District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy Minerals and Natural Resources
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-101
Revised July 18, 2013

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address	2. OGRID Number
CHI OPERATING, INC. P. O. BOX 1799, MIDLAND TEXAS 79702	4378
	3. API Number 30-015-42612

4. Property Code	5. Property Name	6. Well No.
39947	PEACEKEEPER STATE COM 25	5H

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
O	25	19S	29E		200 (PP330)	S	1800	E	EDDY

8. Proposed Bottom Hole Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
B	25	19S	29E		330	N	1650	E	EDDY

9. Pool Information

Pool Name	Pool Code
Turkey Track ~~UNDESIGNATED~~ BONE SPRING	60660

Additional Well Information

11. Work Type	12. Well Type	13. Cable/Rotary	14. Lease Type	15. Ground Level Elevation
N	O	R	S	3339'
16. Multiple	**17. Proposed Depth**	**18. Formation**	**19. Contractor**	**20. Spud Date**
NO	TVD7907MD12477	BONE SPRING	McVAY	9/9/14
Depth to Ground water 65'	Distance from nearest fresh water well 1000'		Distance to nearest surface water 4 miles	

☒ **We will be using a closed-loop system in lieu of lined pits**

21. Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
	17 ½"	13 3/8"	54.5#	1300	550	SURFACE
	12 ¼"	9 5/8"	36#	3200	1350	SURFACE
	8 ¾"	7"	26#	7907	850	SURFACE

Casing/Cement Program: Additional Comments

SEE ATTACHED DRILLING, HORIZONTAL & H2S PLAN AND BOP/CHOKE

22. Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
13 5/8" DOBLE RAM	3,000#	3,000#	GUANGHAN

23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief. **I further certify that I have complied with 19.15.14.9 (A) NMAC ☐ and/or 19.15.14.9 (B) NMAC ☐, if applicable.** Signature:	OIL CONSERVATION DIVISION
Printed name: BARRY W. HUNT	Approved By: [signature]
Title: PERMIT AGENT FOR CHI OPERATING	Title: Dist II Supervisor
E-mail Address: specialtpermitting@gmail.com	Approved Date: 8-27-2014 Expiration Date: 8-27-2016
Date: 8/27/14 Phone (575) 361-4078	Conditions of Approval Attached

(432) 685-5001 Fax (432) 687-2662

Chi Operating, Inc.

P. O. BOX 1799
MIDLAND, TEXAS 79702

August 27, 2012

Re: Authorization to Permit for Drilling and Right Of Way

To Whom it may concern,

Chi Operating, Inc. hereby authorizes Mr. Barry Hunt to serve as an agent for the purpose of permitting and obtaining Federal authority.

Gary Womack

Chi Energy, Inc.

432-634-8958 (C)
432-685-5001 (O)

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DISTRICT IV
1219 S. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

1219 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
Revised August 1, 2011

Submit one copy to appropriate District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
30-015-42626	96660	TURKEY TRACK; Undesignated Bone Spring

Property Code	Property Name	Well Number
39947	PEACEKEEPER STATE COM	5H

OGRID No.	Operator Name	Elevation
4378	CHI ENERGY, INCORPORATED	3339

Surface Location

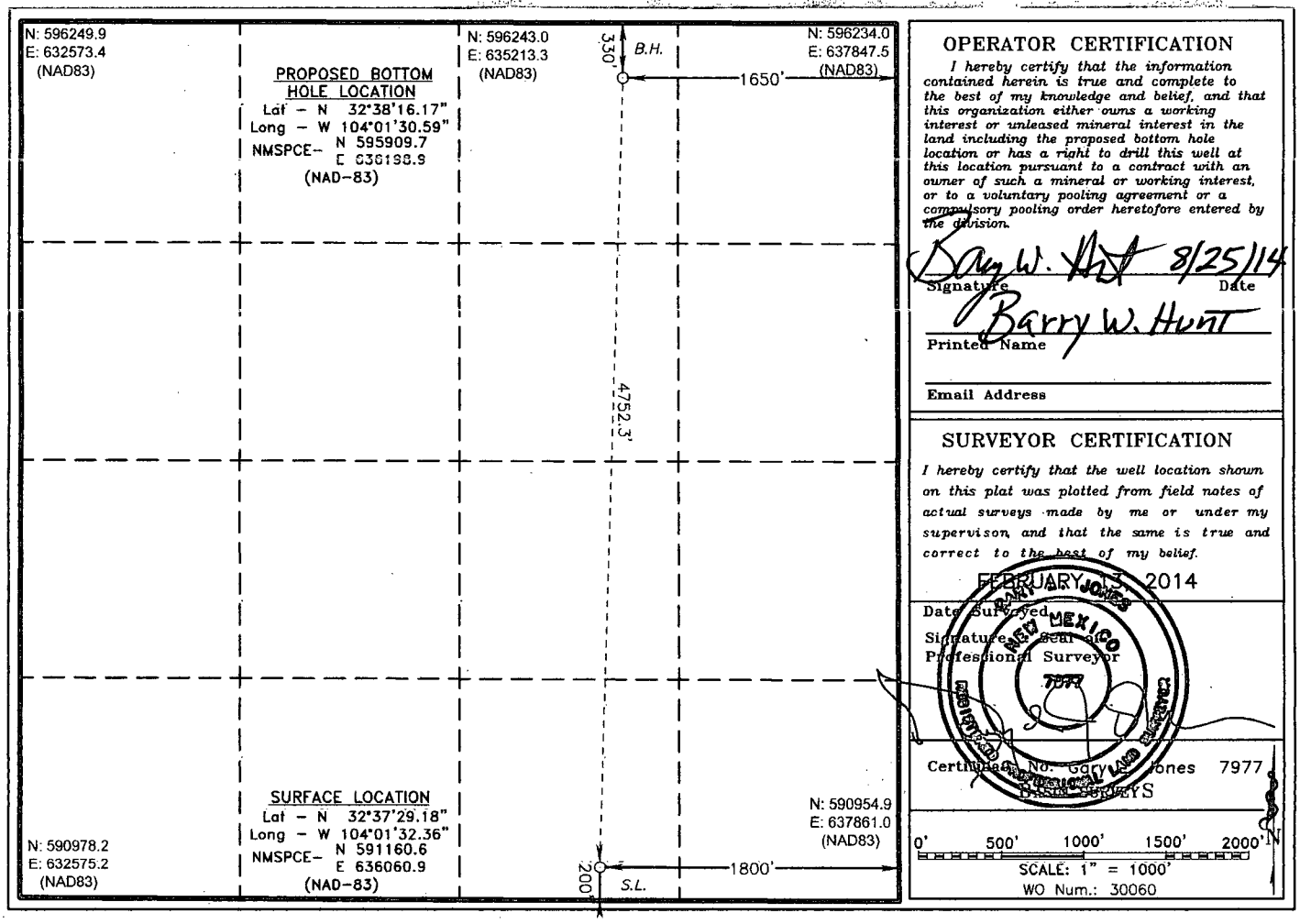
UL or lot No.	Section	Township	Range	Lot Idn	USAt from the	North/South line	USAt from the	East/West line	County
O	25	19 S	29 E		200	SOUTH	1800	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	USAt from the	North/South line	USAt from the	East/West line	County
B	25	19 S	29 E		330	NORTH	1650	EAST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
160			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Barry W. Hunt 8/25/14
Signature Date

Barry W. Hunt
Printed Name

Email Address

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervison, and that the same is true and correct to the best of my belief.

