

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM APPROVED
OMB No 1004-0137
Expires July 31, 2010

SUNDRY 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
NMNM0560353

6 If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2

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)
432-685-5001

4 Location of Well (Footage, Sec, T, R, M, or Survey Description)

F-12-19S-30E 2475 FNL & 2310 FWL

BHL 1960 FSL 1960 FWL

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

Benson Delaware NM126412X

8 Well Name and No
MUNCHKIN FEDERAL #7

9 API Well No
30-015-33933

10 Field and Pool or Exploratory Area
Benson Delaware Unit

11 Country or Parish, State
Eddy Co., NM

12 CHECK THE 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 checked="" 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 Well Name Change
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13 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 must 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 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Chi Operating, Inc.'s, Benson Delaware Unit Agreement (NM126412X) was approved and effective April 4, 2011, as a result the former well Munchkin Federal #7 is now the Benson Delaware Unit #7.

DSI
well must be on production by June 29, 2011
or P&A SEE COAs
Accepted for record - NMOCD
DA 6-9-11

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

RECEIVED
MAY 25 2011
NMOCD ARTESIA

ACCEPTED FOR RECORD
MAY 19 2011
/s/ JD Whitlock Jr
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

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

PAM CORBETT pamc@chienergyinc.com 432-685-5001

Title Regulatory Clerk

Signature

Pam Corbett

Date 04/12/2011

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by	Title	Date
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.	Office	

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 page 2)

NEW PROPERTY CODE 38663

**BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972**

Conditions of Approval

**CHI Operating, Inc.
Benson Delaware Unit #7**

1. Tank battery must be bermed/diked (must be able to contain 1 1/2 times the volume of the largest tank).
2. All above ground structures and equipment on the lease shall be painted Shale Green (5Y 4/2). This is to be done within 90 days, if you have not already done so.
3. Submit for approval of water disposal method.
4. Submit updated facility diagrams as per Onshore Order #3
5. This agency shall be notified of any spill or discharge as required by NTL-3A.
6. All outstanding environmental issue must be addressed within 90 days. Contact Jim Amos for inspection and to resolve environmental issues. 575-234-5909
7. Install legible well sign on location with operator name, well name and number, lease number, unit number, 1/4 1/4, section, township, and range. NMOCD requires the API number on well signs.
8. Our records indicate that the above well is Shut-in (SI). The Bureau of Land Management (BLM) and Minerals Management Service (MMS) definition of a shut-in well is a completion that is physically and mechanically capable of production in paying quantities or capable of service use. According to our records the well referenced above has been shut-in for 6 months or longer 43 CFR 3162.3-4 (C) requires that wells incapable of production in paying quantities be promptly plugged and abandoned and requires approval for any well temporarily abandoned for more than 30 days.

Therefore you are Ordered to do one of the following.

- 1. Complete and produce well within 30 days or by June 20,2011.**
- 2. Submit notice of intent to plug and abandon.**

Corrective Action to be Completed By the Following time frames:

If you decide to plug and abandon the well, submit a Sundry Notice (form 3160-5, original and 4 copies) within 30 days of receipt of this letter and describe the proposed plugging program.

If you decide to Complete and produce well, submit a Sundry Notice (form 3160-5, original and 4 copies) of intent within 30 days of receipt of this letter. Include the date you anticipated the well being placed back in service. 43 CFR 3162.4-1(c) also requires you to notify the Authorized officer, not later than the fifth business day after production is resumed.

For monitoring and tracking purposes, please submit appropriate paperwork to this office Attention: Duncan Whitlock.

9. Subject to like approval by NMOCD.