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RECEIVED

OCT 12 1999

October 7, 1999

Via Fax and U.S. Mail

Michael E. Stogner
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505


M.S.

Re: Case No. 12245; application of Chi Energy, Inc.

Dear Mr. Stogner:

As requested at the hearing today, enclosed is a copy of the APD for the well involved in the above case, which also includes its API number.

Very truly yours,


James Bruce

Attorney for Chi Energy, Inc.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK
 DRILL DEEPEN

b. TYPE OF WELL
 OIL WELL GAS WELL OTHER SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
 Chi Operating, Inc. 4378 915/685-5001

3. ADDRESS AND TELEPHONE NO.
 P. O. Box 1799 Midland, Texas 79702

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
 At surface 990' FSL & 990' FWL
 At proposed prod. zone Same Unit M

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 17 road miles E. of Artesia, NM

10. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any) 330'

16. NO. OF ACRES IN LEASE 200

17. NO. OF ACRES ASSIGNED TO THIS WELL 320

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 300' P&A

19. PROPOSED DEPTH 10,400'

20. ROTARY OR CABLE TOOLS Rotary

21. ELEVATIONS (Show whether DF, RT, GR, or other) 3530' GL

22. APPROX. DATE WORK WILL START* August 30, 1999

5. LEASE DESIGNATION AND SERIAL NO.
 NM-012896

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME
 24889

8. FARM OR LEASE NAME, WELL NO.
 Coal Train Federal

9. API WELL NO.
 30-015-30764

10. FIELD AND POOL, OR WILDCAT
 WC Crow Flat; Morrow SE gr
 96840

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
 Sec. 10-T17S-R28E

12. COUNTY OR PARISH Eddy

13. STATE New Mexico

ROSWELL CONTROLLED WATER BASIN

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	13 3/8"H-40	48.0# STC	425'	Circ. 350 sx "C"
12 1/4"	8 5/8"J-55	32.0# STC	2,000'	Circ. 650 sx "C"
7 7/8"	5 1/2"N-80	17.0# LTC	10,400'	475 sx "H" to 8,000'

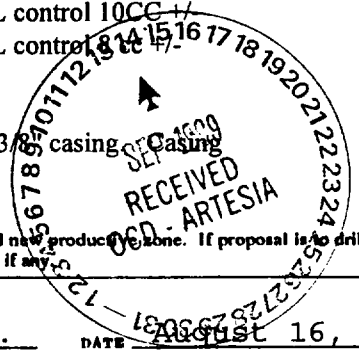
APPROVAL SUBJECT TO
 GENERAL REQUIREMENTS AND
 SPECIAL STIPULATIONS

Mud Program:	Mud Wt.	- Vis.	ATTN: Control
0' - 425': Fresh water Gel/Lime:	8.4 - 8.7 ppg	32 - 34	No W/L control
425' - 2,000': Brine mud:	10.0-10.2 ppg	28 - 29	No W/L control
2,000' - 6,600': Fresh water mud:	8.3 - 8.4 ppg	28 - 29	No W/L control
6,600' - 9,100': Cut Brine mud:	9.6-10.0 ppg	28 - 29	No W/L control
9,100' - 9,500': Cut Brine mud:	9.6-10.0 ppg	32 - 36	W/L control 10CC +/-
9,500' - 10,400': Cut Brine mud:	9.6-10.0 ppg	42 - 48	W/L control 8-14 cc +/-

BOP Program:
 A 12" 5000 psi wp Shaffer Type LWS Double Gate BOP will be installed on the 13 3/8" casing and BOP will be tested before drilling out with 12 1/4" and will be tested daily.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

SIGNED George L. Smith TITLE Agent for: Chi Operating, Inc. DATE August 16, 1999



(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

Application approval 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.
 CONDITIONS OF APPROVAL, IF ANY: Acting

APPROVED BY /s/LARRY D. BRAY TITLE Assistant Field Office Manager, Lands and Minerals DATE 9-13-99

*See Instructions On Reverse Side

RIG #22

BLOWOUT PREVENTOR ARRANGEMENT

- 11" SHAFFER TYPE LWS, 5000 psi WP**
- 11" CAMERON SPHERICAL, 5000 psi WP**
- 120 GALLON, 5 STATION KOOMEY ACCUMULATOR**
- 5000 psi WP CHOKE MANIFOLD**

