

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

dhf

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 checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NM-012896
2. Name of Operator Chi Operating, Inc.		6. If Indian, Allottee or Tribe Name
3a. Address P.O. Box 1799	3b. Phone No. (include area code) (915) 685-5001	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 660' FSL & 990' FWL (New) Sec. 10-T17S-R28E 990' FSL & 990' FWL (Old) " "		8. Well Name and No. Coal Train Federal Com.
		9. API Well No. 1
		10. Field and Pool, or Exploratory Area WC Crow Flat; Morrow SE gas
		11. County or Parish, State Eddy, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" 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 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 type="checkbox"/> Other _____
	<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 recomplete 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.)

Chi Operating, Inc. is proposing to move the approved location 330' south to 660' FSL to avoid a buried oil pipeline belonging to Amoco (BPA) which was found to be 10' west of the location. This is a 40-50 year old line that does not show up on the topo map and was not visible from the location. This line is active, and is a main line to Chicago. Everyone, including "eagle Eye" Jim Sciscenti, the archaeologist missed it. The move south will clear the line enough to put in a drill pad with some restrictions.

RECEIVED

DEC 27 '99

BLM
WELL, NM

14. I hereby certify that the foregoing is true and correct	
Name (Printed/Typed) George R. Smith	Title Agent for: Chi Operating, Inc.
Signature <i>George R. Smith</i>	Date December 27, 1999

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by <i>[Signature]</i>	Title	Date 1/6/2000
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 CFC	

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.

* Operator to 2 Stage Crow Red Lake (PN-6B-SA) coming 4000 to intermediate

UNITED STATES
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APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK
DRILL DEEPEN

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

2. NAME OF OPERATOR
Chi Operating, Inc. 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: 660' FSL & 990' FWL
At proposed prod. zone: Same

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

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. 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, etc.) 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

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

9. AP WELL NO. 1

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

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

12. COUNTY OR PARISH Eddy

13. STATE New Mexico

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'

Mud Program:

0' - 425': Fresh water Gel/Lime:	Mud Wt. 8.4 - 8.7 ppg	- Vis. 32 - 34	- W/L Control 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 cc +/-

BOP Program:
A 12" 5000 psi wp Shaffer Type LWS Double Gate BOP will be installed on the 13 3/8" casing. 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.

34. George R. Smith Agent for: Chi Operating, Inc. DATE December 27, 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:

APPROVED BY _____ TITLE _____ DATE _____

*See Instructions On Reverse Side

District I
1025 N. French Dr., Hobbs, NM 88240
District II
811 South First, 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 & Natural Resources

Form C-102
Revised March 17, 1999

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code		Pool Name WC Crow Flat; Morrow SE Gas	
Property Code		Property Name COAL TRAIN FEDERAL COM			Well Number 1
OGRID No.		Operator Name CHI OPERATING, INC.			Elevation 3528.

¹⁰ Surface Location

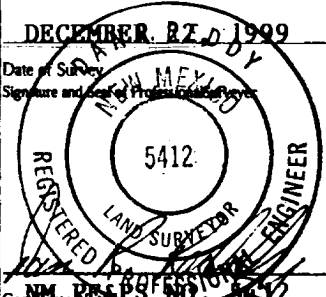
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	10	17-S	28-E		660	SOUTH	990	WEST	EDDY

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 320	¹³ Joint or Infill	¹⁴ Consolidation Code C	¹⁵ Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

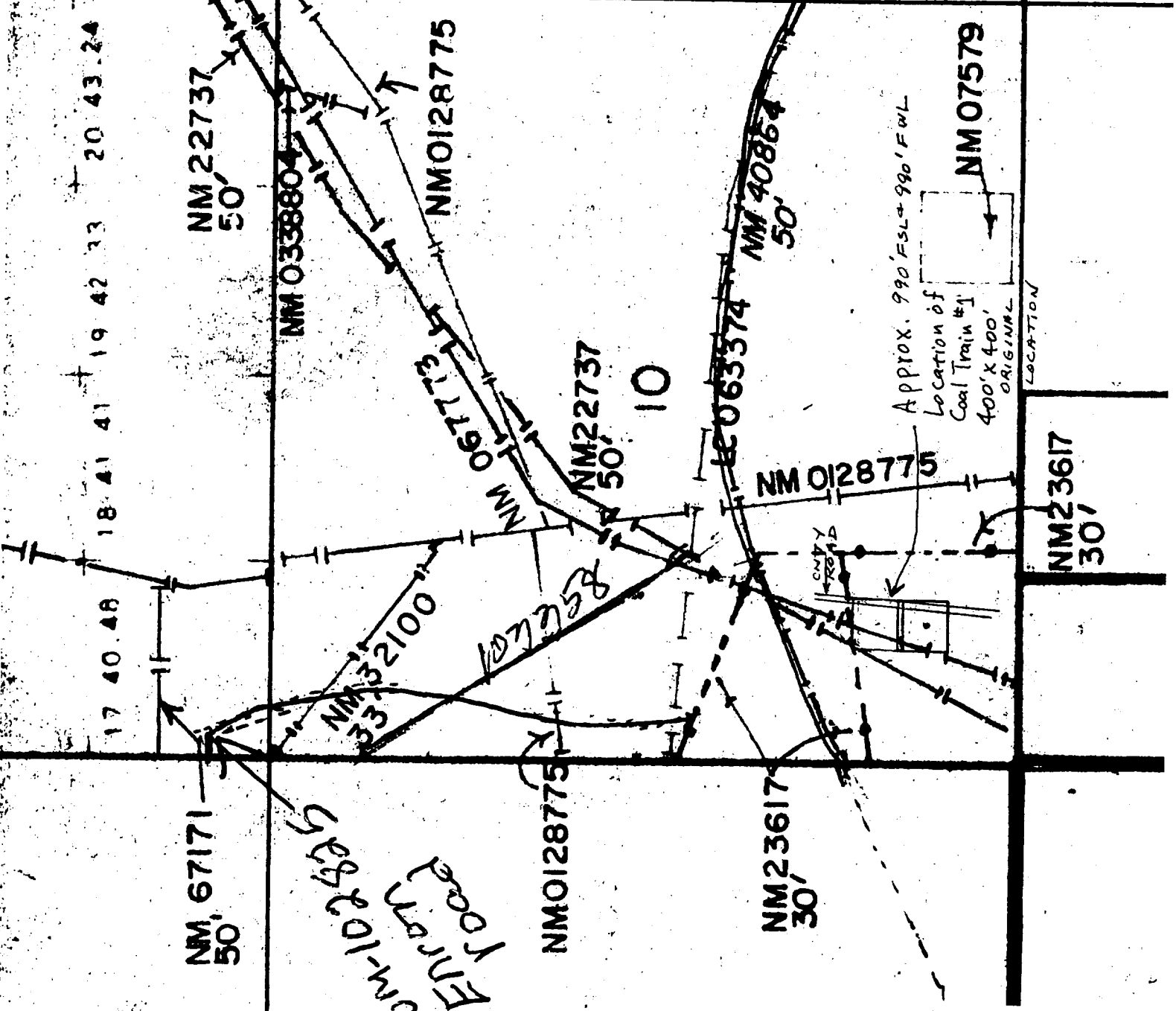
16				¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief <i>George R. Smith</i> Signature George R. Smith, agent for: Printed Name Chi Operating, Inc. Title December 27, 1999 Date
	NM-012896 Burlington	Res. & Earon Oil & Gas		¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief DECEMBER 27, 1999 Date of Survey Signature and Seal of Professional Engineer 
	990'		660'	

From MTP for
T. 17S., R. 28E.
*MTP: Main Title Plat 1202,
D/G

NM-0-67773 -
Amoco Pipeline Co. -
Artesia-Caprock
Oil Pipeline - 8" - 12" dia

NM-22737 -
Conoco Inc. -
Cha La Nitrogen knock-out
Plant to Empire Apo Plant
Pipeline - 6" - 8" dia
(Nat. Gas)

Both pipelines seem to
be active.

