| Submit 3 Copies To Appropriate District Office  District I  1625 N. French Dr., Hobbs, NM 88240  District II  1301 W. Grand Ave., Artesia, NM 88210  District III  1000 Rio Brazos Rd., Aztec, NM 87410  District IV  1220 S. St. Francis Dr., Santa Fe, NM 87505  SUNDRY NOT  (DO NOT USE THIS FORM FOR PROPODIFFERENT RESERVOIR. USE "APPLIP PROPOSALS.)   | Energy, Mine OIL CONSI 1220 So Sant ICES AND REPORT | ERVATION outh St. Fran a Fe, NM 87 | DIVISION acis Dr. 2505 | ,   | WELL API NO. 30-015-31773  5. Indicate Type of Lease STATE FEE 6. State Oil & Gas Lease No.  7. Lease Name or Unit Agree WC "4" |              |
|--|---|------------------------------------|------------------------|-----|---|--------------|
| 1. Type of Well: Oil Well  | Gas Well 🛛 Other                                    | RECE                               | IVED                   |     | 8. Well Number  |              |
| 2. Name of Operator CHI OPERATING, INC   |   | NOV 1                              | 8 2009                 |     | 9. OGRID Number<br>004378   |              |
| 3. Address of Operator PO BOX 1799 MIDLAND, TX 79702   |   | NMOCD ARTESIA                      |                        |     | 10. Pool name or Wildcat<br>HAPPY VALLEY MORI   | ROW          |
| 4. Well Location   |   |                                    |                        |     |   |              |
| Unit Letter P: 990 feet from the SOUTH line and 660 feet from the EAST line  |   |                                    |                        |     |   |              |
| Section 4 Township 22-S Range 26-E NMPM EDDY County  11. Elevation (Show whether DR, RKB, RT, GR, etc.)  |   |                                    |                        |     |   |              |
| 3188' GR   |   |                                    |                        |     |   |              |
| Pit or Below-grade Tank Application or Closure   |   |                                    |                        |     |   |              |
| Pit type <u>DRLG</u> to Groundwater <u>+117'</u> Distance from nearest fresh water well <u>+1000"</u> Distance from nearest surface water <u>NA</u>  |   |                                    |                        |     |   |              |
| Pit Liner Thickness: 12 mil Below-Grade Tank: Volume bbls; Construction Material  12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data   |   |                                    |                        |     |   |              |
| NOTICE OF INTENTION TO:  PERFORM REMEDIAL WORK  PLUG AND ABANDON  REMEDIAL WORK  ALTERING CASING  COMMENCE DRILLING OPNS PAND A CASING/CEMENT JOB  OTHER:  OTHER: OTHER: OTHER: OTHER: CASING any proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated day of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completic |   |                                    |                        |     |   |              |
| or recompletion.   |   |                                    |                        |     |   |              |
| CHI Operating, Inc will not be drilling the well WC "4" #1, please remove from the OCD records.  |   |                                    |                        |     |   |              |
|  |   |                                    |                        |     |   |              |
|  |   |                                    |                        |     |   |              |
|  |   |                                    |                        |     |   |              |
|  |   |                                    |                        |     |   |              |
|  |   |                                    |                        |     |   |              |
| I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed on closed according to NMOCD guidelines , a general permit or an (attached) alternative OCD-approved plan.  |   |                                    |                        |     |   |              |
| SIGNATURE:   | TITLE   | : REGUI                            | LATORY CLE             | ERK | DATE  | : 11/16/09 . |
| Type or print name: ROBIN AS For State Use Only  | KEW E-mail  | address:                           |                        | -   | Telephone No: 432-685-5001  | <u> </u>     |
| APPROVED BY:   | qui P   | TITLE                              | Creolog                | Y D | DATE W  | 19/09        |
| Conditions of Approval (if any)  |   |                                    |                        | •   |   |              |
|  | •   |                                    |                        |     |   |              |