<u>District I</u> 1625 N. French Dr., Hobbs, NM 88240 Phone:(505) 393-6161 Fax:(505) 393-0720

State of New Mexico

Form C-101 Permit 39770

Energy, Minerals and Natural Resources

Oil Conservation Division 1220 S. St Francis Dr. Santa Fe, NM 87505

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

	THE PROPERTY OF THE PROPERTY O								
	. Operator Name and Address	2. OGRID Number							
	CHI OPERATING INC	4378							
	P. O. BOX 1799 MIDLAND , TX 79702	3. API Number							
	WIIDEIIID , 12 77702	30-025-38525							
4. Property Code	5. Property Name	6. Well No.							
36083	ELKAN	002							

7. Surface Location

UL - Le	t Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
Н	11	14S	34E	Н	1980	N	660	E	LEA

8. Pool Information

CERCA:UPPER PENN	11810

Additional Well Information

9. Work Type New Well	10. Well Ty OIL	г ре	11. Cable/Rotary		12. Lease Type Private	13. Ground Level Elevation 4099		
14. Multiple 15. Proposed Depth N 10800		30 Taxos	16. Formation Pennsylvanian		17. Contractor	18. Spud Date 10/27/2006		
Depth to Ground water 69			Distance from nearest fresh > 1000	water well		Distance to nearest surface water > 1000		
Liner: Synthetic D Closed Loop System	_	ls thick Clay	y Pit Volume: 3200		ing Method: n Water 🔀 Brine 🗀 I	Diesel/Oil-based Gas/Air		

19. Proposed Casing and Cement Program

	C 1551511111550	A STATE OF THE STA				
Туре	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	48.5	450	400	
Int1	11	8.625	32	4500	800	
Prod	7.875	5.5	17	10800	500	8000

Casing/Cement Program: Additional Comments

Cement surface: approx. 400 sks C+ additives - circ. Cement Intermediate: approx 800 sks C+ additives - circ. Cement prod.: approx. 500 sks C+ additives

Proposed Blowout Prevention Program

Туре	Working Pressure	Test Pressure	Manufacturer	
DoubleRam	5000	5000	Shaffer	

of my knowledge and belief.	tion given above is true and complete to the best ting pit will be constructed according to	OIL CONSERVATION DIVISION				
	neral permit , or an (attached) alternative	Approved By: Chris Williams				
Printed Name: Electronic	ally filed by John Wolf	Title: District Supervisor				
Title: Engineer		Approved Date: 10/17/2006	Expiration Date: 10/17/2007			
Email Address: johnw@c	hienergyinc.com					
Date: 10/17/2006	Phone: 432-685-5001	Conditions of Approval Attac	hed			

District I

1625 N. French Dr., Hobbs, NM 88240 Phone:(505) 393-6161 Fax:(505) 393-0720

<u>District II</u>

1301 W. Grand Ave., Artesia, NM 88210 Phone:(505) 748-1283 Fax:(505) 748-9720

District III

1000 Rio Brazos Rd., Aztec, NM 87410 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505 Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico

Form C-102 Permit 39770

Energy, Minerals and Natural Resources Oil Conservation Division 1220 S. St Francis Dr. Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

	LILI LOCATION AND ACILLE	GE DEDICATION LEAR
1. API Number	2. Pool Code	3. Pool Name
30-025-38525	11810	CERCA;UPPER PENN
4. Property Code	5. Property Na	me 6. Well No.
36083	ELKAN	002
7. OGRID No.	8. Operator Na	me 9. Elevation
4378	CHI OPERATIN	G INC 4099

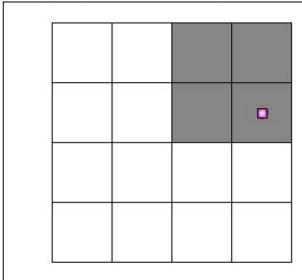
10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
Н	11	14S	34E		1980	И	660	E	LEA

11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Т	ownship	Range	Lot	Idn	Feet From	N/S L	ine	Feet From	E/W Line	County
007574755	cated Acres 0.00		13. 1	Joint or Infill		14	. Consolidation (Code			15. Order No.	

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



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

E-Signed By: John Wolf

Title: Engineer Date: 10/17/2006

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.

Surveyed By: Gary Edison Date of Survey: 10/13/2006 Certificate Number: 12641

Permit Conditions of Approval

Operator: CHI OPERATING INC , 4378 Well: ELKAN #002

API: 30-025-38525

OCD Reviewer	Condition
DMULL	Pit construction and closure must satisfy all requirements of your approved plan, O.C.D. Rule 19.15.2.50, and the Pit and Below-Grade Tank Guidelines