

Submit 3 Copies To Appropriate District Office
 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

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 May 27, 2004

OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

WELL API NO. 30-015-23962
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. 025157

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.)		7. Lease Name or Unit Agreement Name State HL2
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <input type="checkbox"/>	RECEIVED JAN 23 2006 OCD-ARTESIA	8. Well Number 1Y
2. Name of Operator Chisos Limited		9. OGRID Number 215732
3. Address of Operator 670 Dona Ana Road, SW Deming, NM 88030		10. Pool name or Wildcat Turkey Track (Atoka)
4. Well Location Unit Letter: F: 2090' feet from the North line and 1870' feet from the West line Section 2 Township 19S Range 29E NMPM County Eddy		
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3392' GR		
Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/>		
Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____		
Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____		

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

NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input checked="" type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> OTHER: <input type="checkbox"/>		SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/> OTHER: <input type="checkbox"/>	
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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 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Based upon a wireline evaluation of the well, it appears that the casing has collapsed at a depth of appx. 10,766'.
 Prior to the collapse of the casing, the well was producing 150 MCF/D from Atoka perforations at a depth of 10,818' - 89' over all. In order to preserve the wellbore and evaluate some potential shallower zones, Chisos proposes to temporarily abandon the well by cutting the tubing with a mechanical cutter at appx. 10,000' and remove same from the well. Chisos will then set a CIBP at 9,990' and spot 30' of cement on top of the plug. This temporary abandonment procedure will be completed by April 1, 2006.

DOES NOT MEET Requirements of OCD Rule 203

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines , a general permit or an (attached) alternative OCD-approved plan .

SIGNATURE *Randy Ziebarth* TITLE Consultant DATE 1-13-06

Type or print name **Randy Ziebarth** E-mail address: **ziebarthr@teai.com** Telephone No. (713) 756-1620
For State Use Only

APPROVED BY: _____ TITLE _____ DATE JAN 25 2006
 Conditions of Approval (if any): _____

DENIED **DENIED**