222.70	32 38 16.289 N	104 1 53.721 W

Casing Points

MD ft	TVD ft	Diameter in.	Hole Size in.	Name
8384.37	8214.81	0.000	0.000	Csg

Formations

MD	TVD	Formations	Lithology	Dip Angle	Dip Direction



Weatherford

Wft Plan Report X Y's.



Weatherford

Company: Chi Energy	Date: 5/30/2013	Time: 10:37:07	Page: 3
Field: Eddy Co. NM (Nad 83)	Co-ordinate(NE) Reference: Well: Peacekeeper State 25 #4H		
Site: Peacekeeper State 25 #4H	Vertical (TVD) Reference: SITE 3340'0"		
Well: Peacekeeper State 25 #4H	Section (VS) Reference: Well (0.00N:0.00E:0.00Azi)		
Wellpath: 1	Survey Calculation Method: Minimum Curvature	Db: Sybase	

Annotation

MD ft	TVD ft	
7649.85	7649.85	KOP
8603.10	8251.00	LP
12741.07	8190.00	PBHL

**Weatherford®****Weatherford Drilling Services**

GeoDec v5.03

Report Date: May 30, 2013
Job Number: _____
Customer: Chi Energy
Well Name: Peacekeeper State 25 #4H
API Number: _____
Rig Name: _____
Location: Eddy Co., NM (Nad 83)
Block: _____
Engineer: KRN

US State Plane 1983	Geodetic Latitude / Longitude
System: New Mexico Eastern Zone	System: Latitude / Longitude
Projection: Transverse Mercator/Gauss Kruger	Projection: Geodetic Latitude and Longitude
Datum: North American Datum 1983	Datum: North American Datum 1983
Ellipsoid: GRS 1980	Ellipsoid: GRS 1980
North/South 591169.100 USFT	Latitude 32.6248115 DEG
East/West 634222.600 USFT	Longitude -104.0316292 DEG
Grid Convergence: .16°	
Total Correction: +7.50°	

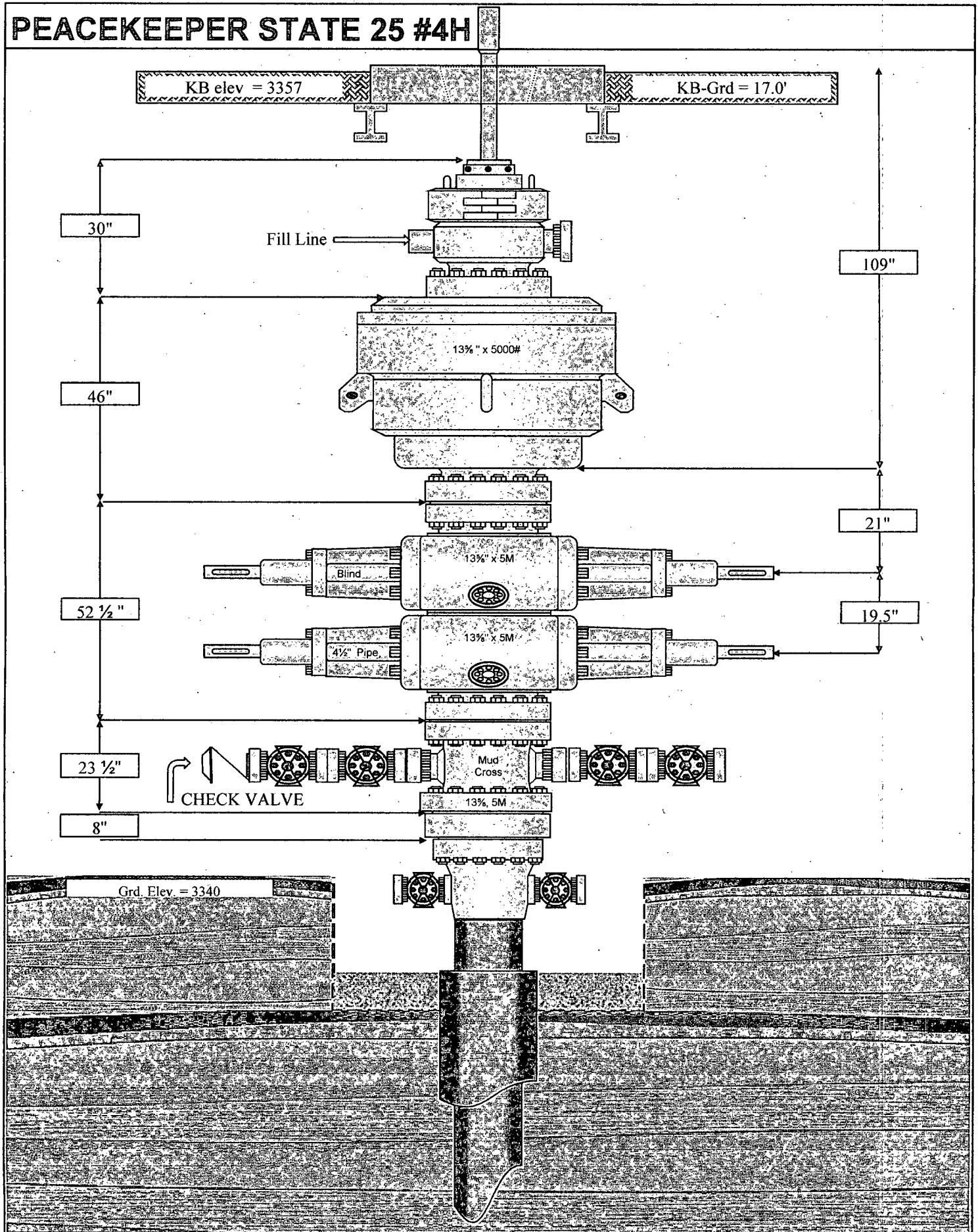
Geodetic Location WGS84	Elevation =	0.0 Meters
Latitude =	32.62481° N	32° 37 min 29.321 sec
Longitude =	104.03163° W	104° 1 min 53.865 sec