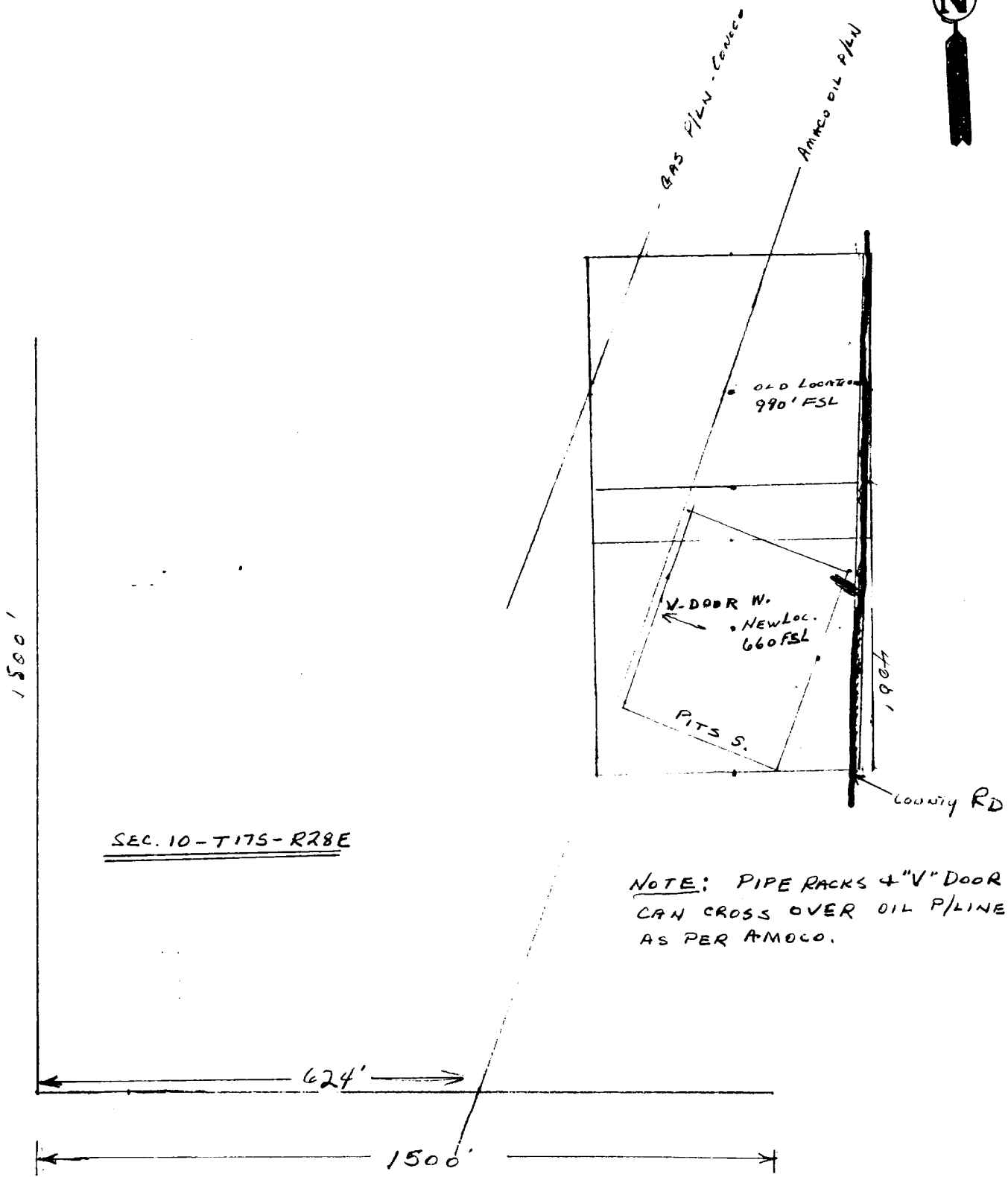


NM-102885
Existing Road
Proposed Road

EXHIBIT 'A'
CHI OPERATING, INC.
Coal Train Federal Com., Well No. 1
660' FSL & 990' FWL, Sec. 10-T17S-R28E
Existing Access Roads:
Proposed Access Road:

EXHIBIT "B"
CHI OPERATING, INC.
Coal Train Federal Com., Well No. 1
660' FSL & 990' FWL, Sec. 10-T17S-R28E

Existing Access Roads: —
Off Lease R/W: None required.
Proposed Access Road: —



SEC. 10-T17S-R28E

NOTE: PIPE RACKS & "V" DOOR
CAN CROSS OVER OIL P/LINE
AS PER AMOCO.