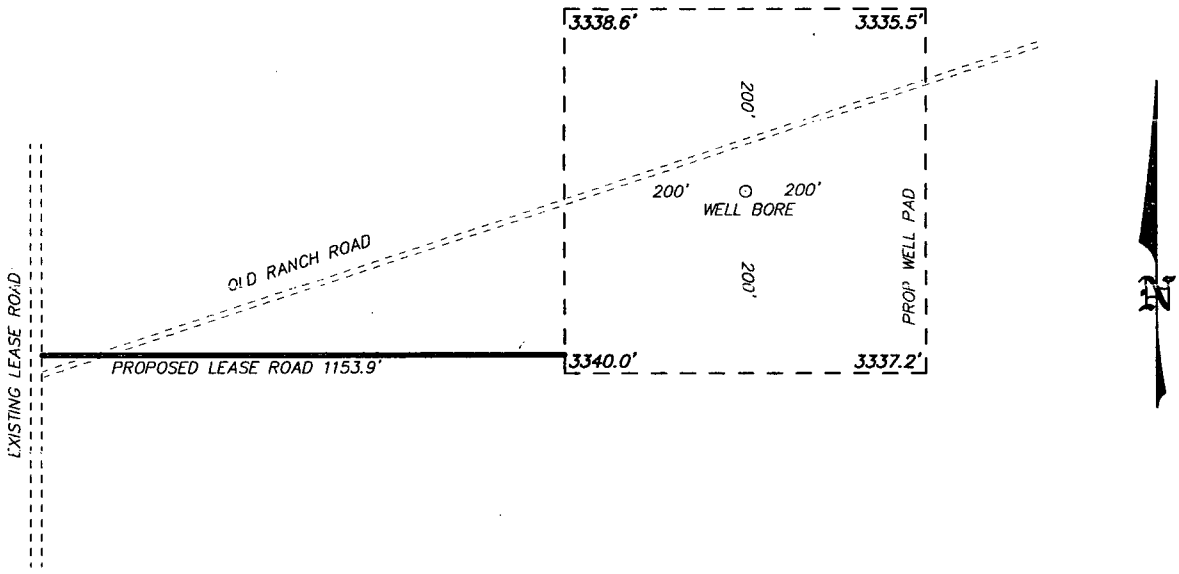
FEBRUARY 13, 2014
Date Surveyed

Signature & Seal of Professional Surveyor

Certificate No. Gary L. Jones 7977

0' 500' 1000' 1500' 2000'
SCALE: 1" = 1000'
WO Num.: 30060

SECTION 25, TOWNSHIP 19 SOUTH, RANGE 29 EAST, N.M.P.M.,
EDDY COUNTY, **NEW MEXICO.**



CHI ENERGY, INCORPORATED
PEACEKEEPER STATE COM 5H
ELEV. - 3339'
Lat - N 32°37'29.18"
Long - W 104°01'32.36"
NMSPCE- N 591160.6
E 636060.9
(NAD-83)

CARLSBAD, NM IS ±18 MILES TO THE SOUTHEAST OF LOCATION.

200 0 200 400 FEET
SCALE: 1" = 200'

Directions to Location:

FROM EAST HWY 180 TURN LEFT ONTO LEASE ROAD, GO 2.5 MILES AND PROPOSED LOCATION WILL BE ON LEFT.

CHI ENERGY, INCORPORATED

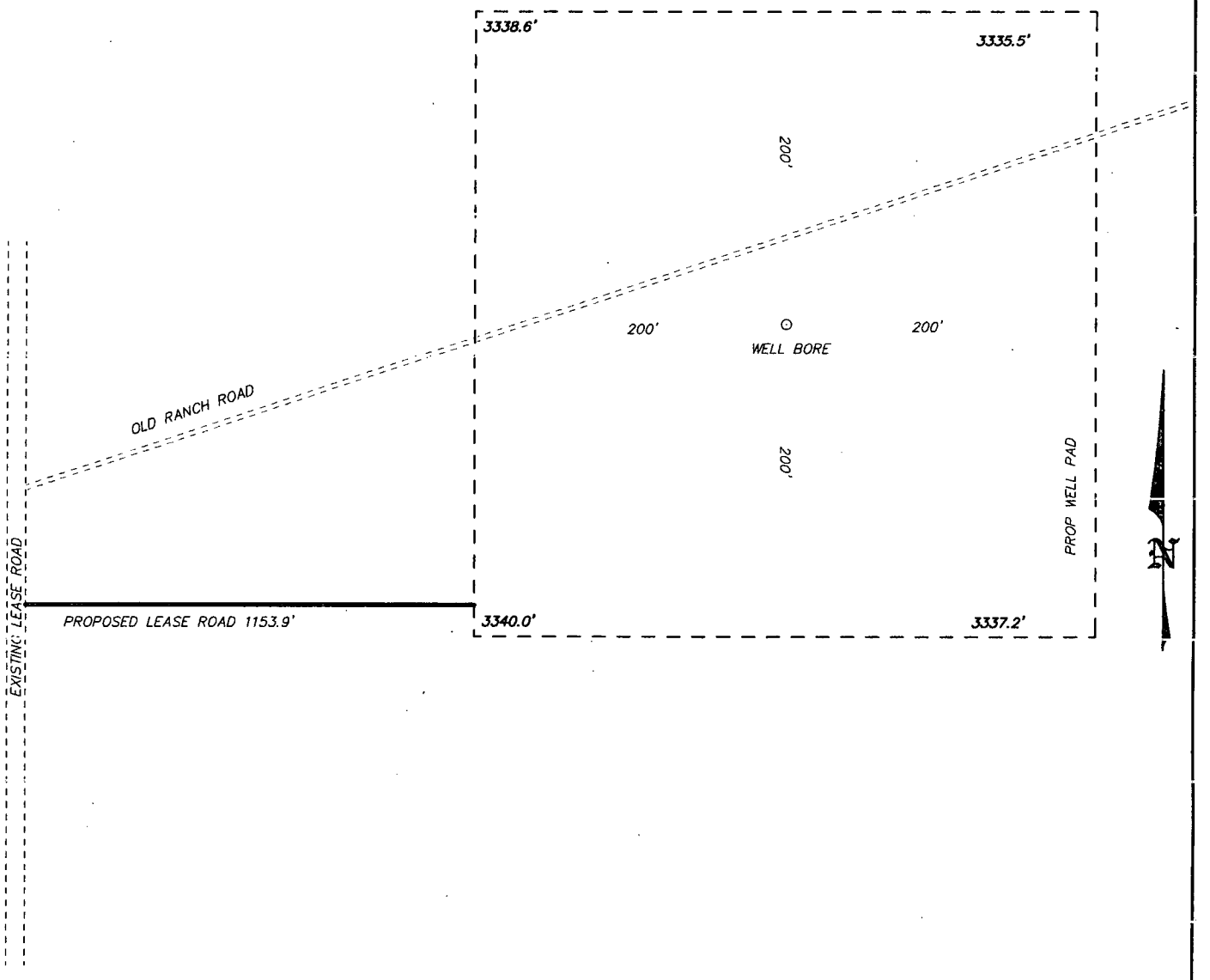
REF: PEACEKEEPER STATE COM 5H / WELL PAD TOPO

THE PEACEKEEPER STATE COM 5H LOCATED 200' FROM THE SOUTH LINE AND 1800' FROM THE EAST LINE OF SECTION 25, TOWNSHIP 19 SOUTH, RANGE 29 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.

basin surveys
focused on excellence in the oilfield
P.O. Box 1786 (575) 393-7316 - Office
1120 N. West County Rd. (575) 392-2206 - Fax
Hobbs, New Mexico 88241 basinsurveys.com

W.O. Number: 30060	Drawn By: K. NORRIS	Date: 02-18-2014	Survey Date: 02-13-2014	Sheet 1 of 1 Sheets

SECTION 25, TOWNSHIP 19 SOUTH, RANGE 29 EAST, N.M.P.M.,
EDDY COUNTY, **NEW MEXICO.**



100 0 100 200 USAT

SCALE: 1" = 100'

CHI ENERGY, INCORPORATED

REF: PEACEKEEPER STATE COM 5H / WELL PAD TOPO

THE PEACEKEEPER STATE COM 5H LOCATED 200' FROM THE SOUTH LINE AND 1800' FROM THE EAST LINE OF SECTION 25, TOWNSHIP 19 SOUTH, RANGE 29 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.

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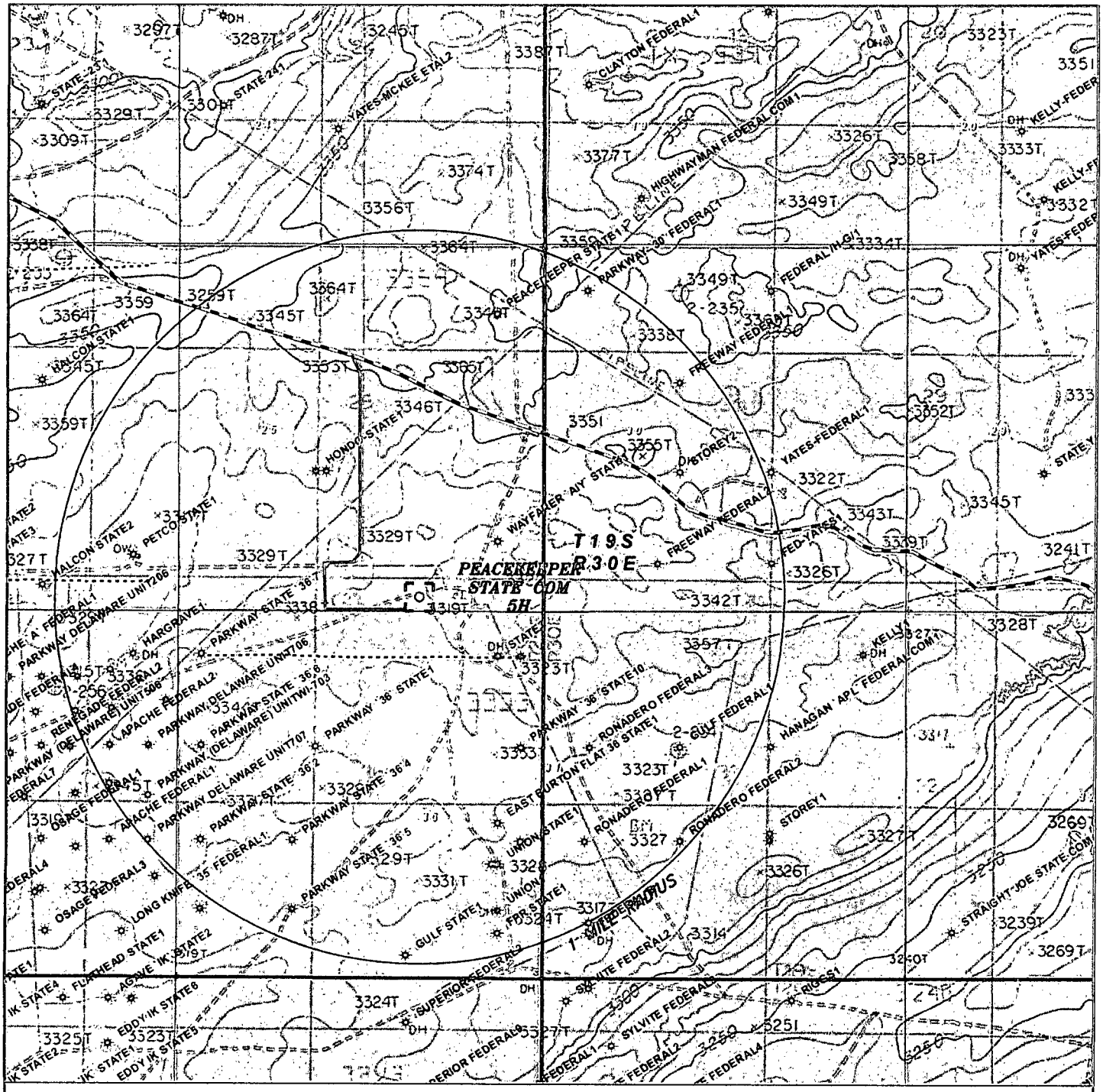

PEACEKEEPER STATE COM 5H

Located 200' FSL and 1800' FEL

Section 25, Township 19 South, Range 29 East, N.M.P.M., Eddy County, New Mexico.

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basinsurveys.com

0' 1000' 2000' 3000' 4000'

SCALE: 1" = 2000'

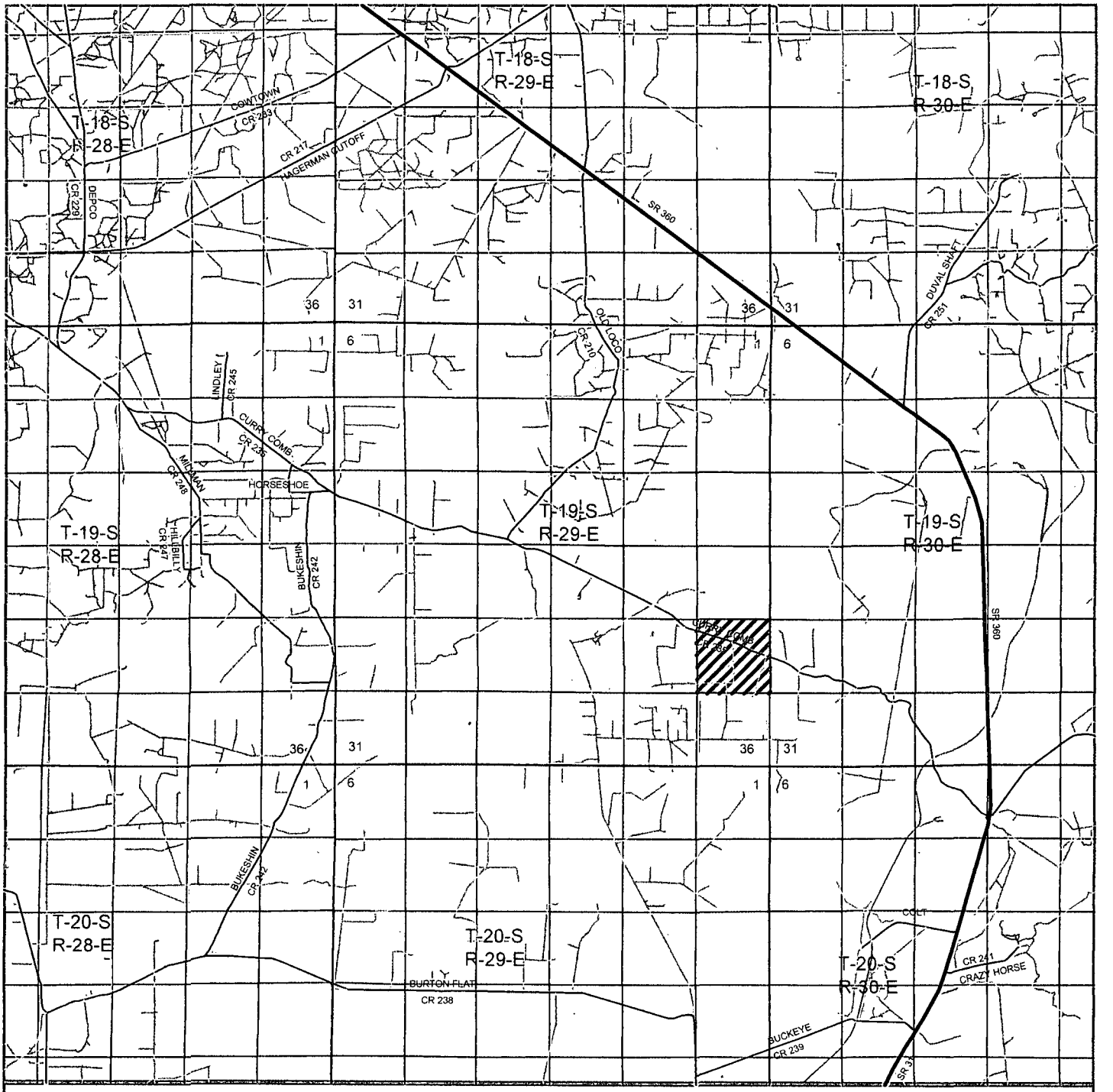
W.O. Number: KAN 30060

Survey Date: 02-13-2014

YELLOW TINT - USA LAND
BLUE TINT - STATE LAND
NATURAL COLOR - USA LAND

N

CHI ENERGY, INCORPORATED



PEACEKEEPER STATE COM 5H

Located 200' FSL and 1800' FEL

Section 25, Township 19 South, Range 29 East,

N.M.P.M., Eddy County, New Mexico.

Basin Surveys

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(575) 392-2206 - Fax
basinsurveys.com

0 1 MI 2 MI 3 MI 4 MI

SCALE: 1" = 2 MILES

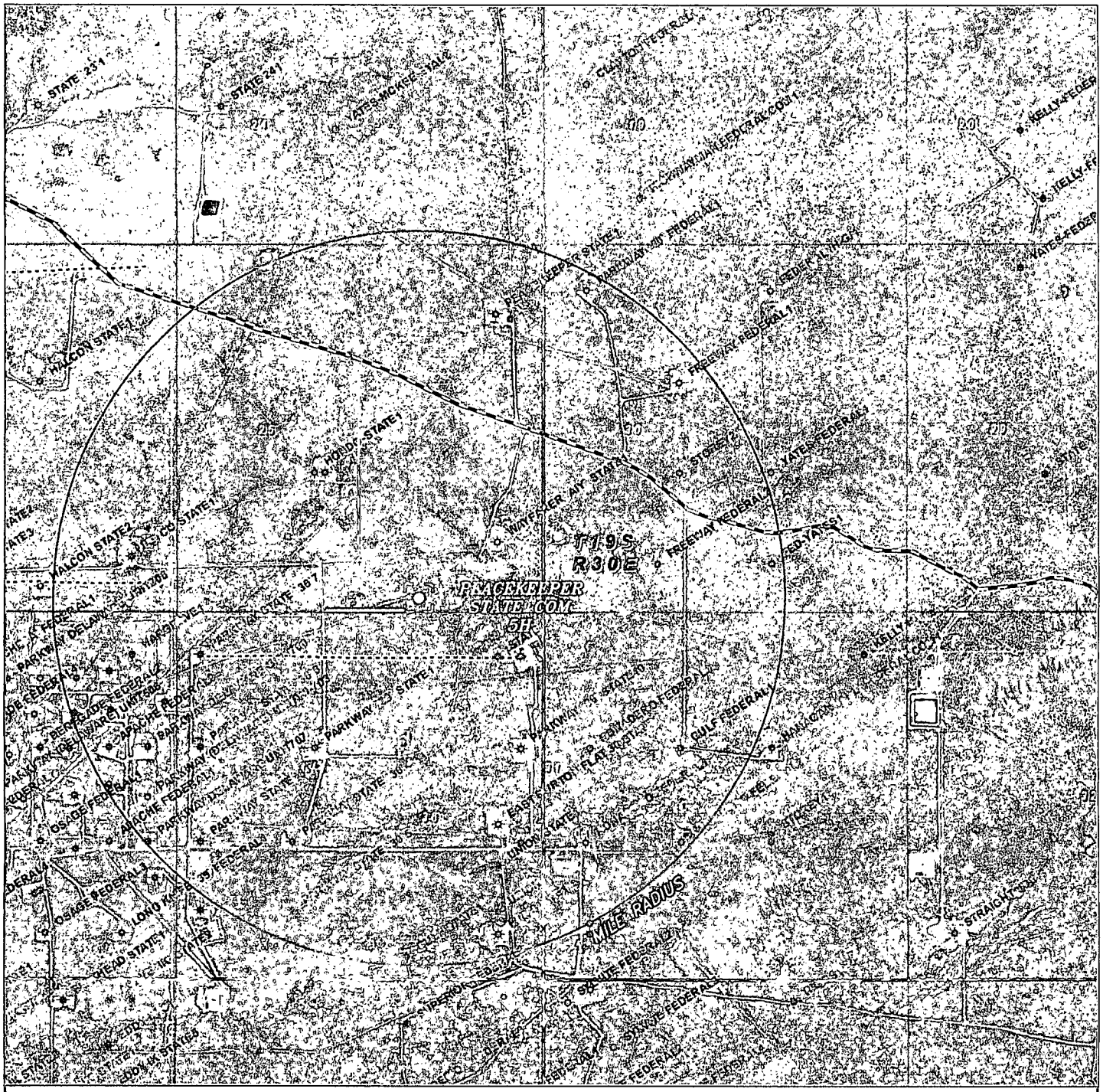
W.O. Number: KAN 30060

Survey Date: 02-13-2014

YELLOW TINT - USA LAND
BLUE TINT - STATE LAND
NATURAL COLOR - USA LAND

N

CHI ENERGY, INCORPORATED



PEACEKEEPER STATE COM 5H
Located 200' FSL and 1800' FEL
Section 25, Township 19 South, Range 29 East, N.M.P.M., Eddy County, New Mexico.

basin surveys
focused on excellence in the oilfield

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(575) 392-2206 - Fax
basinsurveys.com

0' 1000' 2000' 3000' 4000'
SCALE: 1" = 2000'

W.O. Number: KAN 30060

Survey Date: 02-13-2014

YELLOW TINT - USA LAND
BLUE TINT - STATE LAND
NATURAL COLOR - USA LAND

N

CHI ENERGY, INCORPORATED

Application to Drill
Chi Operating, Inc.
Peacekeeper State Com 25 #5H
200'FSL & 1800' FEL (SHL)
330' FNL & 1650' FEL (BHL)
Sec 25-T19S-R29E
Eddy County, New Mexico

1. **The estimated tops of geological markers are as follows**:

Rustler	150'	
Top Salt	310'	
Base Salt	950'	
*Yates	1250'	
Seven Rivers	1375'	
Queen	Not Expected	
Top Captain	1300'	
Base Captain	1710'	
*Delaware	3200'	
*Bone Springs	6020'	
TVD	7907'	MD 12,477'

2. **Estimated depths of anticipated fresh water, oil, or gas:**

Water	Fresh water is anticipated at 65' and will be protected by setting surface Casing at 185' and cementing to surface.
Hydrocarbons	Oil and gas are anticipated in the above (*) formations. These zones will Be protected by casing as necessary

3. **Pressure control equipment**:

A 2M diverter will be installed after running 20" casing. A 2000# WP Annular will be installed after running 13 3/8" casing. A 3000# WP Double Ram BOP and 3000# WP Annular will be installed after running 9 5/8" & 7" casing strings. Pressure tests will be conducted prior to drilling out under all casing strings. BOP controls will be installed prior to drilling under surface casing and will remain in use until completion of drilling operations. BOPE will be inspected and operated as recommended in Onshore Order #2. A kelly cock and a sub equipped with a full opening valve sized to fit the drill pipe and collars will be available on the rig floor in the open position when the kelly is not in use. will test the 7" & 9 5/8" BOPE to 3000# and both Annular BOPs to 1500# with a third party testing company before drilling below each shoe, but will test again, if needed, in 30 days from the 1st test as per BLM Onshore Oil and Gas Order #2.

Chi Energy requests a variance that a diverter be installed.

4. Chi Operating, Inc. proposes to drill a vertical wellbore to 7361' & kick off to horizontal @ 7907' TVD. The well will be drilled to 12477' MD (7907' TVD). See attached directional plan.

5. **Proposed casing and cementing program**:

A. Casing Program:

Hole Size	Casing	Wt/Ft.	Grade	Depth	Jt Type
26	20" (new)	94#	J55	0'-185'	BT&C
17 ½ "	13 3/8" (new)	54.5	J55	0'-1300'	ST&C
12 ¼ "	9 5/8"(new)	36#	J55	0'-3200'	LT&C
8 ¾"	7" (new)	26#	P110	0'-7907'	LT&C
6 1/8"	4 1/2" (new)	11.6#	P110	7907' -12477' MD	LT&C

Minimum casing design factors: Collapse 1.125, Burst 1.0, Tensile strength 1.8
*Subject to availability of casing

B. **Cementing Program:**

i. Surface Casing: 350 sks Class "C" lite (35:65:4) cement w/LCM additives. Yield at 2. 12 cuft/sk. 200 sks Class "C" cement w/2% CaCl2 additives. Yield at 1.34 cuft/sk. Cmt circulated to surface w/100% excess.

ii. 1st Intermediate Casing: 450 sks Clas "C" lite (35:65:4) cement w/salt & LCMadditives. Yield at 2. 12 cuft/sk. 200 sacks Class "C" cement w/2% CaCl2 additives.Yield at 1.34 cuft/sk. Cmt circulated to surface w/25% excess.

iii. 2nd Intermediate Casing: 500 sacks Class "C" lite (35:65:4) cement w/LCM & FLadditives. Yield at 2. 12 cuft/sk. 200 sacks Class "C" cement w/1% CaCl2 additives.Yield at 1.34 cuft/sk. Cmt circulated to surface w/25% excess.

iv. Production Casing: 450 sacks Class "H" lite (35:65:4) cement w/salt,FL & LCMadditives. Yield at 2. 12 cuft/sk. 400 sacks Class "H" cement w/salt & FL additives.Yield at 1.29 cuft/sk. Cmt circulated to surface w/25% excess.

v. Production Liner: This will be a Packer/Port completion from TD up inside 7" casingwith packer type liner hanger.

*Referring to above of lite cement:)wt% fly ash : wt% cement : wt% bentonite of the total of the first two numbers). Generic names of additives are used since the availability of specific companies and products are unknown at this time.

6. **Mud Program:**

Interval	Type System	Weight	Viscosity	Fluid Loss
0'-185'	FW Spud Mud	8.4-8.6	28	NC
185'-1300'	Brine Water	10.0-10.2	30-32	NC
1300'-7907'	Cut Brine	8.4-9.5	30-32	NC
7907'- 12477'	Cut Brine w/Polymer	9.0-9.5	30-32	NC

7. **Evaluation Program:**

Samples: 10' samples from surface casing to TD
Logging: GR/N & Gyro from KOP-100' (7361') to surface. GR from 7907' to TD.

8. **Downhole Conditions:**

Zones of abnormal pressure: None anticipated
Zones of lost circulation: Anticipated in surface and intermediate holes. Equipment and material will be available on location in the event of lost circulation.
Maximum bottom hole temperature: 120 degrees F
Maximum bottom hole pressure: 3495 psi.

9. **Anticipated Starting Date:**

Chi Operating, Inc. intends to drill this well as soon as possible after receiving approval with approximately 40 days involved in drilling operations and an additional 10 days involved in completions operations on the project.

5D Plan Report

Chi Energy

Field Name: *Chi Energy Eddy Co (NAD83 NME)*
Site Name: *Peacekeeper State 25 #5H*
Well Name: *Peacekeeper State 25 #5H*
Plan: *P1:V1*

12 March 2014

Peacekeeper State 25 #5H
Eddy County, New Mexico

Plan Data for Peacekeeper State 25 #5H

Site: Peacekeeper State 25 #5H
Unit: USFeet TVD Reference:
Company Name: Chi Energy
Position: Northing: 591160.60USft Latitude: 32°37'29.2"
Easting: 636060.90USft Longitude: -104°1'32.4"
North Reference: Grid Grid Convergence: 0.17°
Elevation Above VRD: 3339.00USft

Plan Data for Peacekeeper State 25 #5H

Slot: Peacekeeper State 25 #5H
Position:
Offset is from Site centre
+N/-S: 0.00USft Northing: 591160.60USft Latitude: 32°37'29.2"
+E/-W: 0.00USft Easting: 636060.90USft Longitude: -104°1'32.4"
Elevation Above VRD: 3339.00USft

Plan Data for Peacekeeper State 25 #5H

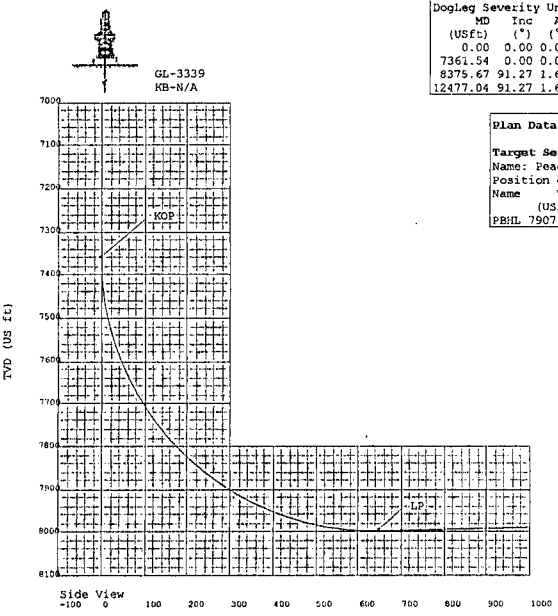
Plan Point Information:
DogLeg Severity Unit: °/100.00ft Position offsets from Slot centre

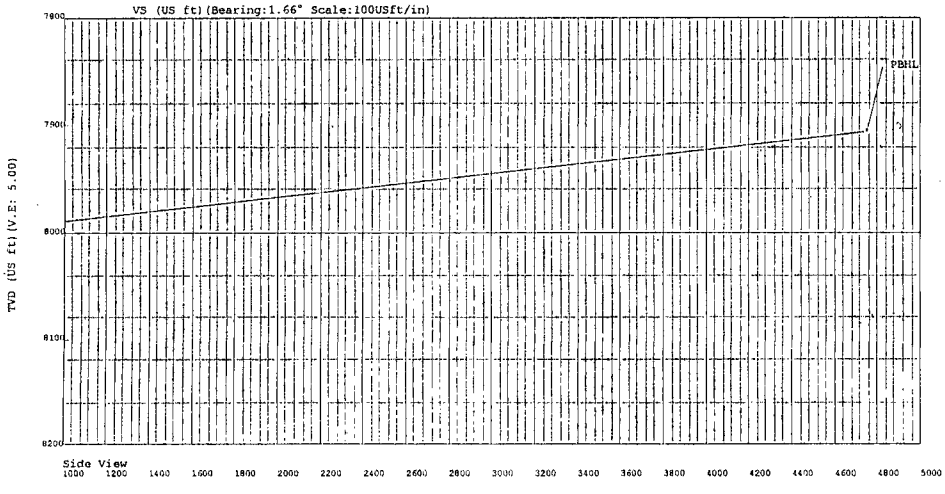
MD (USft)	Inc (°)	Az (°)	TVD (USft)	+N/-S (USft)	+E/-W (USft)	Northing (USft)	Easting (USft)	VSec (USft)	DLS (DLSU)
0.00	0.00	0.00	0.00	0.00	0.00	591160.60	636060.90	0.00	0.00
7361.54	0.00	0.00	7361.54	0.00	0.00	591160.60	636060.90	0.00	0.00
8375.67	91.27	1.66	7998.00	650.47	18.90	591811.07	636079.80	650.75	9.00
12477.04	91.27	1.66	7907.00	4749.10	138.00	595909.70	636198.90	4751.10	0.00

