

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

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| 1a. TYPE OF WORK<br>DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>   |  | 5. LEASE DESIGNATION AND SERIAL NO.<br>NM-0400877      |  |
| b. TYPE OF WELL<br>OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/> |  | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME                   |  |
| 2. NAME OF OPERATOR<br>Chi Operating, Inc. ✓   |  | 7. UNIT AGREEMENT NAME                                 |  |
| 3. ADDRESS OF OPERATOR<br>P. O. Box 1799 Midland, Texas 79702  |  | 8. FARM OR LEASE NAME<br>Hondo Federal                 |  |
| 4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)<br>At surface 1750' FSL & 2080' FEL<br>At proposed prod. zone Same  |  | 9. WELL NO.<br>2                                       |  |
| 14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*<br>4 miles north of Carlsbad, NM   |  | 10. FIELD AND POOL, OR WILDCAT<br>Undesignat. Delaware |  |
| 11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA<br>Sec. 9-T21S-R26E   |  | 12. COUNTY OR PARISH<br>Eddy                           |  |
| 13. STATE<br>New Mexico  |  | 17. NO. OF ACRES ASSIGNED TO THIS WELL<br>40           |  |
| 18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.<br>N/A   |  | 19. PROPOSED DEPTH<br>4250'                            |  |
| 20. ROTARY OR CABLE TOOLS<br>Rotary  |  | 22. APPROX. DATE WORK WILL START*<br>December 1, 1990  |  |

| 23. PROPOSED CASING AND CEMENTING PROGRAM |                |                 |               |                            |
|---|----------------|-----------------|---------------|----------------------------|
| SIZE OF HOLE                              | SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | QUANTITY OF CEMENT         |
| 17 1/2"                                   | 13 3/8"        | 54.5#           | 350'          | 400 sx "C" circulated      |
| 12 1/4"                                   | 8 5/8"         | 24 or 32#       | 2100'         | Circ. 530 sx H/L & 200 "C" |
| 7 7/8"                                    | 5 1/2"         | 15.5-17#        | 4250'         | 600 sx "C"                 |

Mud Program:

- 0' - 350': Fresh water mud with gel and lost circulation material, if needed.  
350' - 2150': Fresh water mud with gel and lost circulation material, if needed.  
2100' - 4250': Brine mud, natural viscosity, W/L 10cc.

BOP Program:

A 10" 3000 psi wp Series 900 Cameron SS Space Saver BOP will installed on the 8 5/8" casing. Casing and BOP will be tested before drilling out with 7 7/8". BOP will be used as a 2000 psi wp system and will be tested daily.

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS  
ATTACHED

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, 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.

24. SIGNED [Signature] TITLE Chi Operating, Inc. DATE Nov. 15, 1990  
(This space for Federal or State office use)

PERMIT NO. \_\_\_\_\_ APPROVAL DATE \_\_\_\_\_  
APPROVED BY [Signature] TITLE [Signature] DATE 12-13-90  
CONDITIONS OF APPROVAL, IF ANY: