

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

State of New Mexico
Energy, Minerals and Natural Resources

5 Form C-105
Revised March 25, 1999

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

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 ☐

2. Name of Operator

Chi Operating, Inc.

3. Address of Operator

P.O. Box 1799 Midland, TX 79702

4. Well Location

Unit Letter P 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

Rotary Tools

Cable Tools

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		Production Method (<i>Flowing, gas lift, pumping - Size and type pump</i>)			Well Status (<i>Prod. or Shut-in</i>)		
4/06/03		Flowing			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 - (<i>Corr.</i>)	
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

Rustler 640'	T. Canyon
B. Salt	T. Strawn 10854
T. Yates 2350	T. Atoka 11000
T. 7 Rivers 2665	Atoka Carbonate 11388
T. Queen 3290	T. Devonian
T. Penrose 3518	T. Silurian
T. Grayburg 3773	T. Montoya
T. Premier 3926	T. Simpson
T. Captian 3992	T. McKee
T. Delaware 4188	T. Ellenburger
Massive Delaware 4996	T. Gr. Wash
Bone Spring Carb 6402	T. Delaware Sand
1 st Bone Sprg Sand 7807	T. Bone Springs
2 nd Bone Sprg Sand 8588	T. Morrow Clastics 11702
3 rd Bone Sprg Sand 9376	T. Lower Morrow 12010
Wolfcamp 9848	T. Mississippian 12063
Wolfcamp Shale 10262	T.

Northwestern New Mexico

T. Ojo Alamo	T. Penn. "B"
T. Kirtland-Fruitland	T. Penn. "C"
T. Pictured Cliffs	T. Penn. "D"
T. Cliff House	T. Leadville
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. Morrow	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.....

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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:

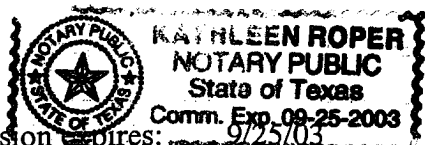
Degrees @ Depth	Degrees @ Depth	Degrees @ Depth	Degrees @ Depth
.75 @ 300'	1.00 @ 3,023'	.50 @ 4,974'	1.75 @ 7,594'
.50 @ 656'	.50 @ 3,226'	.50 @ 5,192'	2.00 @ 7,719'
.50 @ 782'	.75 @ 3,319'	.50 @ 5,408'	2.00 @ 7,810'
.50 @ 1,036'	.50 @ 3,367'	.50 @ 5,659'	2.00 @ 7,937'
.50 @ 1,286'	.50 @ 3,490'	.50 @ 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: 09/25/03

Midland

County, Texas



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Degrees @ Depth	Degrees @ Depth	Degrees @ Depth	Degrees @ Depth
2.50 @ 9,249'	1.75 @ 10,841'		
2.50 @ 9,341'	1.75 @ 10,903'		
2.75 @ 9,444'	1.50 @ 10,966'		
2.75 @ 9,540'	1.50 @ 11,184'		
2.25 @ 9,633'	1.75 @ 11,434'		
2.75 @ 9,727'	2.25 @ 11,653'		
2.25 @ 9,819'	2.75 @ 11,809'		
3.00 @ 9,912'	3.00 @ 11,902'		
3.00 @ 10,005'	2.00 @ 12,029'		
2.75 @ 10,098'	2.00 @ 12,160'		
2.75 @ 10,222'			
2.25 @ 10,345'			
2.00 @ 10,439'			
1.75 @ 10,594'			
1.25 @ 10,717'			

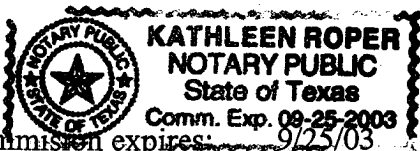


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