

Submit 3 Copies To Appropriate District Office
 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
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 Revised March 25, 1999

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

WELL API NO. 30-015-33181
5. Indicate Type of Lease STATE FEE
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name: MERLAND
7. Well No. 2
8. Pool name or Wildcat
10. Elevation (Show whether DR, RKB, RT, GR, etc.) GR -

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 Gas Well Other

2. Name of Operator
 Chi Operating, Inc.

3. Address of Operator
 P.O. Box 1799 Midland, Texas 79702

4. Well Location
 Unit Letter : 990 feet from the NORTH line and 1980 feet from the WEST line
 Section 30 Township: 22S Range: 27e NMPM County: EDDY

11. 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"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPLETION <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>			<input type="checkbox"/>

12. 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 recompilation.

Spud well 2/6/04 @ 6am. Drld 17 1/2" hole to 376'. Ran 13 3/8" 61# J55 surface csg. Cmtd w/2 Leads 180sxs "H" + 10% A-10 + 2% Cacl2 + 1/2 # CF + 4# LCM + 240sxs "C" + 4% Gel + 2% Cacl2 + 4# LCM, Tail 135sxs "C" + 2% Cacl2 + 1/4 # CF. Circ 276sxs. WOC 18 hrs. Drld 12 1/4" hole to 5304'. Ran 9 5/8" 40/36# J55 csg. Cmtd 1st Stage: Lead-740sxs "C" + 4% Gel + 10% salt + 1pps LCM-1. Tail-75sxs "C" + .25pps CF + .2% SMS, circ 75sxs. Cmtd 2nd Stage w/Lead 500sxs "C" + 15% Gel + 10% salt + 1pps LCM-1, Tail-100sxs "C" + 1% Cacl2 + .25pps CF, circ 150sxs. WOC 18 hrs.

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

SIGNATURE Robin Askew TITLE Regulatory Clerk DATE 3/01/04

Type or print name ROBIN ASKEW Telephone No. 432-685-5001

(This space for State use)

FOR RECORDS ONLY

APPROVED BY _____ TITLE _____ DATE MAR 12 2004

Conditions of approval, if any: