

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-98799 | |
| 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. 1378 | | 7. If Unit or CA Agreement, Name and No. 29155 | |
| 3a. Address P.O. Box 1799 Midland, TX 79702 | | 8. Lease Name and Well No. McIver Federal, Well # 1 | |
| 3b. Phone No. (include area code) (915) 685-5001 | | 9. API Well No. 30-015-32147 | |
| 4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 1000' FNL & 1720' FEL At proposed prod. zone same W.B. | | 10. Field and Pool, or Exploratory McIver Ranch (Morrow) | |
| 14. Distance in miles and direction from nearest town or post office* 12 road miles W. of Carlsbad, NM | | 11. Sec., T., R., M., or Blk. and Survey or Area Sec. 20-T22S-R25E | |
| 15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1000' | | 12. County or Parish Eddy | |
| 16. No. of Acres in lease 600 | | 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. 3668' | |
| 19. Proposed Depth 11,200' | | 20. BLM/BIA Bond No. on file NM-1616 | |
| 21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3724' GL | | 22. Approximate date work will start* 6/18/01 | |
| 23. Estimated duration 4 weeks | | 24. Attachments | |

Carlsbad 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 05/23/01 |
| Title Agent for Chi Operating, Inc. | | |
| Approved by (Signature) /s/ JOE G. LARA | Name (Printed Typed) /s/ JOE G. LARA | Date DEC 26 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*
George R. Smith, agent

08/11

08/11

BUREAU OF LAND MANAGEMENT
FEDERAL OFFICE

2001 MAY 24 AM 9:13

RECEIVED

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

SU IDRY 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.

5. Lease Serial No.
NM-98799

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.
McIver Federal, Well No. 1

9. API Well No.

10. Field and Pool, or Exploratory Area
McIver Ranch (Morrow)

11. County or Parish, State
Eddy

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator
Chi Operating, Inc.

3a. Address
P.O. Box 1799 Midland, TX 79702

3b. Phone No. (include area code)
(915) 685-5001

4. Location of Well (Footage, Sec., T. R., M., or Survey Description)
1000' FNL & 1720' FEL, Sec. 20-T22S-R25E

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

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|---|--|---|--|---|
| <input 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 checked="" type="checkbox"/> Other <u>Change in access</u> |
| | <input checked="" type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | <u>road on APD</u> |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

3. 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 recompleat 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 recompleat 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.)

Due to archacological problems the proposed access road as stated on the APD will change as follows:

1. B. Directions: Travel west of Highway 62/180 on County Rd.672 (Hidalgo St.) for approximately 3 miles to County Road # 429 (McKittrick Rd.). Turn west on #429 for 5.1 miles to County Rd. # 428; continue west for 2.3 miles to a gravel ranch road that turns northwest. Follow this road for 2.3 miles to a road that turns to the southeast. Take this road .5 mile to top of hill and at a turn to the south. The start of the proposed access road is on the east side of the road. The proposed access road will run northeast for approximately 1100 feet to the southeast corner of the location. The original proposed access road running northeast for 1600' from the SE corner of the location was not usable because of archaeological sites. See Exhibit "A" for map.



14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)
George R. Smith

Title agent for Chi Operating, Inc.

Signature George R. Smith

Date June 21, 2001

Approved by (Signature)

Names/ JOE G. LARA M
(Printed/Typed)

Title FIELD MANAGER

Office CARLSBAD FIELD OFFICE

Date DEC 26 2001

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.

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.

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