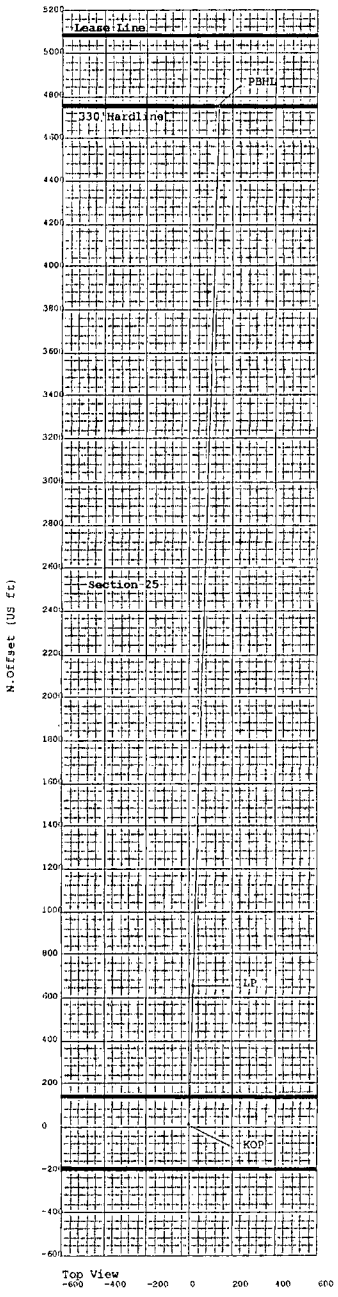
Plan Data for Peacekeeper State 25 #5H

Target Set Information:
Name: Peacekeeper State 25 #5H Target
Position offsets from Slot centre

Name	TVD (USft)	+N/-S (USft)	+E/-W (USft)	Northing (USft)	Easting (USft)	Shape	Comment
PBHL	7907.00	4749.10	138.00	595909.70	636198.90	Cuboid	







Weatherford

Sign Off: Patrick Rudolph

Peacekeeper State 25 #5H

Field Name
Chi Energy Eddy Co (NAD83 NME)

Map Units : US ft
Company Name : Chi Energy
Vertical Reference Datum (VRD) : Mean Sea Level
Projected Coordinate System : NAD83 / New Mexico East (ftUS)
Comment :

Site Name
Peacekeeper State 25 #5H

Units : US ft
North Reference : Grid
Convergence Angle : 0.17
Position
Northing : 591160.60 US ft
Latitude : 32° 37' 29.19"
Easting : 636060.90 US ft
Longitude : -104° 1' 32.37"
Elevation above Mean Sea Level:3339.00 US ft
Comment :

Slot Name
Peacekeeper State 25 #5H

Position (Offsets relative to Site Centre)
+N / -S : 0.00 US ft
Northing :591160.60 US ft
Latitude : 32°37'29.19"
+E / -W : 0.00 US ft
Easting :636060.90 US ft
Longitude : -104°1'32.37"
Elevation above Mean Sea Level : 3339.00 US ft
Comment :

Well Name
Peacekeeper State 25 #5H

Type : Main well
UWI :
Plan : P1:V1
Rig Height *Well TVD Reference* : 0.00 US ft
Comment :
Relative to Mean Sea Level: 3339.00 US ft
Closure Distance : 4751.1 US ft
Closure Azimuth : 1.66444°
Vertical Section (Position of Origin Relative to Slot)
+N / -S : 0.00 US ft
+E / -W : 0.00 US ft
Az :1.66°
Magnetic Parameters
Model : BGGM
Field Strength : 48508.8nT
Dec : 7.59°
Dip : 60.39°
Date : 01/Jun/2014

Target Set

Name : Peacekeeper State 25 #5H Target
Number of Targets : 1

Comment :

Target Name:
PBHL

Position (Relative to Slot centre)
+N / -S : 4749.10US ft
Northing : 595909.70 US ft
Latitude : 32°38'16.17"
+E / -W : 138.00 US ft
Easting : 636198.90US ft
Longitude : -104°1'30.59"
TVD (Well TVD Reference) : 7907.00 US ft

Shape:
Cuboid

Orientation **Azimuth :** 0.00°
Inclination : 0.00°
Dimensions **Length :** 0.00 US ft
Breadth : 0.00 US ft
Height : 0.00 US ft

5D Plan Report

Well path created using minimum curvature

Salient Points (Relative to Slot centre, TVD relative to Well TVD Reference.)

MD (US ft)	Inc (°)	Az (°)	TVD (US ft)	N.Offset (US ft)	E.Offset (US ft)	DLS (°/100 US ft)	VS (US ft)	B.Rate (°/100 US ft)	T.Rate (°/100 US ft)	T.Face (°)	Comment
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
7361.54	0.00	0.00	7361.54	0.00	0.00	0.00	0.00	0.00	0.00	0.00	KOP
8375.67	91.27	1.66	7998.00	650.47	18.90	9.00	650.75	9.00	0.00	1.66	LP
12477.04	91.27	1.66	7907.00	4749.10	138.00	0.00	4751.10	0.00	0.00	0.00	PBHL

Interpolated Points (Relative to Slot centre, TVD relative to Well TVD Reference.)

MD (US ft)	Inc (°)	Az (°)	TVD (US ft)	N.Offset (US ft)	E.Offset (US ft)	VS (US ft)	DLS (°/100 US ft)	Northing (US ft)	Easting (US ft)	Comment
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	591160.60	636060.90	
100.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	591160.60	636060.90	
200.00	0.00	0.00	200.00	0.00	0.00	0.00	0.00	591160.60	636060.90	
300.00	0.00	0.00	300.00	0.00	0.00	0.00	0.00	591160.60	636060.90	
400.00	0.00	0.00	400.00	0.00	0.00	0.00	0.00	591160.60	636060.90	
500.00	0.00	0.00	500.00	0.00	0.00	0.00	0.00	591160.60	636060.90	
600.00	0.00	0.00	600.00	0.00	0.00	0.00	0.00	591160.60	636060.90	
700.00	0.00	0.00	700.00	0.00	0.00	0.00	0.00	591160.60	636060.90	
800.00	0.00	0.00	800.00	0.00	0.00	0.00	0.00	591160.60	636060.90	
900.00	0.00	0.00	900.00	0.00	0.00	0.00	0.00	591160.60	636060.90	
1000.00	0.00	0.00	1000.00	0.00	0.00	0.00	0.00	591160.60	636060.90	
1100.00	0.00	0.00	1100.00	0.00	0.00	0.00	0.00	591160.60	636060.90	
1200.00	0.00	0.00	1200.00	0.00	0.00	0.00	0.00	591160.60	636060.90	
1300.00	0.00	0.00	1300.00	0.00	0.00	0.00	0.00	591160.60	636060.90	
1400.00	0.00	0.00	1400.00	0.00	0.00	0.00	0.00	591160.60	636060.90	
1500.00	0.00	0.00	1500.00	0.00	0.00	0.00	0.00	591160.60	636060.90	
1600.00	0.00	0.00	1600.00	0.00	0.00	0.00	0.00	591160.60	636060.90	
1700.00	0.00	0.00	1700.00	0.00	0.00	0.00	0.00	591160.60	636060.90	
1800.00	0.00	0.00	1800.00	0.00	0.00	0.00	0.00	591160.60	636060.90	
1900.00	0.00	0.00	1900.00	0.00	0.00	0.00	0.00	591160.60	636060.90	
2000.00	0.00	0.00	2000.00	0.00	0.00	0.00	0.00	591160.60	636060.90	
2100.00	0.00	0.00	2100.00	0.00	0.00	0.00	0.00	591160.60	636060.90	
2200.00	0.00	0.00	2200.00	0.00	0.00	0.00	0.00	591160.60	636060.90	
2300.00	0.00	0.00	2300.00	0.00	0.00	0.00	0.00	591160.60	636060.90	
2400.00	0.00	0.00	2400.00	0.00	0.00	0.00	0.00	591160.60	636060.90	
2500.00	0.00	0.00	2500.00	0.00	0.00	0.00	0.00	591160.60	636060.90	
2599.99	0.00	0.00	2599.99	0.00	0.00	0.00	0.00	591160.60	636060.90	
2699.99	0.00	0.00	2699.99	0.00	0.00	0.00	0.00	591160.60	636060.90	
2799.99	0.00	0.00	2799.99	0.00	0.00	0.00	0.00	591160.60	636060.90	
2899.99	0.00	0.00	2899.99	0.00	0.00	0.00	0.00	591160.60	636060.90	
2999.99	0.00	0.00	2999.99	0.00	0.00	0.00	0.00	591160.60	636060.90	
3099.99	0.00	0.00	3099.99	0.00	0.00	0.00	0.00	591160.60	636060.90	
3199.99	0.00	0.00	3199.99	0.00	0.00	0.00	0.00	591160.60	636060.90	
3299.99	0.00	0.00	3299.99	0.00	0.00	0.00	0.00	591160.60	636060.90	
3399.99	0.00	0.00	3399.99	0.00	0.00	0.00	0.00	591160.60	636060.90	
3499.99	0.00	0.00	3499.99	0.00	0.00	0.00	0.00	591160.60	636060.90	
3599.99	0.00	0.00	3599.99	0.00	0.00	0.00	0.00	591160.60	636060.90	
3699.99	0.00	0.00	3699.99	0.00	0.00	0.00	0.00	591160.60	636060.90	
3799.99	0.00	0.00	3799.99	0.00	0.00	0.00	0.00	591160.60	636060.90	
3899.99	0.00	0.00	3899.99	0.00	0.00	0.00	0.00	591160.60	636060.90	
3999.99	0.00	0.00	3999.99	0.00	0.00	0.00	0.00	591160.60	636060.90	
4099.99	0.00	0.00	4099.99	0.00	0.00	0.00	0.00	591160.60	636060.90	
4199.99	0.00	0.00	4199.99	0.00	0.00	0.00	0.00	591160.60	636060.90	
4299.99	0.00	0.00	4299.99	0.00	0.00	0.00	0.00	591160.60	636060.90	
4399.99	0.00	0.00	4399.99	0.00	0.00	0.00	0.00	591160.60	636060.90	
4499.99	0.00	0.00	4499.99	0.00	0.00	0.00	0.00	591160.60	636060.90	
4599.99	0.00	0.00	4599.99	0.00	0.00	0.00	0.00	591160.60	636060.90	
4699.99	0.00	0.00	4699.99	0.00	0.00	0.00	0.00	591160.60	636060.90	
4799.99	0.00	0.00	4799.99	0.00	0.00	0.00	0.00	591160.60	636060.90	

