

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

SEP 28 2009

Form C-103
June 19, 2008

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

WELL API NO. 3001536068
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name KC STRIP STATE
8. Well Number 2
9. OGRID Number
10. Pool name or Wildcat

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.)	
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other	
2. Name of Operator CHI OPERATING, INC.	
3. Address of Operator P.O. BOX 1799, MIDLAND, TEXAS 79702	
4. Well Location Unit Letter <u>K</u> : <u>990'</u> feet from the <u>FSL</u> line and <u>1980'</u> feet from the <u>FWL</u> line Section <u>32</u> Township <u>T18S</u> Range <u>R31E</u> NMPM EDDY County	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) GL: 3571'	

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
OTHER: <input type="checkbox"/>		OTHER: Completion <input checked="" type="checkbox"/>	

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.

Completion started 3/09. Perf Lower Morrow @ 12,138-144 4spf & 12,112-118' 4spf. Set pkr @ 12,027'. RU Acid crew, P/3000gal 7½% HCL acid w/1000scf Nitrogen per barrel of acid. RU Frac crew, P/129bbl of 40# Linear gel pad along w/148bbls of sand laden Fluid w/19,570# of Ultraprop 18/40 Sand in addition w/37 tons of CO2 & 292,000scf of Nitrogen. Started producing 5/20/09.

Spud Date:

1/10/09

Rig Release Date:

2/15/09

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

SIGNATURE Robina Askew TITLE REGULATORY CLERK DATE 5/28/09

Type or print name ROBINA ASKEW E-mail address: robina@chienergyinc.com PHONE: 432-685-5001
For State Use Only

APPROVED BY: Acqui TITLE Geologist DATE 9/28/09
Conditions of Approval (if any):