

State of New Mexico
Energy, Minerals and Natural Resources

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

Form C-105
Revised March 25, 1999

WELL API NO.

30-015-31772

5. Indicate Type of Lease

STATE ☐FEE ☐

State Oil & Gas Lease No.

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. Type of Well:

OIL WELL ☐ GAS WELL ☒ DRY ☐ OTHER _____

b. Type of Completion:

NEW ☒ WORK ☐ DEEPEN ☐ PLUG ☐ DIFF.
WELL OVER BACK RESVR. ☐ OTHER

2. Name of Operator

Chi Operating, Inc.

3. Address of Operator

P.O. Box 1799 Midland, TX 79702

4. Well Location

Unit Letter M : 990' Feet From The SOUTH Line and 990' Feet From The WESTSection 3Township 22SRange 26E

NMPM

County EDDY

10. Date Spudded

12/05/03

11. Date T.D. Reached

1/13/04

12. Date Compl. (Ready to Prod.)

4/23/04

13. Elevations (DF& RKB, RT, GR, etc.)

14. Elev. Casinghead

15. Total Depth

11,467'

16. Plug Back T.D.

11,434'

17. If Multiple Compl. How Many Zones?

18. Intervals Drilled By

Rotary Tools

Cable Tools

19. Producing Interval(s), of this completion - Top, Bottom, Name

11,060-68' Middle Morrow

20. Was Directional Survey Made

21. Type Electric and Other Logs Run
Deviation survey, CDL & CNL

22. Was Well Cored

23. CASING RECORD (Report all strings set in well)

| CASING SIZE | WEIGHT LB./FT. | DEPTH SET | HOLE SIZE | CEMENTING RECORD | AMOUNT PULLED |
|-------------|----------------|-----------|-----------|--|---------------|
| 13 3/8" | 68# | 516' | 17 1/2" | 700sx | |
| 9 5/8" | 36# | 2170' | 12 1/4" | 200sx, Lead 500, Tail 225, Circ 300 | |
| | | 10,295' | 8 3/4" | | |
| 5 1/2" | 17/20# | 11,467' | 7 7/8" | 1stg-350, 2 nd stg- L/225, T/300 | |

24.

LINER RECORD

| SIZE | TOP | BOTTOM | SACKS CEMENT | SCREEN |
|------|-----|--------|--------------|--------|
| | | | | |
| | | | | |

25.

TUBING RECORD

| SIZE | DEPTH SET | PACKER SET |
|------|-----------|------------|
| | | |
| | | |

26. Perforation record (interval, size, and number)

11,060-68'

27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC.

DEPTH INTERVAL

AMOUNT AND KIND MATERIAL USED

11,060-68'

P/1000g 7 1/2% Mrrw Acid w/1000scf per bbl N

28

PRODUCTION

Date First Production

4/23/04

Production Method (Flowing, gas lift, pumping - Size and type pump)

Flwg

Well Status (Prod. or Shut-in)

Prod.

Date of Test

5/04/04

Hours Tested

24 hr

Choke Size

Prod'n For Test Period

Oil - Bbl

0

Gas - MCF

1115 MCF

Water - Bbl.

3 BW

Gas - Oil Ratio

Flow Tubing Press.

460#

Casing Pressure

Calculated 24-Hour Rate

Oil - Bbl.

Gas - MCF

Water - Bbl.

Oil Gravity - API - (Corr.)

29. Disposition of Gas (Sold, used for fuel, vented, etc.)

SOLD

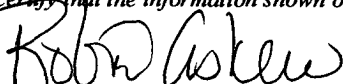
Test Witnessed By

SONNY MANN

30. List Attachments

31. I hereby certify that the information shown on both sides of this form as true and complete to the best of my knowledge and belief

Signature



Printed Name

ROBIN ASKEW

Title

REGULATORY CLERK

Date

7/01/04

INSTRUCTIONS

This form is to be filed with the appropriate District Office of the Division not later than 20 days after the completion of any newly-drilled or deepened well. It shall be accompanied by one copy of all electrical and radio-activity logs run on the well and a summary of all special tests conducted, including drill stem tests. All depths reported shall be measured depths. In the case of directionally drilled wells, true vertical depths shall also be reported. For multiple completions, items 25 through 29 shall be reported for each zone. The form is to be filed in quintuplicate except on state land, where six copies are required. See Rule 1105.

