

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

DEC 11 2008

OCD-ARTESIA

FORM APPROVED
OMB No 1004-0137
Expires March 31, 2007

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.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

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

2 Name of Operator BOPCO, L. P. BEPCO

3a Address
P. O. Box 2760 Midland, TX 797023b Phone No (include area code)
432-683-2277

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

990' FNL, 860' FWL, 32.412022 N LAT, 104.098447 W LON, Sec 9, T22S, R28E

5. Lease Serial No.

NMLC 0639140

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

Big Eddy Unit #190

9. API Well No

30-015-36290

10. Field and Pool, or Exploratory Area

Indian Flats SW (Morrow)

11. County or Parish, State

Eddy County, NM

12. CHECK 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 type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input checked="" 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 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.)

With consideration given to offset geological data, BOPCO, L.P. respectfully requests to alter the setting depth of the 9-5/8" intermediate casing string. The revised casing setting point will be approximately 6,224', or 60' below the projected base of the Avalon Sand into the Bone Spring Lime. The Avalon Sand will be cased off to allow for a higher kick tolerance while drilling the Atoka formation. BOPCO, L.P.'s offset wells Big Eddy Unit #158 (Sec. 4, T22S, R28E) and Big Eddy Unit #159 (Sec. 9, T22S, R28E) both encountered the Avalon Sand and respectively set casing at 6,175' and 6,162' RKB.

In addition, with consideration given to the estimated fracture pressure of the Bone Spring formation below the Avalon Sand, BOPCO, L.P. respectfully requests permission to forego the pressure integrity test of the intermediate casing shoe as specified within the approved APD Conditions of Approval - Drilling. Historic well data from fracture stimulations within the Big Eddy Unit (see attached Big Eddy Unit #114 post frac. report) prove a fracture gradient of the Bone Spring at 0.62 psi/ft, or an equivalent mud weight of 11.9 ppg at 6,224'. The recently drilled offset well, Big Eddy Unit #213 (Sec. 5, T22S, R28E) successfully tested the intermediate casing shoe to an 11.4 ppg equivalent at a depth of 6,059' with no leak off. The maximum anticipated mud weight for the above captioned well is 11.5 ppg.

The well is currently drilling at a depth of 2,500'. Should problems develop during the cementing of the 9-5/8" intermediate casing that would jeopardize the cement quality at the casing shoe, BOPCO, L.P. will perform the integrity test.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL14 I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Stephen M. Martinez

Title Drilling Engineer

Signature

Date December 3, 2008

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

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

Office

APPROVED

Date

DEC 4 2008

WESLEY W. INGRAM
PETROLEUM ENGINEER

Title 18 USC Section 1001 and Title 43 USC Section 1212, make it a crime for any person knowingly and willfully to make to a Federal or State official any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

Accepted for record - NMOCD

Job No: 493910278

CHI Operating, Inc Big Eddy Unit #114

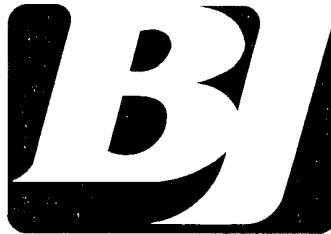
API # 30-015-26263-0001
QUAHADA RIDGE Field

Eddy County, New Mexico

Job Performed on: 10/17/2008

Post Frac Report

Report Prepared for:
Gary Womack
CHI Operating, Inc



Service Point:
Artesia, NM. District
Main Number: (575) 746-3140
Main Fax Number: (575) 746-2293

Report Prepared by:
Ivan E. Valenzuela
Field Engineer
Bus. Phone: (575) 746-3140
Mobile: (575) 513-1098
e-mail: Ivan.Valenzuela@bjsservices.com



Proposal No: 574350079B

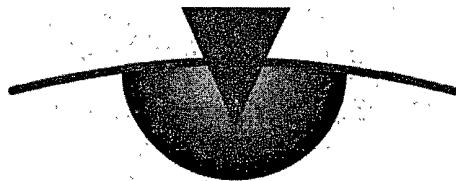
**CHI Operating, Inc.
BIG EDDY UNIT #114**

API # 30-015-26263-0001
QUAHADA RIDGE Field
21H-21S-29E
Eddy County, New Mexico
October 15, 2008

Fracturing Proposal

Prepared for:
Gary Womack

Prepared by:
DANNY L RATLIFF
Region Engineer



POWERVISION®

POWERPRO • POWERTRAX • POWERLINK

Service Point:

Artesia
Bus Phone: (505) 746-3140
Fax: (505) 746-2293

Service Representatives:

Steve Matlock
District Sales Supervisor
Hobbs, New Mexico

Operator Name: CHI Operating, Inc.
Well Name: BIG EDDY UNIT #114
Job Description: Frac Bone Springs @ 7,528' -7,639'
Date: October 15, 2008



Proposal No: 574350079B

JOB AT A GLANCE

Surface Treating Pressure (max)		5,918 psi
Total Rate (max)		32.00 bpm
Estimated Pump Time (HH:MM)		02:01
Frac Fluid	160,768 gals	10# Brine
Proppants	4,000 lb	Super LC, 20/40
	22,000 lb	LiteProp 125, 14/30
	1,000 lb	Sand, Sacked, 20/40

CUSTOMER TO SUPPLY ALL TANKS AND KCL WATER.

JOB REQUIRES 9 FRAC TANKS WITH 480 BBLS 10# BRINE IN EACH TANK (THIS INCLUDES 50 BBL BOTTTOMS).

Operator Name: CHI Operating, Inc.
 Well Name: BIG EDDY UNIT #114
 Job Description: Frac Bone Springs @ 7,528' -7,639'
 Date: October 15, 2008



Proposal No: 574350079B

WELL DATA

RESERVOIR DATA

Formation	Bone Springs
Depth to Middle Perforation	7,584 ft
Reservoir Pressure	2,000 psi
Fracture Gradient	0.62 psi/ft
Bottom Hole Fracture Pressure	4,702 psi
Bottom Hole Static Temperature	127 ° F

PERFORATED INTERVAL

DEPTH(ft)		Perf Diameter (in)	Total Perfs
MEASURED	TRUE VERTICAL		
7,528 - 7,639	7,528 - 7,639	0.40	22

Total Number of Perforations	22
Total Feet Perforated	111 ft

TUBULAR GEOMETRY

				<u>Top</u>	<u>Bottom</u>
Casing	5 1/2" O.D.	(4.892" I.D)	17 #	0	7,734
Tubing	3 1/2" O.D.	(2.992" I.D)	9.3 #	0	7,428
End of Tubing		7,428 ft			
Pump Via		Tubing			

Operator Name: CHI Operating, Inc.
Well Name: BIG EDDY UNIT #114
Job Description: Frac Bone Springs @ 7,528' -7,639'
Date: October 15, 2008



Proposal No: 574350079B

FLUID SPECIFICATIONS

Frac Fluid: 10# Brine

160,768 Gallons

Components:

5 gpt	Superset-W, 55 gal drum	Resin Activator
	(RUN DURING RESIN COATED SAND)	
2 gpt	FRW-14 (Tote)	Friction Reducer
1 gpt	Clay Master-5C	Clay Stabilization Product
1 gpt	NE-940	Non-Emulsifier
1 ppt	GBW-18	Gel Breaker
0.34 ppt	Xcide-207	Bacteria Control Product

Proppants

4,000 lb 100% Super LC, 20/40

22,000 lb 100% LiteProp 125, 14/30

1,000 lb 100% Sand, Sacked, 20/40

RUN 5 GPT SUPERSET-W IN THE RESIN COATED SAND STAGE.

