

C/SF

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

585

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM-105214	
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name	
2. Name of Operator Chi Operating, Inc.		7. If Unit or CA Agreement, Name and No.	
3a. Address P.O. Box 1799 Midland, TX 79702		8. Lease Name and Well No. Spruce Federal, Well # 1	
3b. Phone No. (include area code) (915) 685-5061		9. API Well No. 30-015-31902	
4. Location of Well (Report location clearly and in accordance with any State requirements) At surface 1980' FSL & 660' FWL At proposed prod. zone same		10. Field and Pool, or Exploratory Undesignated Morrow	
11. Sec., T., R., M., or Bk. and Survey or Area Sec. 30-T16S-R30E		12. County or Parish Eddy	
13. State NM		14. Distance in miles and direction from nearest town or post office* 6 road miles NW. of Loco Hills, NM	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 660'	16. No. of Acres in lease 393.15	17. Spacing Unit dedicated to this well 320	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. N/A	19. Proposed Depth 11,000'	20. BLM/BIA Bond No. on file NM-1616	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3717' GL	22. Approximate date work will start* 4/16/01	23. Estimated duration 4 weeks	

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification.
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature George R. Smith Name (Printed Typed) George R. Smith Date 03/21/01
Title _____

Agent for Chi Operating, Inc.

Approved by (Signature) /s/ JOE G. LARA Name (Printed Typed) JOE G. LARA Date JUL 18 2001

Title FIELD MANAGER Office CARLSBAD FIELD OFFICE

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, are attached.

APPROVAL FOR 1 YEAR

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.

*(Instructions on reverse)

Lease Responsibility Statement: Chi Operating, Inc. accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof.

**APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED**

George R. Smith, agent

181 JOE Q. LARA

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RECEIVED
MAR 21 01
BLM
ROSWELL, NM