Magnetic Declination =	7.66°	[True North Offset]
Local Gravity =	.9988 g	Checksum = 6526
Local Field Strength =	48581 nT	Magnetic Vector X = 23776 nT
Magnetic Dip =	60.41°	Magnetic Vector Y = 3198 nT
Magnetic Model =	bggm2013	Magnetic Vector Z = 42245 nT
Spud Date =	Oct 15, 2013	Magnetic Vector H = 23990 nT

Signed: _____

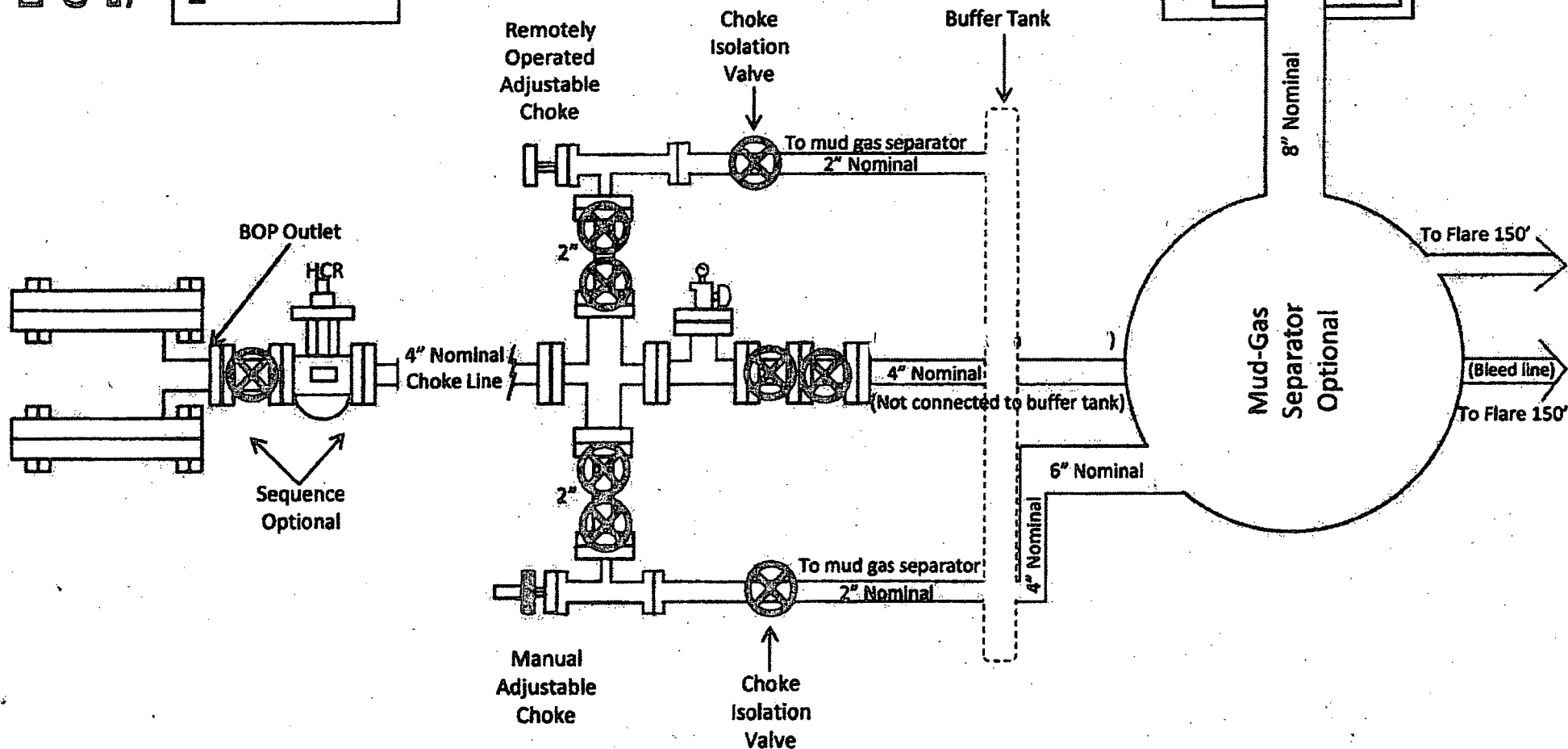
Date: _____

PEACEKEEPER STATE 25 #4H



Drilling Operations
Choke Manifold
5M Service

Exhibit E-1 – Choke Manifold Diagram



CHI OPERATING, INC.

PEACEKEEPER STATE COM. 25 #4H HYDROGEN SULFIDE (H₂S) CONTINGENCY DRILLING PLAN

Assumed 100 ppm ROE = 3000'

100 ppm H₂S concentration shall trigger activation of this plan.

This is an open drilling site. H₂S monitoring equipment and emergency response equipment will be rigged up and in use when the company drills out from under surface casing. H₂S monitors, warning signs, wind indicators and flags will be in use.

A. All personnel shall receive proper H₂S training in accordance with Onshore Order 6 III.C.3.a

B. Briefing Area: Two perpendicular areas will be designated by signs and readily accessible.

C. Required Emergency Equipment:

- Well control equipment
 - a. Flare line 150' from wellhead to be ignited by flare gun.
 - b. Choke manifold with a remotely operated choke.
 - c. Mud/Gas Separator.
- Protective Equipment for essential personnel.
Breathing apparatus:
 - a. Rescue Packs (SCBA) – 1 unit shall be placed at each briefing area. 2 units shall be stored in the safety trailer.
 - b. Work/Escapes packs – 4 packs shall be stored on the rig floor with sufficient air hose not to restrict work activity.