Operator Name: CHI Operating, Inc.
 Well Name: BIG EDDY UNIT #114
 Job Description: Frac Bone Springs @ 7,528' -7,639'
 Date: October 15, 2008



Proposal No: 574350079B

FRACTURE TREATMENT SCHEDULE

INPUT PARAMETERS

TVD Depth (Mid Perforation)	7,584 ft
MD Depth (Mid Perforation)	7,584 ft
Perforations Number	22
Perforation Diameter	0.400 in
Bottom Hole Frac Pressure	4,702 psi
Bottom Hole Static Temperature	127 ° F

			<u>Top</u>	<u>Bottom</u>
Casing	5 1/2" O.D. (4.892" I.D.)	17 #	0	7,734
Tubing	3 1/2" O.D. (2.992" I.D.)	9.3 #	0	7,428

CALCULATED RATES, PRESSURES & HHP REQUIREMENTS

	<u>Maximum</u>	<u>Minimum</u>	<u>Average</u>
Surface Treating Pressure (psi)	5,919	5,245	5,336
Slurry Rate (bpm)	32.0	32.0	32.0
Proppant Rate (lbs/min)	2,462	134	290
Slurry Hydraulic Horsepower	4,642	4,114	4,186

PROCEDURE

stage	Fluid		Proppant			
	Type	Volume (gal)	Conc. (ppa)	Type	Stage (lbs)	Cum (lbs)
1	10# Brine	35000		Pad		
2	10# Brine	4000	0.25	100% Sand, Sacked, 20/40	1000	1000
3	10# Brine	21000	0.10	100% LiteProp 125, 14/30	2100	3100
4	10# Brine	40000	0.15	100% LiteProp 125, 14/30	6000	9100
5	10# Brine	29000	0.20	100% LiteProp 125, 14/30	5800	14900
6	10# Brine	27000	0.30	100% LiteProp 125, 14/30	8100	23000
7	10# Brine	2000	2.00	100% Super LC, 20/40	4000	27000
8	10# Brine	2768		Flush		27000
Total		160768				27000

Operator Name: CHI Operating, Inc.
Well Name: BIG EDDY UNIT #114
Job Description: Frac Bone Springs @ 7,528' -7,639'
Date: October 15, 2008



Proposal No: 574350079B

FRACTURE TREATMENT SCHEDULE

TREATMENT SCHEDULE

stage	Surface Treating Pressure (psi)	Rates			Volume				Stage Pump Time hh:mm:ss
		Slurry (bpm)	Clean Fluid (bpm)	Prop. Rate (lb/min)	Slurry		Fluid		
					Stage (bbls)	Cum. (bbls)	Stage (bbls)	Cum. (bbls)	
1	5244	32.0	32.0		833.3	833.3	833.3	833.3	00:26:02
2	5328	32.0	31.6	332.2	96.3	929.6	95.2	928.6	00:03:00
3	5303	32.0	31.7	133.1	504.8	1434.4	500.0	1428.6	00:15:46
4	5332	32.0	31.5	198.7	966.1	2400.5	952.4	2381.0	00:30:11
5	5361	32.0	31.4	263.7	703.7	3104.2	690.5	3071.4	00:21:59
6	5419	32.0	31.1	391.9	661.3	3765.6	642.9	3714.3	00:20:40
7	5918	32.0	29.3	2461.1	52.0	3817.6	47.6	3761.9	00:01:37
8	5244	32.0	32.0		65.9	3883.5	65.9	3827.8	00:02:03
Total Pump Time:									02:01:21



CONDITIONS

BJ Services' performance of services and sale of materials is expressly conditioned upon the applicability of the Terms and Conditions contained in the current BJ Services Price Book. The Terms and Conditions include, among other things, an indemnity in favor of BJ Services from Customer for damage to the well bore, reservoir damage, loss of the hole, blowouts and loss of control of the well, even if caused by the negligence or other fault of BJ Services. The Terms and Conditions also limit the warranties provided by the BJ Services and the remedies to which Customer may be entitled in the event of a breach of warranty by BJ Services. For these reasons, we strongly recommend that you carefully review a copy of the Terms and Conditions. If you do not have a copy of the BJ Services Price Book, you can view the Terms and Conditions on BJ Services Web Site, www.bjservices.com. By requesting that BJ Services perform the services described herein, Customer acknowledges that such Terms and Conditions are applicable to the services. Further, by requesting the services, Customer warrants that its representative on the well location or other service site will be fully authorized to acknowledge such Terms and Conditions by executing a Field Receipt or other document presented by BJ Services containing such Terms and Conditions.

In the event that Customer and BJ Services have executed a Master Services Agreement covering the work to be performed, such Master Services Agreement shall govern in place of the Terms and Conditions. If you are interested in entering into Master Services Agreement with BJ Services, please contact us through the "Go BJ" button on the BJ Services Web Site.

Operator: CHI Operating, Inc.
Well Name: BIG EDDY UNIT #114
Date: October 15, 2008



Proposal No: 574350079B

PRODUCT DESCRIPTIONS

Clay Master-5C

A concentrated low molecular weight polyamine used in water, brine or acids to protect the formation against damage due to clay swelling, sloughing and migration.

FRW-14 (Tote)

A high molecular weight friction reducer used in water-based fracturing, acidizing or brine applications.

GBW-18

An oxidative breaker formulated to degrade polymers used in fracturing, workover and remedial treatments. It is used in moderate temperatures. An additional catalyst allows its use at low temperatures.

LiteProp 125, 14/30

Ultra-lightweight proppant for application at low to moderate reservoir temperatures and closure stresses. The product has a nominal specific gravity of 1.25 vs 2.65 for sands. The low bulk density yields substantially greater proppant pack volume per unit of mass placed than sands, yielding excellent fracture conductivities. The low specific gravity significantly enhances proppant transport and placement, yielding improved effective fracture

NE-940

A nonionic non-emulsifier with excellent load recovery capabilities in some reservoirs.

Sand, Sacked, 20/40

An excellent quality, well rounded quartz sand, commonly known as "Ottawa" Color variation, which has been construed as less than desirable, is common for these sands and has no apparent impact on their strength. It is used in low to moderate closure pressure situations.

Super LC, 20/40

Resin Coated Sand {Curable:Standard}. An economical curable resin coated Ottawa type Sand for use in reservoirs with moderate temperatures and moderate closure pressure situations. Curing of the resin is accomplished under reservoir conditions creating a continuous network of resin and proppant grains. Registered Trademark of Santrol.

Superset-W, 55 gal drum

A resin catalyst used with curable resin coated proppants to speed the curing rate in low temperature applications. Registered Trademark of Santrol.

Xcide-207

A non-ionic isothiasolin bactericide in a convenient, solid granular form. It provides broad spectrum control of slime forming and sulfate-reducing bacteria in oilfield waters.

BJ Services
Conditions of Contract
Effective 03/2003

Customer and BJ Services (as both are defined herein) agree that the Services (as defined below) to be performed are subject to and in consideration of the following terms and conditions

1 DEFINITIONS

BJ SERVICES The term "BJ Services" shall include BJ Services Company, U S A , its affiliates and subsidiary companies

CUSTOMER The term "Customer" shall include parents, directors, officers, employees, agents, subsidiaries, joint venturers, working interest partners and partners of the Customer requesting the Services of BJ Services

FIELD RECEIPT The term "Field Receipt" shall include any one or group of documents that BJ Services requests that the Customer sign at the well or service site prior to or at the time the Services are rendered

SERVICES The term "Services" shall include any products, supplies, equipment, materials, personnel, technical advice, or recommendations provided by BJ Services to Customer

2 WELL CONDITION/ACCESS Customer warrants that the well and/or service site shall be in proper condition to receive and accommodate the Services. Customer also warrants that BJ Services' personnel and equipment will be able to safely access the well and/or service site and that any special equipment or road improvements required for such access shall be the responsibility of Customer. If the well location where BJ Services is to provide the Services is offshore, Customer shall furnish all required transportation for both equipment, supplies and personnel of BJ Services. Customer shall be solely responsible for obtaining all necessary permits or licenses for the performance of the Services

3 INDEPENDENT CONTRACTOR BJ Services is and shall be an independent contractor with respect to the performance of the Services and neither BJ Services nor anyone employed by BJ Services shall be the agent, representative, employee or servant of Customer in the performance of the Services or any part thereof

4 PRICE Customer agrees to pay BJ Services for Services in accordance with BJ Services' current price list. In the event that BJ Services has agreed to charge Customer other than as set forth in such price list, the charges agreed upon by Customer and BJ Services shall be those set forth in the Field Receipt and the agreement of Customer thereto shall be conclusively established by its execution of such Field Receipt. All payments shall be made in United States Dollars

5 TERMS Cash in advance unless BJ Services has approved credit prior to the sale. Credit terms for approved accounts are total invoice amount due on or before the 30th day from the date of the invoice at the address set forth therein. Past due accounts shall pay interest on the balance due at the rate of 1 1/4% per month or the maximum allowable under applicable state law if such law limits interest to a lesser amount. In the event it is necessary to employ a third party to effect collection of said account, Customer agrees to pay all fees of such third party directly or indirectly incurred for such collection. BJ Services will use its best efforts to provide the Services within the time specified, but does not covenant to do so and shall not be liable for any loss or damage caused by delay in delivery irrespective of the cause thereof

6 TAXES Customer agrees to pay all taxes based on or measured by the charges set forth on the face of the Field Receipt

7 AMENDMENTS AND MODIFICATIONS No field employee of BJ Services shall be empowered to alter the terms and conditions of this contract. Any attempt by either party to vary any of the terms hereof, through a work order, purchase order, inspection report or other document, shall be deemed immaterial and shall be void, unless this provision is expressly referenced and specifically waived. By requesting the Services, Customer agrees to all the terms and conditions contained herein, which shall constitute the entire agreement between the parties, and BJ SERVICES willingness to perform the Services is expressly limited to the terms and conditions contained herein. In the event that BJ SERVICES and Customer have entered into a master service agreement or master work contract applicable to the Services performed hereunder, then any term or condition herein which conflicts with the provisions of such master agreement shall be deemed invalid. BJ SERVICES hereby objects to any term of any purchase order, delivery ticket, receipt or other document provided by Customer that varies from or conflicts with the terms and conditions herein

8 SEVERABILITY It is understood and agreed by Customer and BJ SERVICES that any term or condition hereof prohibited by law shall be deemed invalid to the extent of such prohibition and shall be modified to the extent

necessary to conform to such rule of law. Any term or condition hereof not deemed invalid and modified pursuant to the preceding sentence shall remain in full force and effect without regard to such invalidity and modification of any other term or condition

9. LIMITED WARRANTY. BJ SERVICES WARRANTS ONLY TITLE TO PRODUCTS, SUPPLIES AND MATERIALS FURNISHED AND THAT THE SAME WILL CONFORM TO THE DESCRIPTION SPECIFIED IN WRITING AND ARE FREE FROM DEFECTS IN WORKMANSHIP AND MATERIALS. THERE ARE NO WARRANTIES, EXPRESS OR IMPLIED OF MERCHANTABILITY, FITNESS OR OTHERWISE WHICH EXTEND BEYOND THOSE STATED IN THE IMMEDIATELY PRECEDING SENTENCE. BJ SERVICES' SOLE LIABILITY AND CUSTOMERS EXCLUSIVE REMEDY IN ANY CAUSE OF ACTION (WHETHER IN CONTRACT, TORT, BREACH OF WARRANTY OR OTHERWISE) ARISING OUT OF THE SERVICES IS EXPRESSLY LIMITED TO THE REPLACEMENT OF ANY DEFECTIVE PRODUCTS, SUPPLIES OR MATERIALS OR, AT BJ SERVICES' OPTION, TO THE ALLOWANCE TO THE CUSTOMER OF CREDIT FOR THE COST OF SUCH ITEMS. CUSTOMER EXPRESSLY WAIVES ANY RIGHTS OF REDHIBITION TO WHICH IT MAY BE ENTITLED. BJ SERVICES MAKES NO WARRANTIES FOR ANY EQUIPMENT, MATERIALS OR PRODUCTS MANUFACTURED BY THIRD PARTIES, BUT WILL PASS ON TO CUSTOMER ALL WARRANTIES OF THE MANUFACTURERS OF SUCH EQUIPMENT, MATERIALS OR PRODUCTS. BJ SERVICES IS UNABLE TO, AND DOES NOT, GUARANTEE THE ACCURACY OF ANY JOB RECOMMENDATION, RESEARCH ANALYSIS, DATA INTERPRETATION, OR OTHER INFORMATION FURNISHED TO CUSTOMER BY BJ SERVICES IN VIEW OF THE UNCERTAINTY OF WELL CONDITIONS AND THE RELIANCE BY BJ SERVICES AND CUSTOMER UPON INFORMATION AND SERVICES FURNISHED BY THIRD PARTIES. THEREFORE, NO WARRANTY EXPRESS OR IMPLIED IS GIVEN CONCERNING THE EFFECTIVENESS OF THE SERVICES PROVIDED BY BJ SERVICES OR THE RESULTS OF ANY TREATMENT OR SERVICE. CUSTOMER ACCEPTS FULL RESPONSIBILITY FOR RETURNING THE WELL DESCRIBED ON THE FACE OF THE APPLICABLE FIELD RECEIPT TO PRODUCTION. THE WARRANTY AND THE REMEDIES STATED IN THIS SECTION SHALL APPLY ONLY IF CUSTOMER NOTIFIES BJ SERVICES OF A DEFECT, AS DESCRIBED IN THIS SECTION, WITHIN SEVEN (7) DAYS FROM THE COMPLETION OF THE SERVICES.

10. FORCE MAJEURE Any delays or failure by BJ Services in the performance of the Services shall be excused if and to the extent caused by war, preparations of war, fire, flood, strike or other labor unrest, riot, act of terrorism, embargo, arrest, seizure, acts of God, or any other cause beyond the reasonable control of BJ Services

11. CHEMICAL HANDLING/DISPOSAL Customer agrees that all chemicals and fluids used in performance of the Services, including any and all liabilities related thereto shall be the responsibility of Customer and shall be disposed of by the Customer in accordance with all applicable federal, state and local laws and regulations. Further, Customer agrees that for any waste created as part of the Services, Customer will be considered the "generator" for purposes of any such laws. The products provided by BJ Services may initiate compliance requirements with the Superfund Amendments and Reauthorization Act of 1986 (SARA), which includes Title III, the Emergency Planning and Community Right-to-Know Act (EPCRA). There also may be state and local environmental laws applicable to the transportation, storage and handling of such products. It is the customer's responsibility for determining the applicability of such laws and for complying with such. BJ Services agrees to provide all necessary and relevant information (with regard to the composition of products purchased) for compliance with EPCRA when requested by customer in writing

12. INDEMNITY AND INSURANCE OBLIGATIONS.

(A) NOTWITHSTANDING ANY PROVISION HEREIN TO THE CONTRARY, CUSTOMER SHALL PROTECT, DEFEND, INDEMNIFY, HOLD HARMLESS AND RELEASE BJ SERVICES, ITS PARENT, SUBSIDIARY AND AFFILIATED COMPANIES AND CONTRACTORS OR SUBCONTRACTORS HIRED AND/OR ENGAGED BY BJ SERVICES AND THEIR RESPECTIVE OFFICERS, DIRECTORS AND EMPLOYEES (HEREAFTER THE "BJ SERVICES GROUP") FROM AND AGAINST ALL CLAIMS, DEMANDS AND CAUSES OF ACTION OF EVERY KIND AND CHARACTER ARISING OUT OF OR RESULTING FROM WORK THAT IS THE SUBJECT MATTER OF THIS AGREEMENT ON ACCOUNT OF: 1) BODILY INJURY, ILLNESS OR DEATH TO CUSTOMER'S EMPLOYEES AND/OR THE EMPLOYEES OF ANY CONTRACTORS OR SUBCONTRACTORS HIRED AND/OR ENGAGED BY CUSTOMER; AND/OR 2) DAMAGE TO OR LOSS OF OR LOSS OF USE OF PROPERTY OWNED, OPERATED, LEASED, CONTROLLED OR PROVIDED BY CUSTOMER AND/OR ANY CONTRACTOR OR SUBCONTRACTOR HIRED AND/OR ENGAGED BY CUSTOMER, REGARDLESS, IN EACH CASE, IF THE CLAIM, DEMAND OR CAUSE OF ACTION HAS BEEN CAUSED BY THE SOLE, JOINT AND/OR COMPARATIVE NEGLIGENCE, STRICT LIABILITY, PRODUCTS LIABILITY, BREACHES OF EXPRESS OR IMPLIED WARRANTIES, THE UNSEAWORTHINESS OF ANY VESSEL, THE

CONTRACTUAL LIABILITY OF ANY MEMBER OF THE BJ SERVICES GROUP OR OTHER FAULT OF ANY PARTY SPECIFICALLY INCLUDING BUT NOT LIMITED TO THE BJ SERVICES GROUP.

(B) NOTWITHSTANDING ANY PROVISION HEREIN TO THE CONTRARY, CUSTOMER AGREES TO PROTECT, DEFEND, INDEMNIFY HOLD HARMLESS AND RELEASE THE BJ SERVICES GROUP, FROM AND AGAINST ALL CLAIMS, DEMANDS, AND CAUSES OF ACTION OF EVERY KIND AND CHARACTER ARISING OUT OF OR RESULTING FROM THE WORK THAT IS THE SUBJECT MATTER OF THIS AGREEMENT ON ACCOUNT OF BODILY INJURY, ILLNESS, OR DEATH OF PERSONS WHO ARE THIRD PARTIES AND/OR DAMAGE TO OR LOSS OF PROPERTY OWNED, OPERATED, LEASED, CONTROLLED, OR PROVIDED BY THIRD PARTIES, REGARDLESS, IN EACH CASE, IF THE CLAIM, DEMAND OR CAUSE OF ACTION HAS BEEN CAUSED BY THE SOLE, JOINT AND/OR COMPARATIVE NEGLIGENCE, STRICT LIABILITY, PRODUCTS LIABILITY, BREACHES OF EXPRESS OR IMPLIED WARRANTIES, THE UNSEAWORTHINESS OF ANY VESSEL, THE CONTRACTUAL LIABILITY OF ANY MEMBER OF THE BJ SERVICES GROUP OR OTHER FAULT OF ANY PARTY SPECIFICALLY INCLUDING BUT NOT LIMITED TO THE BJ SERVICES GROUP. AS USED IN THIS PARAGRAPH, THIRD PARTY SHALL MEAN ANY PERSON OR ENTITY OTHER THAN A MEMBER OF THE BJ SERVICES GROUP, CUSTOMER OR CUSTOMER'S OTHER CONTRACTORS OR THEIR SUBCONTRACTORS INCLUDING CUSTOMER'S EMPLOYEES OR THE EMPLOYEES OF CUSTOMER'S OTHER CONTRACTORS OR SUBCONTRACTORS.

(C) NOTWITHSTANDING ANY PROVISION HEREIN TO THE CONTRARY, CUSTOMER AGREES TO PROTECT, DEFEND, INDEMNIFY HOLD HARMLESS AND RELEASE THE BJ SERVICES GROUP FROM AND AGAINST ALL CLAIMS, DEMANDS, AND CAUSES OF ACTION OF EVERY KIND AND CHARACTER ARISING OUT OF OR RESULTING FROM THE SERVICES ON ACCOUNT OF: 1) PROPERTY DAMAGE OR LOSS, OR LOSS OF USE OF PROPERTY THAT IS CAUSED BY OR RESULTS FROM POLLUTION, AS WELL AS ALL COSTS OR EXPENSES OF CLEANUP AND CONTROL OF THE POLLUTION; 2) PROPERTY DAMAGE OR LOSS, OR LOSS OF USE OF PROPERTY THAT IS CAUSED BY OR RESULTS FROM RESERVOIR OR UNDERGROUND DAMAGE, AS WELL AS LOSS OF OIL, GAS, OTHER MINERAL SUBSTANCE, WATER OR THE WELL BORE ITSELF; 3) BODILY INJURY, ILLNESS, DEATH OR PROPERTY DAMAGE OR LOSS, OR LOSS OF USE OF PROPERTY THAT IS CAUSED BY OR RESULTS FROM THE PERFORMANCE OF SERVICES TO CONTROL A WILD WELL TO PROTECT THE SAFETY OF THE GENERAL PUBLIC OR TO PREVENT THE DEPLETION OF VITAL RESOURCES; (4) COST OF CONTROL OF A WILD WELL, UNDERGROUND OR ABOVE THE SURFACE; AND/OR (5) LOSS OF OR DAMAGE TO BJ SERVICES' IN-HOLE EQUIPMENT; REGARDLESS IF ANY OF THE FOREGOING HAS BEEN CAUSED BY THE SOLE, JOINT AND/OR COMPARATIVE NEGLIGENCE, STRICT LIABILITY, PRODUCTS LIABILITY, BREACHES OF EXPRESS OR IMPLIED WARRANTIES, THE UNSEAWORTHINESS OF ANY VESSEL, THE CONTRACTUAL LIABILITY OF ANY MEMBER OF THE BJ SERVICES GROUP OR OTHER FAULT OF ANY PARTY SPECIFICALLY INCLUDING BUT NOT LIMITED TO THE BJ SERVICES GROUP. CUSTOMER SHALL AT ITS OWN EXPENSE AND RISK ATTEMPT TO RECOVER BJ SERVICES' LOST OR DAMAGED IN-HOLE EQUIPMENT. THE VALUE OF ANY SUCH UNRECOVERABLE, LOST OR DAMAGED EQUIPMENT SHALL BE REIMBURSED BY CUSTOMER AT THE THEN CURRENT REPLACEMENT COST.

(D) IN SUPPORT OF THE LIABILITY, DEFENSE AND INDEMNITY PROVISIONS OF SECTIONS 12(A) AND 12(B) CUSTOMER SHALL FURNISH COMMERCIAL GENERAL LIABILITY INSURANCE, ALL-RISKS INSURANCE OR QUALIFIED SELF-INSURANCE IN THE AMOUNT OF \$500,000, FOR EACH OCCURRENCE.

(E) IN SUPPORT OF ITS OTHER OBLIGATIONS HEREUNDER, CUSTOMER SHALL MAINTAIN COMMERCIAL GENERAL LIABILITY INSURANCE, AUTOMOBILE LIABILITY INSURANCE, ALL-RISKS COVERAGE, PROTECTION & INDEMNITY INSURANCE AND HULL INSURANCE, AVIATION LIABILITY INSURANCE AND UMBRELLA OR EXCESS LIABILITY INSURANCE IN THE MINIMUM AMOUNT OF \$1,000,000.