5D Plan Report

Interpolated Points (Relative to: Slot centre, TVD relative to: Well TVD Reference)

MD (US ft)	Inc (°)	Az (°)	TVD (US ft)	N.Offset (US ft)	E.Offset (US ft)	VS (US ft)	DLS (°/100 US ft)	Northing (US ft)	Easting (US ft)	Comment
4899.99	0.00	0.00	4899.99	0.00	0.00	0.00	0.00	591160.60	636060.90	
4999.99	0.00	0.00	4999.99	0.00	0.00	0.00	0.00	591160.60	636060.90	
5099.99	0.00	0.00	5099.99	0.00	0.00	0.00	0.00	591160.60	636060.90	
5199.99	0.00	0.00	5199.99	0.00	0.00	0.00	0.00	591160.60	636060.90	
5299.99	0.00	0.00	5299.99	0.00	0.00	0.00	0.00	591160.60	636060.90	
5399.99	0.00	0.00	5399.99	0.00	0.00	0.00	0.00	591160.60	636060.90	
5499.99	0.00	0.00	5499.99	0.00	0.00	0.00	0.00	591160.60	636060.90	
5599.99	0.00	0.00	5599.99	0.00	0.00	0.00	0.00	591160.60	636060.90	
5699.99	0.00	0.00	5699.99	0.00	0.00	0.00	0.00	591160.60	636060.90	
5799.99	0.00	0.00	5799.99	0.00	0.00	0.00	0.00	591160.60	636060.90	
5899.99	0.00	0.00	5899.99	0.00	0.00	0.00	0.00	591160.60	636060.90	
5999.99	0.00	0.00	5999.99	0.00	0.00	0.00	0.00	591160.60	636060.90	
6099.99	0.00	0.00	6099.99	0.00	0.00	0.00	0.00	591160.60	636060.90	
6199.99	0.00	0.00	6199.99	0.00	0.00	0.00	0.00	591160.60	636060.90	
6299.99	0.00	0.00	6299.99	0.00	0.00	0.00	0.00	591160.60	636060.90	
6399.99	0.00	0.00	6399.99	0.00	0.00	0.00	0.00	591160.60	636060.90	
6499.99	0.00	0.00	6499.99	0.00	0.00	0.00	0.00	591160.60	636060.90	
6599.99	0.00	0.00	6599.99	0.00	0.00	0.00	0.00	591160.60	636060.90	
6699.99	0.00	0.00	6699.99	0.00	0.00	0.00	0.00	591160.60	636060.90	
6799.99	0.00	0.00	6799.99	0.00	0.00	0.00	0.00	591160.60	636060.90	
6899.99	0.00	0.00	6899.99	0.00	0.00	0.00	0.00	591160.60	636060.90	
6999.99	0.00	0.00	6999.99	0.00	0.00	0.00	0.00	591160.60	636060.90	
7099.99	0.00	0.00	7099.99	0.00	0.00	0.00	0.00	591160.60	636060.90	
7199.99	0.00	0.00	7199.99	0.00	0.00	0.00	0.00	591160.60	636060.90	
7299.99	0.00	0.00	7299.99	0.00	0.00	0.00	0.00	591160.60	636060.90	
7361.54	0.00	0.00	7361.54	0.00	0.00	0.00	0.00	591160.60	636060.90	KOP
7399.99	3.46	1.66	7399.96	1.16	0.03	1.16	9.00	591161.76	636060.93	
7499.99	12.46	1.66	7498.90	14.99	0.44	14.99	9.00	591175.59	636061.34	
7599.98	21.46	1.66	7594.45	44.12	1.28	44.13	9.00	591204.72	636062.18	
7699.98	30.46	1.66	7684.27	87.83	2.55	87.86	9.00	591248.43	636063.45	
7799.98	39.46	1.66	7766.14	145.04	4.21	145.11	9.00	591305.64	636065.11	
7899.98	48.46	1.66	7838.05	214.36	6.23	214.45	9.00	591374.96	636067.13	
7999.98	57.46	1.66	7898.22	294.06	8.54	294.19	9.00	591454.66	636069.44	
8099.98	66.46	1.66	7945.18	382.20	11.11	382.36	9.00	591542.80	636072.01	
8199.98	75.46	1.66	7977.77	476.59	13.85	476.79	9.00	591637.19	636074.75	
8299.98	84.46	1.66	7995.19	574.92	16.71	575.16	9.00	591735.52	636077.61	
8375.67	91.27	1.66	7998.00	650.47	18.90	650.75	9.00	591811.07	636079.80	LP
8399.98	91.27	1.66	7997.46	674.77	19.61	675.06	0.00	591835.37	636080.51	
8499.98	91.27	1.66	7995.24	774.70	22.51	775.03	0.00	591935.30	636083.41	
8599.98	91.27	1.66	7993.03	874.64	25.42	875.01	0.00	592035.24	636086.32	
8699.98	91.27	1.66	7990.81	974.57	28.32	974.98	0.00	592135.17	636089.22	
8799.98	91.27	1.66	7988.59	1074.50	31.22	1074.96	0.00	592235.10	636092.12	
8899.98	91.27	1.66	7986.37	1174.44	34.13	1174.93	0.00	592335.04	636095.03	
8999.98	91.27	1.66	7984.15	1274.37	37.03	1274.91	0.00	592434.97	636097.93	
9099.98	91.27	1.66	7981.93	1374.30	39.93	1374.88	0.00	592534.90	636100.83	
9199.98	91.27	1.66	7979.71	1474.24	42.84	1474.86	0.00	592634.84	636103.74	
9299.98	91.27	1.66	7977.49	1574.17	45.74	1574.83	0.00	592734.77	636106.64	
9399.98	91.27	1.66	7975.28	1674.10	48.65	1674.81	0.00	592834.70	636109.55	
9499.98	91.27	1.66	7973.06	1774.03	51.55	1774.78	0.00	592934.63	636112.45	
9599.98	91.27	1.66	7970.84	1873.97	54.45	1874.76	0.00	593034.57	636115.35	
9699.98	91.27	1.66	7968.62	1973.90	57.36	1974.73	0.00	593134.50	636118.26	
9799.98	91.27	1.66	7966.40	2073.83	60.26	2074.71	0.00	593234.43	636121.16	
9899.98	91.27	1.66	7964.18	2173.77	63.17	2174.68	0.00	593334.37	636124.07	
9999.98	91.27	1.66	7961.96	2273.70	66.07	2274.66	0.00	593434.30	636126.97	
10099.98	91.27	1.66	7959.74	2373.63	68.97	2374.63	0.00	593534.23	636129.87	
10199.98	91.27	1.66	7957.52	2473.57	71.88	2474.61	0.00	593634.17	636132.78	
10299.98	91.27	1.66	7955.31	2573.50	74.78	2574.58	0.00	593734.10	636135.68	
10399.98	91.27	1.66	7953.09	2673.43	77.68	2674.56	0.00	593834.03	636138.58	
10499.98	91.27	1.66	7950.87	2773.36	80.59	2774.53	0.00	593933.96	636141.49	

