

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
Energy, Minerals and Natural Resources

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

WELL API NO.
30-015-32538

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 GAS WELL DRY OTHER _____

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

7. Lease Name or Unit Agreement Name

KC Strip State

8. Well No. # 1

2. Name of Operator Chi Operating, Inc.

9. Pool name or Wildcat

3. Address of Operator
P.O. Box 1799 Midland, TX 79702

4. Well Location
Unit Letter O : 660' Feet From The SOUTH Line and 660' Feet From The EAST Line
Section 32 Township 18S Range 31E NMPM County EDDY

10. Date Spudded 12/13/02
11. Date T.D. Reached 1/27/03
12. Date Compl. (Ready to Prod.) 4/06/03
13. Elevations (DF& RKB, RT, GR, etc.) 3571' GR
14. Elev. Casinghead

15. Total Depth 12,191'
16. Plug Back T.D. 12,130'
17. If Multiple Compl. How Many Zones?
18. Intervals Drilled By
19. Producing Interval(s), of this completion - Top, Bottom, Name 12,063-073'

20. Was Directional Survey Made
21. Type Electric and Other Logs Run CDL & CNL
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
13 3/8"	48#	659'	17 1/2"	550sks, Circ 100sks	
8 5/8"	32#	3600'	11"	1,075sks, Circ 48sks	
5 1/2"	20/17#	12,191'	7 7/8"	1 st stage 200sks 2 nd stage 370sks	

24. LINER RECORD

SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN

25. TUBING RECORD

SIZE	DEPTH SET	PACKER SET
2 3/8"		12,016.34'

26. Perforation record (interval, size, and number)
12,063-073'

27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC.

DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED

28. PRODUCTION

Date First Production 4/06/03
Production Method (Flowing, gas lift, pumping - Size and type pump) Flowing
Well Status (Prod. or Shut-in) Producing

Date of Test	Hours Tested	Choke Size	Prod'n For Test Period	Oil - Bbl	Gas - MCF	Water - Bbl.	Gas - Oil Ratio
4/11/03	24	15/64		30	825		

Flow Tubing Press.	Casing Pressure	Calculated 24-Hour Rate	Oil - Bbl.	Gas - MCF	Water - Bbl.	Oil Gravity - API - (Corr.)
600#						

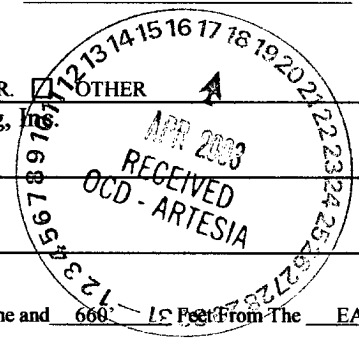
29. Disposition of Gas (Sold, used for fuel, vented, etc.)
Sold

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 Robin Askew Printed Name ROBIN ASKEW Title REGULATORY CLERK Date 4/15/03



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	
Rustler 640' _____	T. Canyon _____	T. Ojo Alamo _____	T. Penn. "B" _____
B. Salt _____	T. Strawn 10854 _____	T. Kirtland-Fruitland _____	T. Penn. "C" _____
T. Yates 2350 _____	T. Atoka 11000 _____	T. Pictured Cliffs _____	T. Penn. "D" _____
T. 7 Rivers 2665 _____	Atoka Carbonate 11388 _____	T. Cliff House _____	T. Leadville _____
T. Queen 3290 _____	T. Devonian _____	T. Menefee _____	T. Madison _____
T. Penrose 3518 _____	T. Silurian _____	T. Point Lookout _____	T. Elbert _____
T. Grayburg 3773 _____	T. Montoya _____	T. Mancos _____	T. McCracken _____
T. Premier 3926 _____	T. Simpson _____	T. Gallup _____	T. Ignacio Otzte _____
T. Captian 3992 _____	T. McKee _____	Base Greenhorn _____	T. Granite _____
T. Delaware 4188 _____	T. Ellenburger _____	T. Dakota _____	T. _____
Massive Delaware 4996 _____	T. Gr. Wash _____	T. Morrison _____	T. _____
Bone Spring Carb 6402 _____	T. Delaware Sand _____	T. Todilto _____	T. _____
1 st Bone Sprg Sand 7807 _____	T. Bone Springs _____	T. Entrada _____	T. _____
2 nd Bone Sprg Sand 8588 _____	T. Morrow Clastics 11702 _____	T. Wingate _____	T. _____
3 rd Bone Sprg Sand 9376 _____	T. Lower Morrow 12010 _____	T. Chinle _____	T. _____
Wolfcamp 9848 _____	T. Mississippian 12063 _____	T. Permian _____	T. _____
Wolfcamp Shale 10262 _____	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
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WELL NAME AND NUMBER KC Strip State #1
 LOCATION Section 32, T-18-S, R-31-E, Eddy County, New Mexico
 OPERATOR Chi Energy Inc., 212 N. Main, Suite 200, Midland, Texas 79701
 DRILLING CONTRACTOR TMBR/Sharp Drilling, Inc., P. O. Drawer 10970, Midland, TX 79702

The undersigned hereby certifies that he is an authorized representative of the drilling contractor who drilled the above described well and that he has conducted deviation tests and obtained the following results:

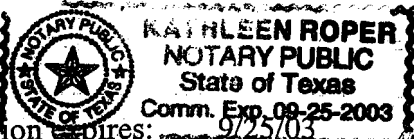
Degrees @ Depth	Degrees @ Depth	Degrees @ Depth	Degrees @ Depth
.75 @ 300'	1.00 @ 3,023'	.50 @ 4,974'	1.75 @ 7,594'
.50 @ 656'	.50 @ 3,226'	.50 @ 5,192'	2.00 @ 7,719'
.50 @ 782'	.75 @ 3,319'	.50 @ 5,408'	2.00 @ 7,810'
.50 @ 1,036'	.50 @ 3,367'	.50 @ 5,659'	2.00 @ 7,937'
.50 @ 1,286'	.50 @ 3,490'	.50 @ 5,878'	1.50 @ 8,063'
.75 @ 1,554'	.25 @ 3,600'	.75 @ 6,126'	1.75 @ 8,188'
.75 @ 1,805'	.75 @ 3,724'	.50 @ 6,314'	1.75 @ 8,280'
1.50 @ 2,117'	.75 @ 3,882'	.50 @ 6,562'	2.00 @ 8,407'
1.75 @ 2,215'	.75 @ 3,976'	1.00 @ 6,811'	2.00 @ 8,501'
1.50 @ 2,337'	.25 @ 4,100'	.75 @ 6,936'	2.00 @ 8,592'
2.00 @ 2,493'	.50 @ 4,224'	1.00 @ 7,061'	2.00 @ 8,719'
1.75 @ 2,589'	.50 @ 4,346'	1.75 @ 7,185'	2.00 @ 8,845'
1.25 @ 2,680'	.50 @ 4,504'	1.75 @ 7,280'	2.00 @ 8,969'
.75 @ 2,807'	.75 @ 4,660'	1.50 @ 7,340'	2.00 @ 9,063'
1.25 @ 2,932'	.50 @ 4,784'	2.00 @ 7,501'	2.25 @ 9,154'

Drilling Contractor TMBR/Sharp Drilling, Inc.

By *Jeffrey D. Phillips*
 Jeffrey D. Phillips, President

Subscribed and sworn to before me this 4th day of February, 2003

Kathleen Roper
 Notary Public Kathleen Roper


 Commission Expires: 9/25/03

Midland County, Texas