 - c. Emergency Escape Packs – 4 packs shall be stored in the doghouse for emergency evacuation.

Auxiliary Rescue Equipment:

- a. Stretcher
 - b. Two OSHA full body harness
 - c. 100 ft. 5/8" OSHA approved rope
 - d. One 20# class ABC fire extinguisher
- H₂S detection and monitoring Equipment:
The stationary detector with three sensors will be placed in the upper doghouse, set to visually alarm @ 10 ppm and audible @ 14 ppm. Calibrate a minimum of every 30 days or as needed. The sensors will be placed in the following places: Rig floor, Bell nipple, end of flare line or where well bore fluid is being discharged (Gas sample tubes will be stored in the safety trailer).

- Visual warning systems.
 - a. One color code condition sign will be placed at the entrance to the site reflecting the possible conditions at the site.
 - b. A colored condition flag will be on display, reflecting the current condition, at the drilling site.
 - c. Two wind socks will be placed in strategic locations being visible from all angles.
- Mud Program:
The mud program has been designated to minimize the volume of H₂S circulated to surface. The operator will have the necessary mud products to minimize hazards while drilling in H₂S bearing zones.
- Metallurgy:
 - a. All drill strings, casings, tubing, wellhead, blowout preventer, drilling spool, kill lines, choke manifold and lines, shall be suitable for H₂S service.
 - b. All elastomers used for packing and seals shall be H₂S trim.
- Communication:
Communication will be via two way radio in emergency and company vehicles. Cell phones and land lines where available.

