

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.
NMNM111959

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

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

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

8. Well Name and No.
FREEWAY FEDERAL #1

2. Name of Operator
CHI Operating, Inc.

9. API Well No.
30-015-33790

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

3b. Phone No. (include area code)
432-685-5001

10. Field and Pool or Exploratory Area

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1980' FNL & 1980' FWL Sec 30, T19S R30E

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 checked="" 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 checked="" type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<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	

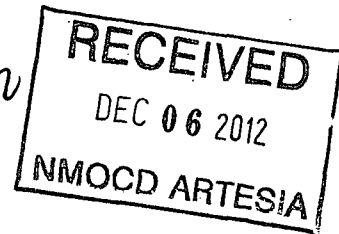
13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleate horizontally, give subsurface locations and measured and true vertical 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 recompletion 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 is planning to recomplete in the Strawn.

RU DD Workover rig and reverse unit. PU bit and DC's on WS.
DO CIBP's at 6,130', 8,400' and 9,600'.
Circ hole.
Perf Strawn @ 10,800-10,805', 10,774-10,782', and 10,650-10,660'.
PU packer and set at approx 8,550'
Swab test and evaluate for stimulation
If zone is economic squeeze existing perfs in Wolfcamp, Bone Spring and Brush Canyon.

Accepted for record

NMOCD
12/7/12



**WITNESS
PLUG BACK**

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

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

8/25/12

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

APPROVED

DEC 3 2012

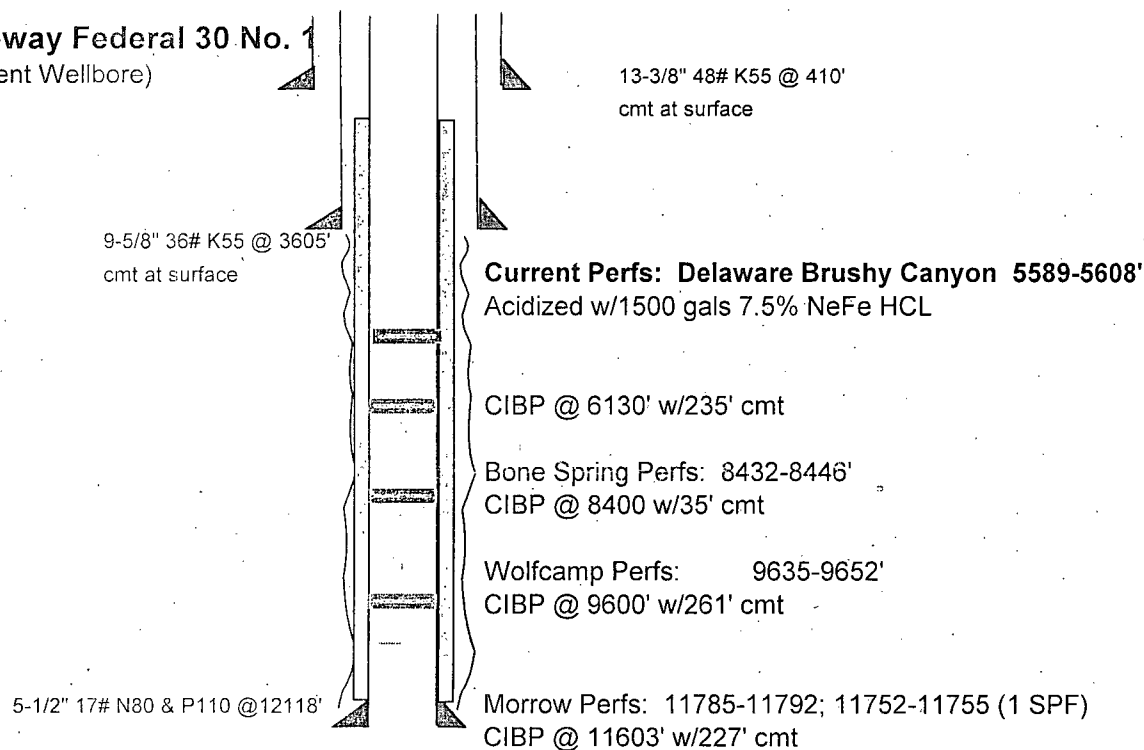
BUREAU OF LAND MANAGEMENT
CARTERSVILLE, GA

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)

Freeway Federal 30 No. 1

(Current Wellbore)



Procedure to recomple in Strawn:

RU DD Workover rig and reverse unit

PU bit and DC's on WS

DO CIBP's at 6130', 8400' and 9600'

Circulate hole

Perforate Strawn @ 10,800-10,805', 10,774-10,782', and 10,650-10,660'

PU packer and set at approx 8550'

Swab test and evaluate for stimulation

If zone is economic squeeze existing perfs in Wolfcamp, Bone Spring, Brushy Canyon

Conditions of Approval

Chi Operating, Inc.

Freeway - 01

API 30-015-33790

T19S-R30E, Sec 30

December 3, 2012

1. A new "Well Location and Acreage Dedication Plat" (NMOCD Form C-102) is required with the notice of intent package when recompleting to another pay zone. Submit with Subsequent Report of operations.
2. Notify BLM 575-200-7902 before drilling out plugs. The procedures are to be witnessed. If no answer, leave a voice mail with the API#, workover purpose and a call back phone number. Note the contact, time and date in your subsequent report.
3. Surface disturbance beyond the originally approved disturbance shall have prior approval.
4. A closed loop system is required. The operator shall properly dispose of drilling/circulating contents at an authorized disposal site. Tanks are required for all operations, no excavated pits.
5. Functional H₂S monitoring equipment shall be on location.
6. A minimum of 5000 (5M) BOPE shall be used. All blowout preventer (BOP) and related equipment (BOPE) shall comply with reasonable well control requirements. A two ram system with a blind ram and a pipe ram designed for the size of the work string shall be adequate. Tapered work strings will require an additional pipe ram. The manifold shall comply with Onshore Oil and Gas Order #2 Attachment I (5M) Diagrams of Choke Manifold Equipment). The accumulator system shall have an immediately available power source to close the rams and retain 200 psi above pre-charge. The pre-charge test shall follow requirements in Onshore Order #2.
7. All waste (i.e. trash, salts, chemicals, sewage, gray water, etc.) created as a result of work over operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area. Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.
8. **Squeeze, drill out, and test each set of perforations before drilling the plug below those perforations. Neat Class H > 7,500' & neat Class C < 7,500' cement will be necessary.**
9. **Tag the top of the "Morrow" formation plug ($\pm 11,376'$).**
10. **Perform BLM PET witnessed (charted) casing integrity test of 1200 psig before perforating the Strawn formation. Pressure leak off may require remedial action before continuing with the proposed work. Include a copy of the chart in the subsequent sundry for this workover.**

11. Provide BLM with an electronic copy (Adobe Acrobat Document) cement bond log record from 10,900' or below to top of cement. The CBL may be attached to an email to pswartz@blm.gov
12. File subsequent sundry Form 3160-5 within 30 days of completing workover procedures.
13. Submit the BLM Form 3160-4 **Completion Report** within 30 days of the date all BLM approved procedures are complete.
14. Workover approval is good for 90 days (completion to be within 90 days of approval). A detailed justification is required for an extension of this date.

An inactive/shut-in well bore is a non-producing completion that is capable of "beneficial use" i.e. production in paying quantities or of service use.

15. Submit evidence to support your determination that the well has been returned to active "beneficial use" for BLM approval on the Sundry Notice Form 3160-5 (the original and 3 copies) before 03/15/2013.
16. Should "beneficial use" not be achieved submit for BLM approval a plan for plug and abandonment.

JAM/PRS 12/03/2012

Access information for use of Form 3160-5 "Sundry Notices and Reports on Wells"

NM Fed Regs & Forms - http://www.blm.gov/nm/st/en/prog/energy/oil_and_gas.html

§ 43 CFR 3162.3-2 Subsequent Well Operations.

§ 43 CFR 3160.0-9 (c)(1) Information collection.

§ 3162.4-1 (c) Well records and reports.