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

| | Southeastern New Mexico |
|--------------------------------|-------------------------|
| T. Delaware | 2573' |
| T. Bone Spring | 4832' |
| 1 st Bone Spring Sd | 5955' |
| 2 nd Bone Spring Sd | 6722' |
| 3 rd Bone Spring Sd | 8024' |
| Wolfcamp | 8514' |
| Cisco Canyon | 9029' |
| Strawn | 9936' |
| Atoka | 10,232' |
| Morrow Lime | 10,448' |
| Morrow Lime Mkr | 10,690' |
| M Mrw Lime | 10,960' |
| Lower Morrow | 11,206' |

| Northwestern New Mexico | |
|-----------------------------|------------------------|
| T. Ojo Alamo _____ | T. Penn. "B" _____ |
| T. Kirtland-Fruitland _____ | T. Penn. "C" _____ |
| T. Pictured Cliffs _____ | T. Penn. "D" _____ |
| T. Cliff House _____ | T. Leadville _____ |
| T. Menefee _____ | T. Madison _____ |
| T. Point Lookout _____ | T. Elbert _____ |
| T. Mancos _____ | T. McCracken _____ |
| T. Gallup _____ | T. Ignacio Otzte _____ |
| Base Greenhorn _____ | T. Granite _____ |
| T. Dakota _____ | T. _____ |
| T. Morrison _____ | T. _____ |
| T. Todilto _____ | T. _____ |
| T. Entrada _____ | T. _____ |
| T. Wingate _____ | T. _____ |
| T. Chinle _____ | T. _____ |
| T. Permian _____ | T. _____ |
| T. Penn "A" _____ | T. _____ |

OIL OR GAS SANDS OR ZONES

No. 1, from.....to..... No. 3, from.....to.....
No. 2, from.....to..... No. 4, from.....to.....

IMPORTANT WATER SANDS

Include data on rate of water inflow and elevation to which water rose in hole.

No. 1, from.....to.....feet.....
 No. 2, from.....to.....feet.....
 No. 3, from.....to.....feet.....

LITHOLOGY RECORD (Attach additional sheet if necessary)

| From | To | Thickness In Feet | Lithology |
|------|----|----------------------|-----------|
| | | | |

| From | To | Thickness In Feet | Lithology |
|------|----|----------------------|-----------|
| | | | |

WELL NAME AND NUMBER W.C. 3 #2
 LOCATION Section 3, T-22-S, R-26-E, Eddy County, New Mexico
 OPERATOR Chi Energy Inc., 212 N. Main, Suite 200, Midland, Texas 79702
 DRILLING CONTRACTOR TMBR/Sharp Drilling, Inc., P. O. Drawer 10970, Midland, TX 79702

The undersigned hereby certifies that he is an authorized representative of the drilling contractor who drilled the above described well and that he has conducted deviation tests and obtained the following results:

| Degrees @ Depth | Degrees @ Depth | Degrees @ Depth | Degrees @ Depth |
|-----------------|-----------------|-----------------|-----------------|
| .75 @ 300' | .75 @ 3,502' | 2.00 @ 7,037' | 1.25 @ 9,745' |
| .75 @ 668' | .75 @ 4,013' | 2.00 @ 7,164' | 1.25 @ 10,064' |
| .75 @ 972' | 1.00 @ 4,298' | 1.50 @ 7,324' | 1.25 @ 10,296' |
| 1.50 @ 1,247' | 1.25 @ 4,489' | 2.00 @ 7,514' | 1.00 @ 10,544' |
| 1.25 @ 1,407' | .75 @ 4,680' | 1.50 @ 7,642' | 2.00 @ 10,896' |
| 1.00 @ 1,502' | .75 @ 4,871' | 1.75 @ 7,833' | 4.00 @ 11,278' |
| 1.00 @ 1,630' | .75 @ 5,060' | 1.75 @ 8,024' | 4.00 @ 11,310' |
| .50 @ 1,757' | .75 @ 5,284' | 2.00 @ 8,120' | 4.00 @ 11,425' |
| .50 @ 1,917' | .50 @ 5,475' | 1.50 @ 8,281' | |
| .50 @ 2,077' | .50 @ 5,762' | 1.00 @ 8,600' | |
| .75 @ 2,355' | .50 @ 6,045' | 2.25 @ 8,885' | |
| .75 @ 2,577' | .75 @ 6,300' | 2.00 @ 8,981' | |
| .75 @ 2,800' | 1.00 @ 6,555' | 1.50 @ 9,107' | |
| .75 @ 3,024' | 1.50 @ 6,781' | 1.50 @ 9,362' | |
| 1.00 @ 3,279' | 2.00 @ 6,941' | 1.50 @ 9,489' | |



Drilling Contractor TMBR/Sharp Drilling, Inc.

By

Jeffrey D. Phillips
 Jeffrey D. Phillips, President

Subscribed and sworn to before me this 20th day of January 2004



Kathleen Roper
 Notary Public Kathleen Roper

Commision expires: 10/2/07 Midland County, Texas