Contacting Authorities

CHI Operating personnel must liaison with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as type and volume of release, wind direction, location of release, etc. Be prepared with all information available including directions to site. The following call list of essential and potential responders has been prepared for use during a release. CHI Operating, Inc. response must be in coordination with the State of New Mexico's "Hazardous Materials Emergency Response Plan" (HMER) and BLM Onshore Order #6.

H₂S Operations

Though no H₂S is anticipated during the drilling operation, this contingency plan will provide for methods to ensure the well is kept under control in the event an H₂S reading of 100 ppm or more are encountered. Once personnel are safe and the proper protective gear is in place and on personnel, the operator and rig crew essential personnel will ensure the well is under control, suspend drilling operations and shut-in the well (unless pressure build up or other operational situations dictate suspending operations will prevent well control), increase the mud weight and circulate all gas from the hole utilizing the mud/gas separator downstream of the choke, the choke manifold and the emergency flare system located 150' from the well. Bring the mud system into compliance and the H₂S level below 10 ppm, then notify all emergency officers that drilling ahead is practical and safe.

Proceed with drilling ahead only after all provisions of Onshore Order 6, Section III.C. have been satisfied.

H2S CONTINGENCY DRILLING PLAN EMERGENCY CONTACTS

Company Offices - CHI Operating Office

432-634-8958

KEY PERSONNEL					
Name	Title	Location	Phone #		
JOHN QUALLS	PRODUCTION ENGINEER	MIDLAND	432-685-5001		
RONNIE ROGERS	FIELD FOREMAN	MIDLAND	432-631-2717		

Agency Call List		
City	Agency or Office	Telephone Number
Artesia	Ambulance	911
Artesia	State Police	575-746-2703
Artesia	Sheriff's Office	575-746-9888
Artesia	City Police	575-746-2703
Artesia	Fire Department	575-746-2701
Artesia	Local Emergency Planning Committee	575-746-2122
Artesia	New Mexico OCD District II	575-748-1283
Carlsbad	Ambulance	911
Carlsbad	State Police	575-885-3137
Carlsbad	Sheriff's Office	575-887-7551
Carlsbad	City Police	575-885-2111
Carlsbad	Fire Department	575-885-2111
Carlsbad	Local Emergency Planning Committee	575-887-3798
Carlsbad	US DOI Bureau of Land Management	575-887-6544
State Wide	New Mexico Emergency Response Commission ("NMERC")	505-476-9600
State Wide	NMERC 24 hour Number	505-827-9126
State Wide	New Mexico State Emergency Operations Center	505-476-9635
National	National Emergency Response Center (Washington, D.C.)	800-424-8802

H2S CONTINGENCY DRILLING PLAN EMERGENCY CONTACTS

Emergency Services				
Name	Service	Location	Telephone Number	Alternate Number
Boots & Coots International Well Control	Well Control	Houston / Odessa	1-800-256-9688	281-931-8884
Cudd Pressure Control	Well Control & Pumping	Odessa	915-699-0139	915-563-3356
Baker Hughes Inc.	Pumping Service	Artesia, Hobbs and Odessa	575-746-2757	SAME
Total Safety	Safety Equipment and Personnel	Artesia	575-746-2847	SAME
Cutter Oilfield Services	Drilling Systems Equipment	Midland	432-488-6707	SAME
Assurance Fire & Safety	Safety Equipment and Personnel	Artesia	575-396-9702	575-441-2224
Flight for Life	Emergency Helicopter Evacuation	Lubbock	806-743-9911	SAME
Aerocare	Emergency Helicopter Evacuation	Lubbock	806-747-8923	SAME
Med Flight Air Ambulance	Emergency Helicopter Evacuation	Albuquerque	505-842-4433	SAME
Artesia General Hospital	Emergency Medical Care	Artesia	575-748-3333	702 North 13 Street

Chi Operating, Inc.

P. O. BOX 1799
MIDLAND, TEXAS 79702

August 27, 2012

Re: Authorization to Permit for Drilling and Right Of Way

To Whom it may concern,

Chi Operating, Inc. hereby authorizes Mr. Barry Hunt to serve as an agent for the purpose of permitting and obtaining Federal authority.

Gary Womack

Chi Energy, Inc.

432-634-8958 (C)

432-685-5001 (O)