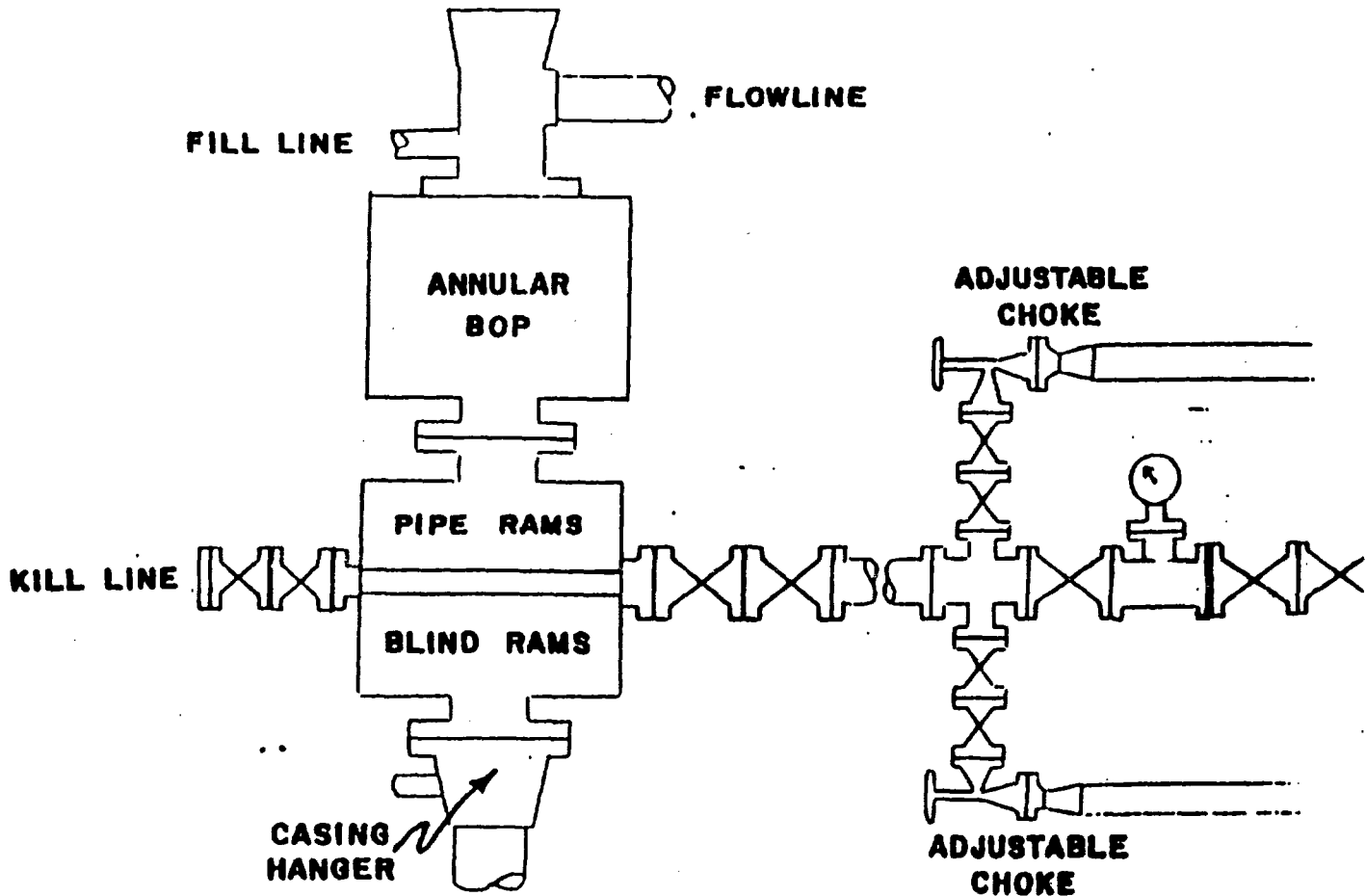


EXHIBIT "E"
CHI OPERATING, INC.
Coal Train Federal Com., Well No. 1
BOP Specifications