(F) BJ SERVICES SHALL BE NAMED IN THE FOREGOING INSURANCE POLICIES AS A BLANKET ADDITIONAL INSURED FOR ALL CLAIMS, DEMANDS, AND CAUSES OF ACTION OF EVERY KIND AND CHARACTER ARISING OUT OF OR RESULTING FROM THE SERVICES. BJ SERVICES' STATUS AS AN ADDITIONAL INSURED SHALL NOT BE RESTRICTED TO CUSTOMER'S VICARIOUS LIABILITY FOR BJ SERVICES OR ANY OTHER SIMILAR RESTRICTION. THE OBLIGATION TO NAME BJ SERVICES AS AN ADDITIONAL INSURED SHALL BE SEPARATE AND INDEPENDENT FROM THE OBLIGATIONS SET FORTH ELSEWHERE IN THIS SECTION 12. BJ

SERVICES SHALL BE ENTITLED TO STATUS AS AN ADDITIONAL INSURED EVEN IF THE INDEMNITY PROVISIONS IN SECTION 12 ARE UNENFORCEABLE

(G) THE POLICIES OF INSURANCE NOTED ABOVE SHALL BE ENDORSED TO WAIVE ALL RIGHTS OF SUBROGATION AGAINST THE BJ SERVICES GROUP FOR ALL CLAIMS, DEMANDS AND CAUSES OF ACTION OF EVERY KIND AND CHARACTER CAUSED BY OR RESULTING FROM THE WORK THAT IS THE SUBJECT MATTER OF THIS AGREEMENT. SUCH POLICIES SHALL BE ENDORSED TO PROVIDE THAT ALL INSURANCE SHALL BE PRIMARY AND NON-CONTRIBUTING WITH ANY OTHER INSURANCE MAINTAINED BY THE BJ SERVICES GROUP REGARDING ALL CLAIMS, DEMANDS AND CAUSES OF ACTION OF EVERY KIND AND CHARACTER CAUSED BY OR RESULTING FROM THE SERVICES.

13. **CONFIDENTIAL INFORMATION** Customer and BJ Services will use their best efforts to maintain the confidentiality of all records and proprietary information obtained by either party in the performance of the Services by BJ Services. Such information will not be disclosed to any third parties without the prior consent of the other party. Notwithstanding the foregoing, BJ Services may use the information generated by the Services, including treatment and well performance data in the development of job recommendations and treatment programs for its other customers.

14. **WAIVER**

(A) Neither BJ Services nor Customer will be liable to the other for, and BJ Services and Customer hereby agree to defend, indemnify and hold harmless the other with respect to, any special, incidental, indirect or consequential damages which either may suffer resulting from or arising out of the Services provided by BJ Services hereunder, including but not limited to, loss of profit, loss of production or revenue or business interruption losses, whether or not arising under an alleged breach of warranty or caused by the sole, joint and/or comparative negligence, strict liability or other fault of either party.

(B) Customer represents that it is a business consumer purchasing products and services from BJ Services for commercial use, that it has experience in business matters that enable it to evaluate the merits and risks of the purchase of such products and services, and that it is not in a significantly disparate bargaining position. Customer waives the provisions of the Texas Deceptive Trade Practices Act (other than section 17), as from time to time amended.

15. **GOVERNING LAW** To the extent that the Services are performed offshore, this contract shall be governed by the General Maritime Laws of the United States. Otherwise, this contract shall be governed by the law of the State of Texas, without regard to its conflict of laws rule.

16. **SURVIVAL.** The terms and conditions contained herein shall survive completion of the Services.

**Additional Terms and Conditions applicable to
BJ Chemical Services and
BJ Completion Fluids**

- A. **Terms of Sale.** Unless otherwise specified, all quotations and sales are F O B point of shipment. If special goods are ordered, such order is not subject to cancellation.
- B. **Consigned Products.** BJ Services may agree to make products available for use at Customer's facility or site on a consignment basis. In such event, the Customer shall be invoiced for the product upon use. Until such time, the products shall remain the property of BJ Services.
- C. **Product Returns.** At its discretion, BJ Services may accept product returns from Customer. In such event, BJ Services may specify the condition of the products, the packaging, method of delivery and any value associated with such returned products.

STIMULATION TREATMENT REPORT



Date 17-OCT-08 District Artesia F Receipt 493910278 Customer CHI Operating Inc
 Lease BIG EDDY UNIT #114 Well Name BIG EDDY UNIT #114
 Field QUAHADA RIDGE Location 21H-21S-29E
 County Eddy State New Mexico Stage No 1 Well API - API 30015262630001

WELL DATA		Well Type:	NEW	Well Class	OIL	Depth TD/PB.	7734	Formation	Bone Springs
Geometry Type	Tubular Type	OD	Weight	ID	Grade	Top	Bottom	Perf Intervals	
TUBULAR	CSG	5.5	17	4.892	N-80	0	7734	Top	Bottom
TUBULAR	TBG	3.5	9.3	2.992	N-80	0	7428	SPF	Diameter
								7528	7639
								1	.4

Packer Type ukn Packer Depth 7428 FT

TREATMENT DATA				LIQUID PUMPED AND CAPACITIES IN BBLs			
Fluid Type	Fluid Desc	Pumped Volume(Gals)	Prop. Description	Volume Pumped(Lbs)			
PAD	pad	34.658	Sand, Sacked, 20/40	1,000	Tubing Cap	64.6	
TREATMENT FLUID	sand laden fluid	75.970	LiteProp 125, 14/30	10,032	Casing Cap.	2.3	
TREATMENT FLUID	flush		SB Excel 20/40		Annular Cap	84.3	
				Total Prop Qty:	11,032	Open Hole Cap.	0
						Fluid to Load	0
						Pad Volume	825.2
						Treating Fluid	1808.8
						Flush	0
						Overflush	0
						Fluid to Recover	2512.7

Previous Treatment XXXXXXXXXXXX Previous Production XXXXXXXXXXXX
 Hole Loaded With nothing Treat Via Tubing ☒ Casing ☐ Anul. ☐ Tubing & Anul. ☐
 Ball Sealers: 0 In 0 Stages Type 7/8 in. 1.3 sp gr R
 Auxiliary Materials FRW-14, ACTIVATOR, CM5C, NE940, GBW18, XCIDE207

PROCEDURE SUMMARY

Time AM/PM	Treating Pressure-Psi		Surface Slurry BBLs. Pumped		Slurry Rate BPM	Comments
	STP	Annulus	Stage	Total		
05:58	0	0	0	0	0	arrived on location
06:30	0	0	0	0	0	pre-rig up safety meeting
08:10	0	0	0	0	0	pre job safety meeting
09:45	9023	0	0	0	0	line test / test pop off to 2100psi
10:00	6023	1000	34.3	0	23	pad / had to shut down due to leak
10:11	6882	928	825.2	825.2	33.5	restart pad
10:36	6730	1004	96.4	921.6	33.5	.25# brown 20/40
10:39	6235	962	505.4	1427	33.7	.10# liteprop 125
10:53	7131	1021	966.9	2393.9	35	15#
11:21	7040	955	239.8	2633.7	35	.20#
11:31	8000	2019	239.8	2633.7	0	shutdown / screenout
11:36	1179	1997	239.8	2633.7	0	5
11:41	1129	0	239.8	2633.7	0	10
11:46	1107	0	239.8	2633.7	0	15

Treating Pressure		Injection Rates		Shut In Pressures		Customer Rep.	
Minimum	6200	Treating Fluid	35	ISDP	8000	BJ Rep.	Sonny Mann
Maximum	8000	Flush	0	5 Min.	1179	Job Number	CARSON V JONES
Average	7000	Average	35	10 Min.	1129	Rec. ID No.	493910278
Operators Max Pressure 8000				15 Min	1107	Distribution	
				Final	1107	In	15 Min
				Flush Dens	lb / gal	10	

Load Sheet



WELL NAME BIG EDDY UNIT #114

JOB DATE OCT-17-2008

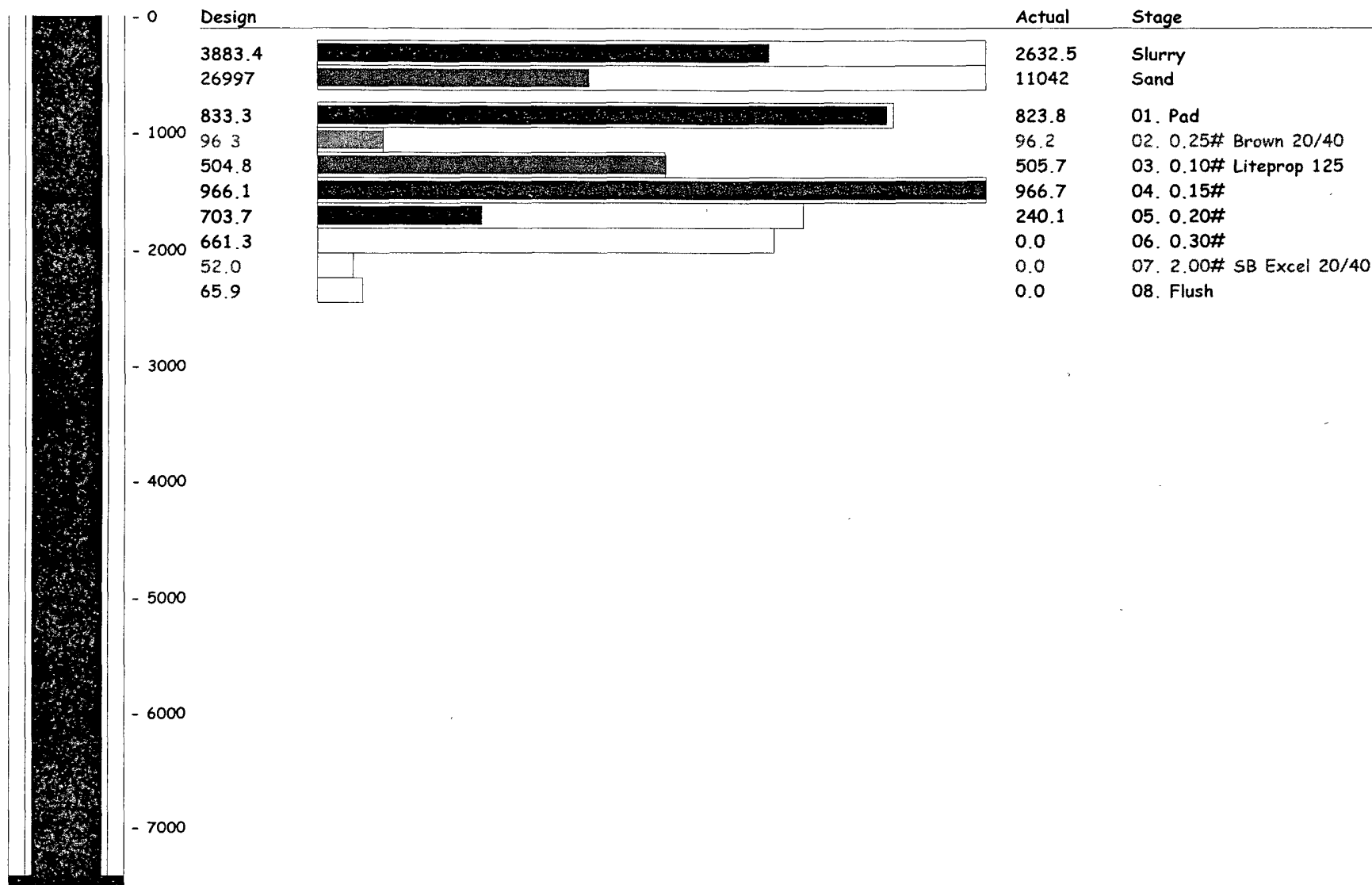
FIELD RECEIPT DATE OCT-17-2008

[illegible]

ISSUED BY	JOHN D MCDONALD	DATE	OCT-16-2008
RECEIVED TO LOCATION	CARSON V JONES	DATE	OCT-17-2008
	SERVICE SUPERVISOR		
RETURNS VERIFIED BY		DATE	
APPROVAL			
	OPERATIONS SUPERVISOR		
CUSTOMER SIGNATURE			



