

N. M. O.

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

757
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM-0560353	
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 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. 23-135	
3a. Address P.O. Box 1799 Midland, TX 79702		8. Lease Name and Well No. Land Rush "12" Fed. Com., # 2	
3b. Phone No. (include area code) (915) 685-5001		9. API Well No. 30-015-31903	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 660' FNL & 660' FEL At proposed prod. zone same Unit A		10. Field and Pool, or Exploratory N. Hackberry Morrow	
14. Distance in miles and direction from nearest town or post office* 17 road miles S. of Loco Hills, NM		11. Sec., T., R., M., or Blk. and Survey or Area Sec. 12-T19S-R30E	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 660'		12. County or Parish Eddy	
16. No. of Acres in lease 2160.32		13. State NM	
17. Spacing Unit dedicated to this well 320			
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 2320'		20. BLM/BIA Bond No. on file NM-1616	
19. Proposed Depth 12,400'			
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3441' GL		22. Estimated duration 4 weeks	
22. Approximate date work will start* 6/1/01			
23. Attachments R-111-P Potash Secretary's Potash		24. Attachments Capitan Controlled Water Basin	

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

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification. |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature <i>George R. Smith</i>	Name (Printed/Typed) George R. Smith	Date 04/30/01
Title Agent for Chi Operating, Inc.		
Approved by (Signature) (ORIG. SGN.) M. J. CHAVEZ	Name (Printed/Typed) (ORIG. SGN.) M. J. CHAVEZ	Date JUL 09 2001
Title STATE DIRECTOR		
Office NM STATE 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.

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)

Per Conversation w Alexis & John Wolf - No Unit - Well to be circ. on Production string 7/1/02

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

George R. Smith
George R. Smith, agent

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

**DECLARED WATER BASIN
CEMENT BEHIND THE 13 1/8"
CASING MUST BE CIRCULATED**

RECEIVED

2001 APR 30 PM 3:01

BUREAU OF LAND MGMT
ROSWELL OFFICE

NM STATE OFFICE