

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., 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

<p>SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)</p>		<p>WELL API NO. 30-015-29007</p>
<p>1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/></p>		<p>5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/></p>
<p>2. Name of Operator CHI OPERATING, INC.</p>		<p>6. State Oil & Gas Lease No.</p>
<p>3. Address of Operator P.O. BOX 1799, MIDLAND, TX</p>		<p>7. Lease Name or Unit Agreement Name Hagerman</p>
<p>4. Well Location Unit Letter <u>K</u> : <u>1650</u> feet from the <u>SOUTH</u> line and <u>2200</u> feet from the <u>WEST</u> line Section <u>30</u> Township <u>22S</u> Range <u>27E</u> NMPM EDDY County</p>		<p>8. Well Number <u>1</u></p>
<p>11. Elevation (Show whether DR, RKB, RT, GR, etc.)</p>		<p>9. OGRID Number 4378</p>
<p>10. Pool name or Wildcat Delaware</p>		

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☒
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
DOWNHOLE COMMINGLE ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOBS ☐

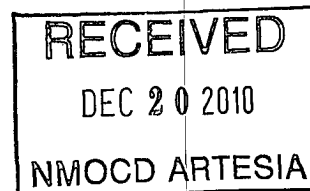
OTHER: ☐

**Notify OCD 24 hrs. prior
to any work done.**

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

POOH with production string
Set CIBP @ 2850' to abandon Delaware Perfs
Dump 35' cmt on top of CIBP
Set CIBP @ 1600' with 35' cmt on top
Pump 10 sx surface plug - *mn. 60'*
Install dry hole marker

** 100' CMT Plug @ 460'-360' (13 3/8 c 410') w/ce TAG.*



Spud Date:

Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Pam Corbett TITLE REGULATORY CLERK DATE 11/5/10

Type or print name PAM CORBETT E-mail address: pamc@chienergyinc.com PHONE: 432-685-5001

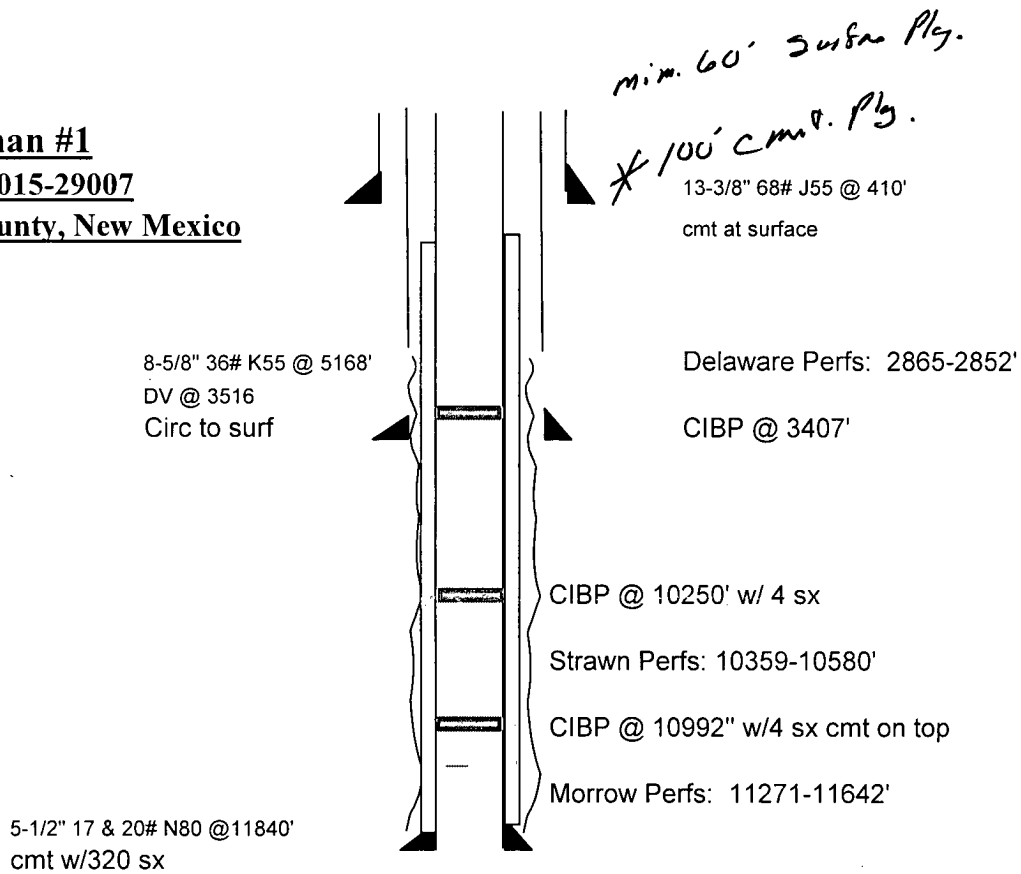
For State Use Only

APPROVED BY: [Signature] TITLE Approval Granted providing work is complete by 3/24/2011 DATE 12/21/2010
Conditions of Approval (if any):

Hagerman #1

API #30-015-29007

Eddy County, New Mexico



Plug and Abandon Procedure

Current Perfs: Delaware 2865-2852'

POOH W/ production string

Set CIBP @ 2850' to abandon Delaware Perfs

Dump 35' cmt on top of CIBP

Set CIBP @ 1600' w 35' on top

* Pump 10 sx surface plug - min. 60' surface Plug.
Install dry hole marker

* 100' cmt Plug. 460' - 360' WOC TAG