

Form 3160-5
(April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

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 <input type="checkbox"/> Oil Well <input type="checkbox"/> <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMLC-029420-B
2. Name of Operator CHICA ENERGY LLC		6. If Indian, Allottee or Tribe Name
3a. Address 3003 McPherson Road Roswell, NM 88201	3b. Phone No (include area code) 575-623-6762	7. If Unit or CA/Agreement, Name and/or No
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1028' FSL & 1227' FWL Sec 28-T17S-R31E		8. Well Name and No. Dow "28" Federal #1
		9. API Well No. 30-015-28676
		10. Field and Pool, or Exploratory Area Cedar Lake East, Morrow
		11. County or Parish, State Eddy County, New Mexico

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Change Operator
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13 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 recomplate 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 recompletion 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)

As required per Onshore Orders, Chica Energy LLC has taken over as operator from Yeso Energy Inc on the above described effective 3-15-2010. Chica Energy LLC as new operator accepts all terms, conditions, restrictions and stipulations concerned for any and all operations conducted on this lease or portion of this lease as described above.

Operator Contact Info:
Chica Energy LLC
3003 McPherson Road
Roswell, NM 88201

Responsible Party:
J.A. Hodges
575-623-6762
866-623-9305 Fax

**SUBJECT TO LIKE
APPROVAL BY STATE**

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

Bonding Coverage: ~~Statewide New Mexico~~ Bond Amount: **\$75,000**, Bond Number: **NMB000652**

For NMLC029420 B, NM 14840, & NM 67988 only

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) J. A. Hodges		Title Manager
Signature		Date 03/15/2010

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by	Title CPET	Date 5/20/10
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.		Office CFO

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

(Instructions on page 2)

**Before the OCC
Case 14472
Case 14547
OCD Exhibit 16**

BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972

Conditions of Approval

Chica Energy LLC

Dalton Federal #1, Dow "28" Federal #1 and Gulf McKay Federal #1

1. Submit plan for approval of well operations within 30 days of this approval to change operator.

The Bureau of Land Management (BLM) and Minerals Management Service (MMS) definition of a Shut-in (SI) or Temporarily Abandoned (TA) are as follows. Shut-in well is a completion that is physically and mechanically capable of production in paying quantities or capable of service use. The definition of a temporarily abandoned well is a completion that is not capable of production in paying quantities but which may have value as a service completion.

43 CFR 3162.3-4 (C) requires that wells incapable of production in paying quantities be promptly plugged and abandoned and requires approval for any well temporarily abandoned for more than 30 days.

Therefore an Operator must submit a Sundry Notices as a Notice of Intent prior to beginning any operation it will be approved with condition of approval attached to properly TA the well. You need to submit a plan for the well within in 30 days stating you intent for the well.

Do one of the following.

- 1. Return the well to production or beneficial use.**
- 2. Submit notice of intent to plug and abandon.**

If you decide to **plug and abandon** the well, submit a Sundry Notice (form 3160-5, original and 3 copies) describe the proposed plugging program.

If you decide to **return the well to production**, submit a Sundry Notice (form 3160-5, original and 3 copies) of intent. Include the date you anticipated the well being placed back in service. 43 CFR 3162.4-1(c) also requires you to notify the Authorized officer, not later than the fifth business day after production is resumed for any well which has been off production for more than 90 days, the date on which such production was resumed. Notification may be by letter or Sundry Notice, or orally followed by letter or Sundry Notice.