

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
**OCD-ARTESIA**FORM APPROVED  
OMB No 1004-0135  
Expires November 30, 2000**SUNDRY NOTICES AND REPORTS ON WELLS**  
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.***SUBMIT IN TRIPLICATE - Other instructions on reverse side**

## 1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

## 2. Name of Operator

Chi Operating, Inc.

## 3a. Address

P.O. Box 1799 Midland, TX 79702

## 3b. Phone No. (include area code)

432/685-5001

## 4. Location of Well (Footage, Sec., T, R, M., or Survey Description)

2300' FNL &amp; 400' FEL, Sec. 11-T19S-R30E surface location (original location)

2310' FNL &amp; 320' FEL, Sec. 11-T19S-R30E New Surface Location

## 5. Lease Serial No.

NM-0560353

## 6. If Indian, Allottee or Tribe Name

## 7. If Unit or CA Agreement Name and/or No.

## 8. Well Name and No.

Munchkin Federal, # 19

## 9. API Well No.

30-015-37986

## 10. Field and Pool, or Exploratory Area

Benson Delaware

## 11. County or Parish, State

Eddy

## 12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

## TYPE OF SUBMISSION

## TYPE OF ACTION

☒ Notice of Intent☐ Subsequent Report☐ Final Abandonment Notice☐ Acidize☐ Alter Casing☐ Casing Repair☒ Change Plans☐ Convert to Injection☐ Deepen☐ Fracture Treat☐ New Construction☐ Plug and Abandon☐ Plug Back☐ Production (Start/Resume)☐ Reclamation☐ Recomplete☐ Temporarily Abandon☐ Water Disposal☐ Water Shut-Off☐ Well Integrity☐ Other Change BOP

3. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Chi Operating, Inc. is preparing to drill the above captioned well and the drilling superintendent has requested that the BOP be changed from a 3M system to a 2M system. A copy of the 2M BOP is attached.

Accepted for record

NMOCD

RF  
5/25/10SEE ATTACHED FOR  
CONDITIONS OF APPROVAL

## 14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

George R. Smith

Title Agent for Chi Operating, Inc.

Signature

George R. Smith

Date May 11, 2010

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

## Approved by (Signature)

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Name  
(Printed/Typed)

Office

Title

MAY 20 2010  
s/ Chris Walls

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on next page)

## 2000 psi System

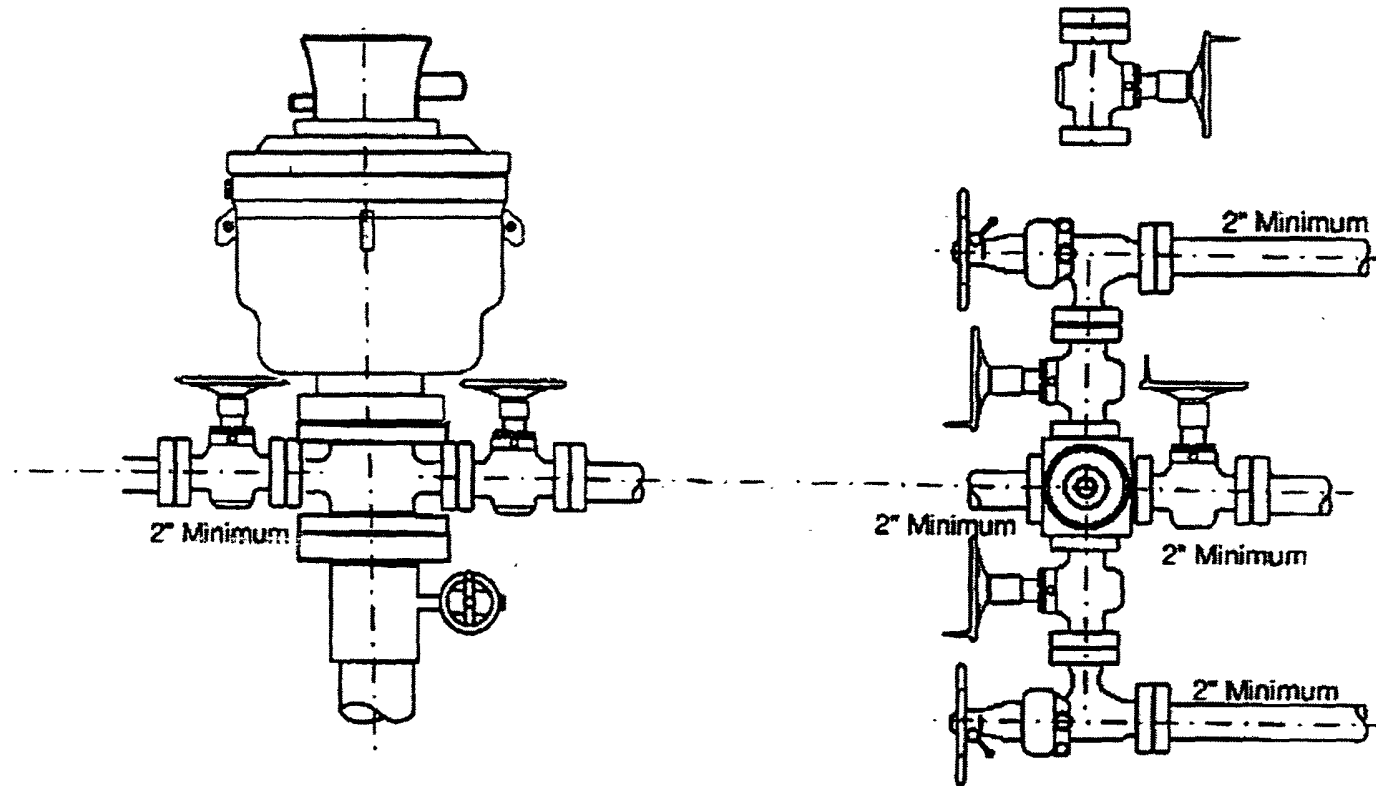


Figure 3-1A

## CONDITIONS OF APPROVAL

<b>OPERATOR'S NAME:</b>	<b>Chi Operating</b>
<b>LEASE NO.:</b>	<b>NMNM-0560353</b>
<b>WELL NAME &amp; NO.:</b>	<b>Munchkin Federal 19</b>
<b>SURFACE HOLE FOOTAGE:</b>	<b>2300' FNL &amp; 400' FEL</b>
<b>LOCATION:</b>	<b>Section 11, T. 19 S., R 30 E., NMPM</b>
<b>COUNTY:</b>	<b>Eddy County, New Mexico</b>

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.
2. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **2000 (2M) psi**.
  - a. **For surface casing only:** If the BOP/BOPE is to be tested against casing, the wait on cement (WOC) time for that casing is to be met (see WOC statement at start of casing section). Independent service company required.
3. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
  - a. Casing cut-off and BOP installation will not be initiated until the cement has had a minimum of 8 hours setup time for a water basin. The casing shall remain stationary and under pressure for at least eight hours after the operator places the cement. In the potash area, the minimum time is 12 hours and the casing shall remain stationary and under pressure during this time period. Casing shall be under pressure if the operator uses some acceptable means of holding pressure or if the operator employs one or more float valves to hold the cement in place. Testing the BOP/BOPE against a plug can commence after meeting the above conditions plus the BOP installation time.
  - b. The tests shall be done by an independent service company utilizing a test plug.
  - c. The results of the test shall be reported to the appropriate BLM office.
  - d. All tests are required to be recorded on a calibrated test chart. **A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.**

- e. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug.

**CRW 051810**