

Submit To Appropriate District Office State Lease - 6 copies Fee Lease - 5 copies <u>District I</u> 1625 N French Dr., Hobbs, NM 88240 <u>District II</u> 1301 W Grand Avenue, Artesia, NM 88210 <u>District III</u> 1000 Rio Brazos Rd., Aztec, NM 87410 <u>District IV</u> 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	<div style="text-align: right;"> JUN - 2 2009 Form C-105 Revised June 10, 2003 </div> WELL API NO. 3001536068 5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> State Oil & Gas Lease No.
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WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a Type of Well: OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> DRY <input type="checkbox"/> OTHER _____ b. Type of Completion: NEW <input checked="" type="checkbox"/> WORK <input type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG <input type="checkbox"/> DIFF. WELL OVER <input type="checkbox"/> BACK RESVR. <input type="checkbox"/> OTHER	7 Lease Name or Unit Agreement Name KC Strip State				
2. Name of Operator CHI OPERATING, INC	8. Well No. #2				
3. Address of Operator P.O. BOX 1799, MIDLAND, TEXAS 79702	9. Pool name or Wildcat Undesignated Shugart Morrow 85300				
4. Well Location Unit Letter <u>K</u> _____ 990' Feet From The _____ FSL _____ Line and _____ 1980' Feet From The _____ FWL _____ Line Section <u>32</u> Township <u>T18S</u> Range <u>R31E</u> NMPM <u>EDDY</u> County					
10. Date Spudded 1/10/09	11. Date T.D. Reached 2/13/09	12 Date Compl. (Ready to Prod.) 5/20/09	13. Elevations (DF& RKB, RT, GR, etc) GL 3571'	14. Elev. Casinghead	
15. Total Depth 12,275'	16. Plug Back T.D. 12,134'	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 12,138-144, 12,112-118' MORROW				20. Was Directional Survey Made YES	
21. Type Electric and Other Logs Run COMP NEU, DLL				22. Was Well Cored NO	

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"	54.5# J55	648'	17 1/2"	550SX - C	CIRC 171SX T/PIT
9 5/8"	40/36# J55	4035'	12 1/4"	1115SX - C	CIRC 152SX T/PIT
5 1/2"	17# P110	12,275'	7 7/8"	860SX - C	
					TOC @ 4926'

24. LINER RECORD					25. TUBING RECORD		
SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN	SIZE	DEPTH SET	PACKER SET
					2 3/8"	12,027'	12,027'

26 Perforation record (interval, size, and number) 12,138-144, 4SPF 12,112-118', 4 SPF	27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC. DEPTH INTERVAL AMOUNT AND KIND MATERIAL USED _____ _____ _____
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28. PRODUCTION

Date First Production 5/20/09		Production Method (Flowing, gas lift, pumping - Size and type pump) FLOWING		Well Status (Prod. or Shut-in) PRODUCING			
Date of Test 5/26/09	Hours Tested 24 HRS	Choke Size	Prod'n For Test Period	Oil - Bbl 0 BO	Gas - MCF 190 MCF	Water - Bbl 0 BW	Gas - Oil Ratio
Flow Tubing Press. 150#	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
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30 List Attachments
 DRLG SURVEY, LOGS

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 5/29/09
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	
T. Yates 2310'		T. Ojo Alamo	T. Penn. "B"
T. 7 Rivers 2547'		T. Kirtland-Fruitland	T. Penn. "C"
T. Queen 3257'		T. Pictured Cliffs	T. Penn. "D"
T. Capitan 3938'		T. Cliff House	T. Leadville
T. Cherry Canyon 4132'		T. Menefee	T. Madison
T. Bone Spring Carb 6298'		T. Point Lookout	T. Elbert
T. 1 st SD 7778'		T. Mancos	T. McCracken
T. 2 nd SD 8582'		T. Gallup	T. Ignacio Otzte
T. 3 rd SD 9420'		Base Greenhorn	T. Granite
T. Wolfcamp 9878'		T. Dakota	T.
T. Strawn 10,907'		T. Morrison	T.
T. Atoka 11,160'		T. Todilto	T.
T. Morrow Clastics 11,798'		T. Entrada	T.
T. Lower Morrow 11,980'		T. Wingate	T.
T. Mississippian 12,202'		T. Chinle	T.
		T. Permian	T.
		T. Penn "A"	T.

OIL OR GAS SANDS OR ZONES

No. 1, from.....to.....
No. 2, from.....to.....

No. 3, 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.....

No. 3, from.....to.....feet.....

LITHOLOGY RECORD (Attach additional sheet if necessary)

From	To	Thickness In Feet	Lithology

From	To	Thickness In Feet	Lithology