

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- 33052

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

RUNNING SHOE STATE

2. Name of Operator

Chi Operating, Inc.

8. Well No.

#1

RECEIVED

3. Address of Operator

P.O. Box 1799 Midland, TX 79702

9. Pool name or Wildcat

MORROW

FEB 27 2004

4. Well Location

OCD-ARTESIA

Unit Letter H : 1650' Feet From The NORTH Line and 990' Feet From The EAST Line

Section 24 Township 19S Range 27E NMPM County EDDY

10. Date Spudded 10/21/03 11. Date T.D. Reached 11/26/03 12. Date Compl. (Ready to Prod.) 12/30/03 13. Elevations (DF& RKB, RT, GR, etc.) 14. Elev. Casinghead

15. Total Depth 11,073' 16. Plug Back T.D. 17. If Multiple Compl. How Many Zones? 18. Intervals Drilled By 19. Producing Interval(s), of this completion - Top, Bottom, Name 10,721-42' 20. Was Directional Survey Made

21. Type Electric and Other Logs Run

Deviation survey, 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" | 54.5# | 435' | 17 1/2" | 400sxs, Circ 210sxs | |
| 8 5/8" | 32# | 2610' | 11" | 825sxs, 266sxs | |
| 5 1/2" | 20/17# | 11,073' | 7 7/8" | 600sxs | |
| | | | | | |
| | | | | | |

24. LINER RECORD

| SIZE | TOP | BOTTOM | SACKS CEMENT | SCREEN |
|------|-----|--------|--------------|--------|
| | | | | |
| | | | | |

25. TUBING RECORD

| SIZE | DEPTH SET | PACKER SET |
|------|-----------|------------|
| | | |
| | | |

26. Perforation record (interval, size, and number)

10,816-27; 10,833; 10,872-75'; 10,834-44'; 10,946-54';
10,721-42'

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

| DEPTH INTERVAL | AMOUNT AND KIND MATERIAL USED |
|----------------|---|
| 10,721-42' | A/1000gal 7 1/2% Morrow acid w/1000scf per bbl Nitrogen |
| | |
| | |

28. PRODUCTION

| Date First Production | Production Method (Flowing, gas lift, pumping - Size and type pump) | Well Status (Prod. or Shut-in) |
|-------------------------|---|--------------------------------|
| 12/30/03 | Flwg | Prod. |
| Date of Test 1/12/04 | Hours Tested 24hr | Choke Size 48/64 |
| Flow Tubing Press. 400# | 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

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 Askeu* Printed Name ROBIN ASKEW Title REGULATORY CLERK Date 2/11/04

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

| | |
|----------------------------------|--------|
| Yates | 498' |
| Seven Rivers | 738' |
| Queen | 1390' |
| San Andres | 2144' |
| Bone Spring | 3410' |
| 1 st Bone Spring Sand | 6766' |
| 2 nd Bone Spring Sand | 7702' |
| 3 rd Bone Spring Sand | 8006' |
| Wolfcamp | 8432' |
| Cisco | 8780' |
| Strawn | 9466' |
| Atoka | 10086' |
| Morrow Lime | 10276' |
| Morrow Clastics | 10426' |
| Lower Morrow | 10808' |
| Mississippian | 10970' |

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. Wingate | 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..... | |
| | |

WELL NAME AND NUMBER Running Shoe State #1
 LOCATION Section 24, T-19-S, R-27-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 |
|-----------------|-----------------|-----------------|-----------------|
| .25 @ 299' | .75 @ 3,878' | 2.75 @ 5,248' | 3.75 @ 6,331' |
| .50 @ 933' | 1.00 @ 3,974' | 3.00 @ 5,312' | 3.75 @ 6,427' |
| 1.00 @ 1,110' | 1.25 @ 4,070' | 2.75 @ 5,376' | 3.75 @ 6,523' |
| .75 @ 1,331' | 1.00 @ 4,166' | 2.75 @ 5,440' | 3.75 @ 6,619' |
| 1.00 @ 1,521' | 1.50 @ 4,260' | 2.75 @ 5,504' | 4.00 @ 6,714' |
| 1.00 @ 1,712' | 1.75 @ 4,356' | 3.00 @ 5,567' | 3.75 @ 6,810' |
| .50 @ 1,901' | 1.75 @ 4,419' | 3.00 @ 5,630' | 4.00 @ 6,906' |
| 1.25 @ 2,092' | 1.75 @ 4,483' | 3.00 @ 5,694' | 3.75 @ 7,097' |
| .75 @ 2,284' | 2.00 @ 4,579' | 3.00 @ 5,758' | 3.75 @ 7,193' |
| 1.00 @ 2,763' | 2.00 @ 4,675' | 3.00 @ 5,822' | 3.25 @ 7,352' |
| 1.50 @ 3,146' | 2.00 @ 4,771' | 3.00 @ 5,885' | 3.00 @ 7,447' |
| .75 @ 3,209' | 2.00 @ 4,867' | 3.00 @ 5,981' | 3.00 @ 7,543' |
| 1.25 @ 3,337' | 2.00 @ 4,962' | 3.00 @ 6,077' | 2.25 @ 7,671' |
| .75 @ 3,688' | 2.00 @ 5,058' | 3.50 @ 6,172' | 2.00 @ 7,798' |
| 1.00 @ 3,782' | 2.25 @ 5,153' | 3.25 @ 6,248' | 1.25 @ 7,926' |

Drilling Contractor TMBR/Sharp Drilling, Inc.

By

Jeffrey D. Phillips, President

Subscribed and sworn to before me this

29th

day of December

2003



Kathleen Roper
Notary Public

Kathleen Roper

Commission expires:

10/2/07

Midland

County, Texas

RECEIVED

FEB 27 2004

OCD-ARTESIA

[illegible]

OCD-ARTESIA

By Jeffrey D. Phillips
Jeffrey D. Phillips, President

Subscribed and sworn to before me this 29th day of December 2003



Kathleen Poppe