MD=7528 ft, Slurry/Sand are bbl/lbm



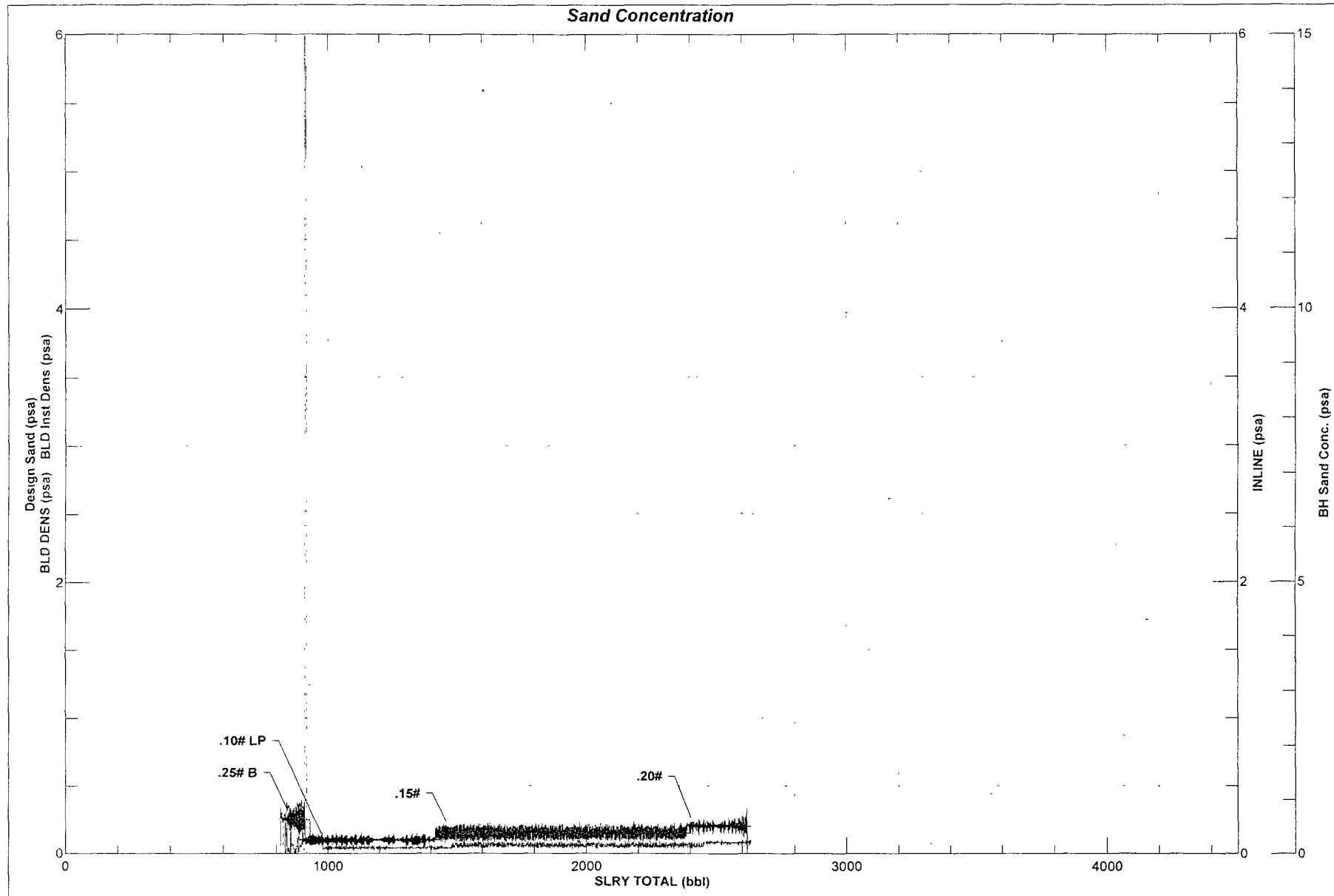


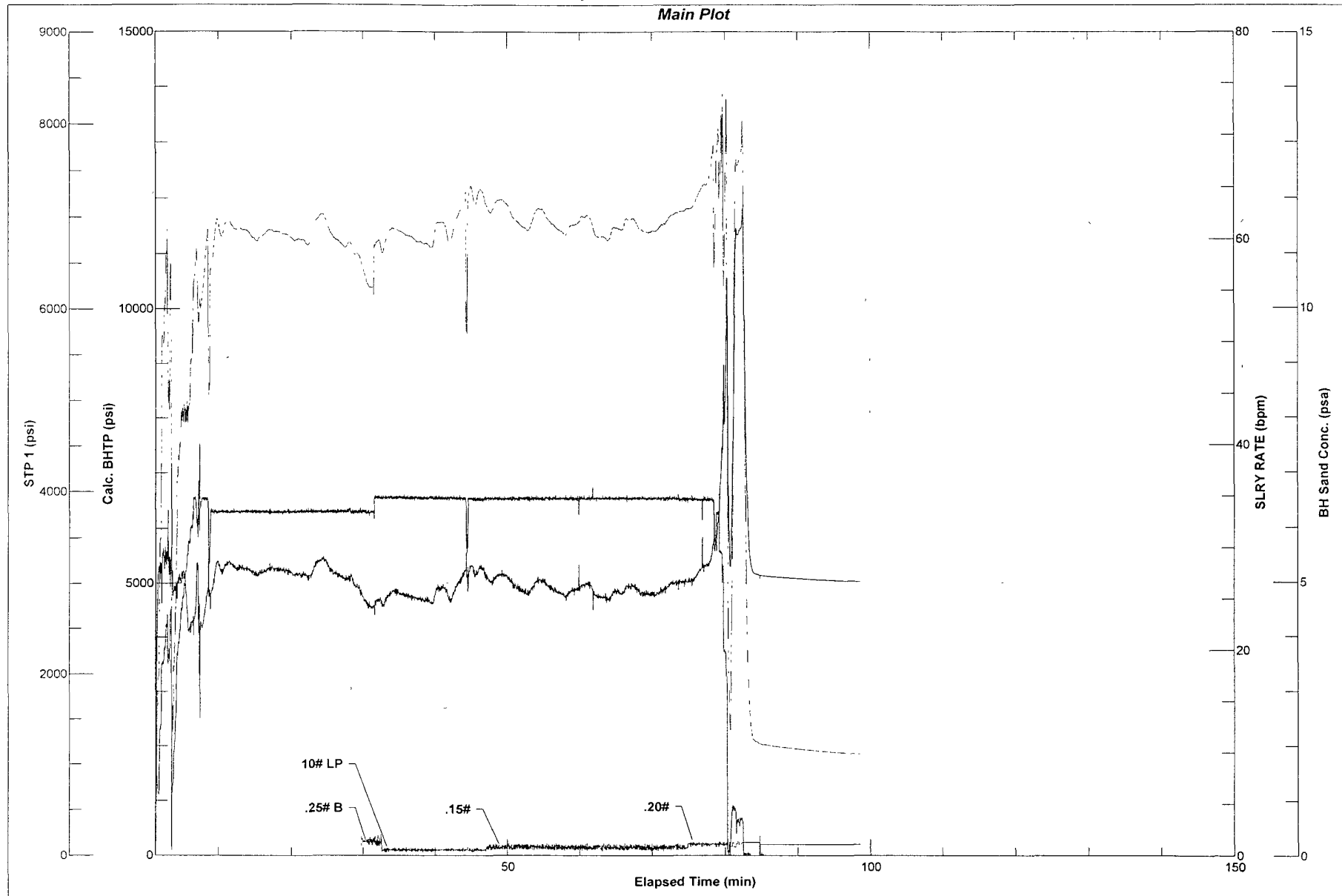
BJ Services JobMaster Program Version 3.20

Job Number: 493910278

Customer: CHI Operating, Inc.

Well Name: Big Eddy Unit #114





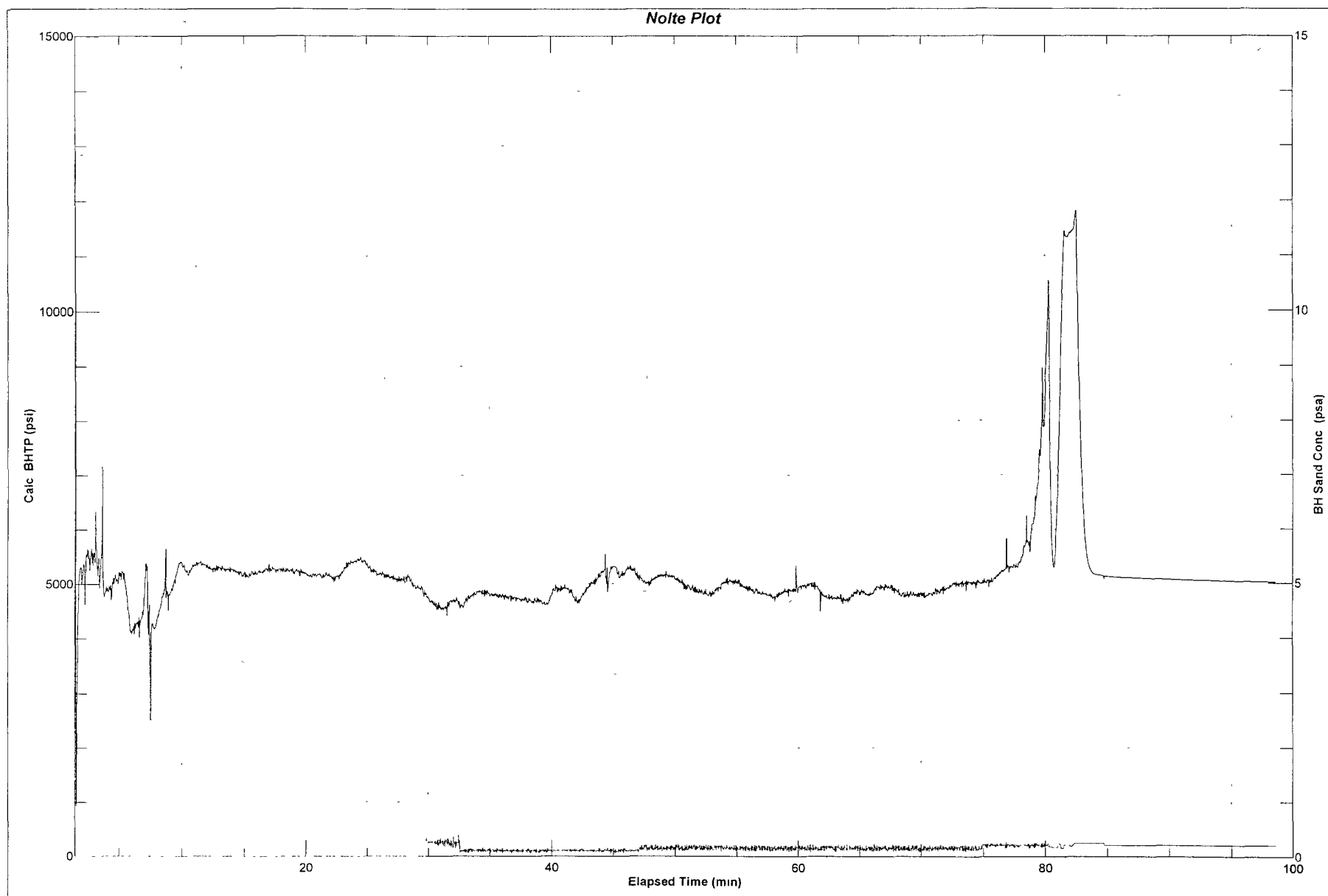


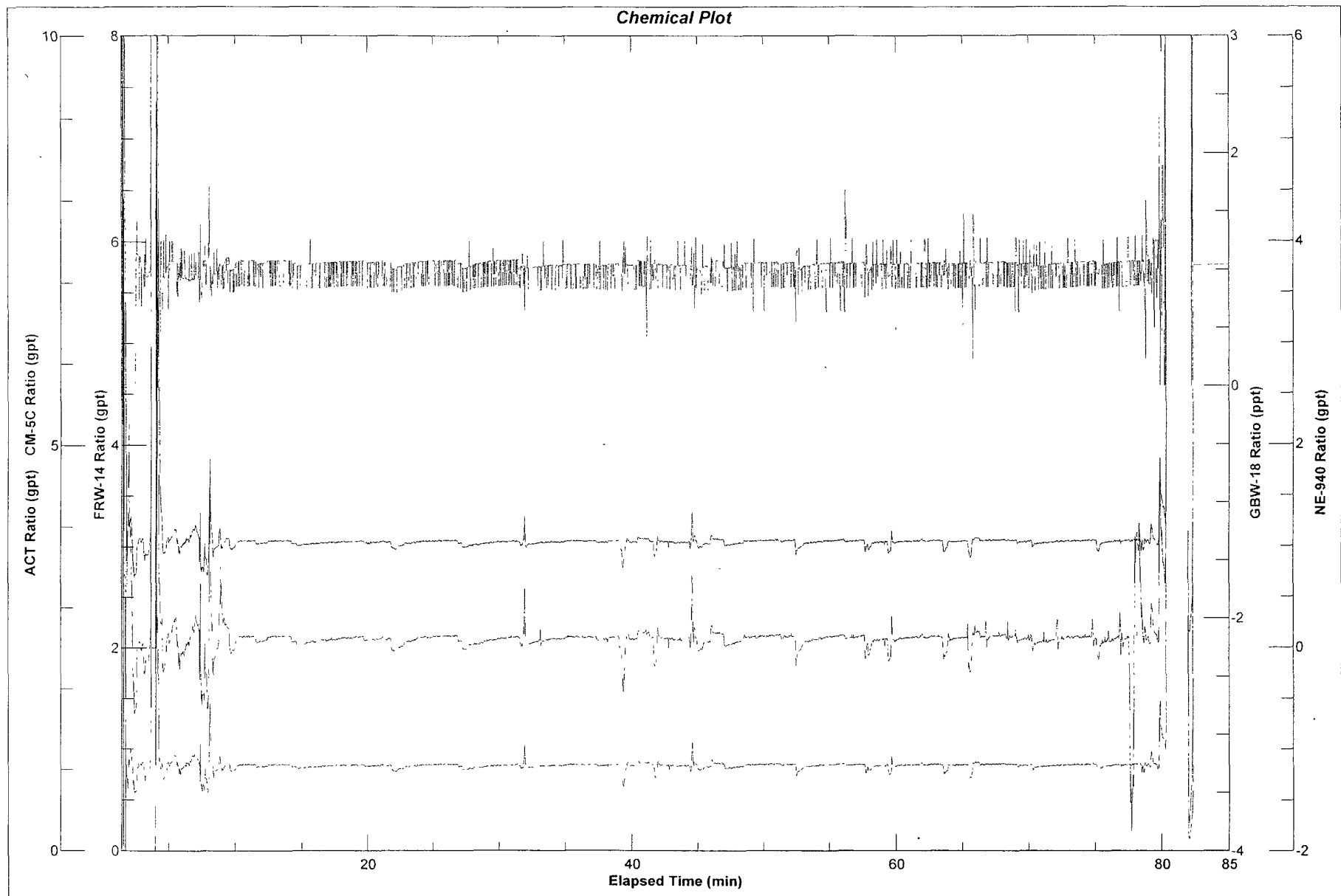
BJ Services JobMaster Program Version 3.20

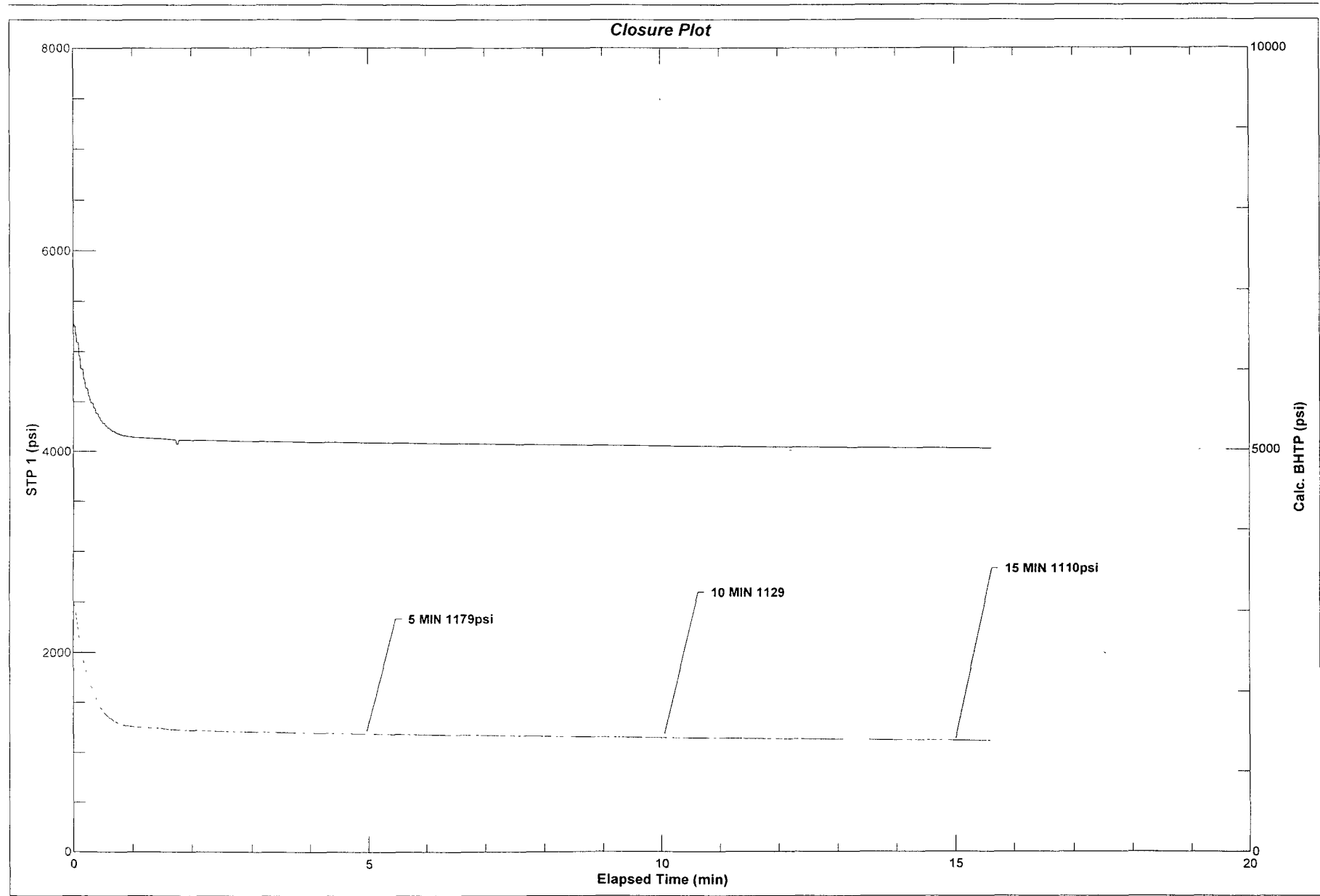
Job Number: 493910278

Customer: CHI Operating, Inc.

Well Name: Big Eddy Unit #114







**Big Eddy Unit 190
30-015-36290
BOPCO, L.P.
December 4, 2008
Conditions of Approval**

- 1. The revised setting depth for the 9-5/8" casing is approved.**
- 2. The formation integrity test variance is not approved. This is not a test of the intermediate casing shoe, but a test to verify that the formation below the shoe will withstand the potential pressure that it might encounter from the lower formations. The BLM geologist indicates that there could be fractures within the Bone Spring formation. The intent of this test is to avoid a subsurface blowout.**

WWI 120408