5D Plan Report

Interpolated Points (Relative to Slot centre, TVD relative to Well TVD Reference)

MD (US ft)	Inc (°)	Az (°)	TVD (US ft)	N.Offset (US ft)	E.Offset (US ft)	VS (US ft)	DLS (°/100 US ft)	Northing (US ft)	Easting (US ft)	Comment
10599.98	91.27	1.66	7948.65	2873.30	83.49	2874.51	0.00	594033.90	636144.39	
10699.98	91.27	1.66	7946.43	2973.23	86.40	2974.48	0.00	594133.83	636147.30	
10799.98	91.27	1.66	7944.21	3073.16	89.30	3074.46	0.00	594233.76	636150.20	
10899.98	91.27	1.66	7941.99	3173.10	92.20	3174.44	0.00	594333.70	636153.10	
10999.98	91.27	1.66	7939.77	3273.03	95.11	3274.41	0.00	594433.63	636156.01	
11099.98	91.27	1.66	7937.55	3372.96	98.01	3374.39	0.00	594533.56	636158.91	
11199.98	91.27	1.66	7935.34	3472.90	100.92	3474.36	0.00	594633.50	636161.82	
11299.98	91.27	1.66	7933.12	3572.83	103.82	3574.34	0.00	594733.43	636164.72	
11399.98	91.27	1.66	7930.90	3672.76	106.72	3674.31	0.00	594833.36	636167.62	
11499.98	91.27	1.66	7928.68	3772.69	109.63	3774.29	0.00	594933.29	636170.53	
11599.98	91.27	1.66	7926.46	3872.63	112.53	3874.26	0.00	595033.23	636173.43	
11699.98	91.27	1.66	7924.24	3972.56	115.44	3974.24	0.00	595133.16	636176.34	
11799.98	91.27	1.66	7922.02	4072.49	118.34	4074.21	0.00	595233.09	636179.24	
11899.98	91.27	1.66	7919.80	4172.43	121.24	4174.19	0.00	595333.03	636182.14	
11999.98	91.27	1.66	7917.59	4272.36	124.15	4274.16	0.00	595432.96	636185.05	
12099.98	91.27	1.66	7915.37	4372.29	127.05	4374.14	0.00	595532.89	636187.95	
12199.98	91.27	1.66	7913.15	4472.22	129.95	4474.11	0.00	595632.82	636190.85	
12299.98	91.27	1.66	7910.93	4572.16	132.86	4574.09	0.00	595732.76	636193.76	
12399.98	91.27	1.66	7908.71	4672.09	135.76	4674.06	0.00	595832.69	636196.66	
12477.04	91.27	1.66	7907.00	4749.10	138.00	4751.10	0.00	595909.70	636198.90	PBHL

Weatherford

Weatherford Drilling Services

GeoDec4 v2.0.0.3

Report Date:	March 11, 2014
Job Number:	
Customer:	Chi Energy
Well Name:	Peacekeeper State 25 #5H
API Number:	
Rig Name:	
Location:	
Block:	
Engineer:	Patrick Rudolph

NAD83 / New Mexico East (ftUS)	WGS 84
Projected Coordinate System	Geodetic Coordinate System
Datum: North American Datum 1983 (1986)	Datum: WGS 1984
Ellipsoid: GRS 1980	Ellipsoid: WGS 84
EPSG: 2257	EPSG: 4326
North: 591160.6 US Survey Foot	Latitude: 32.624773 Degree
East: 636060.9 US Survey Foot	Longitude: 104.025661 Degree
Convergence: 0.17°	
Declination: 7.59°	
Total Correction: 7.42°	
Datum Transformation: NAD83 to WGS 84 (30)	

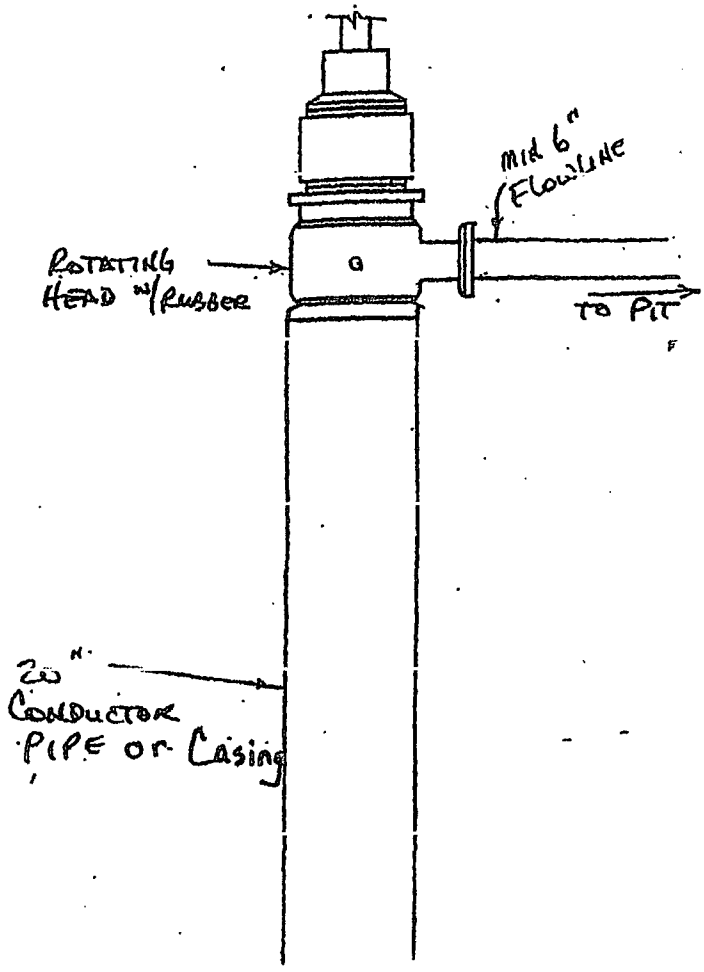
Geodetic Location WGS84

MSL Elevation	=	3339 usft
Latitude	=	32° 37' 29.18" N
Longitude	=	104° 01' 32.38" W

Magnetic Declination	=	7.59 deg	[True North Offset]		
Local Gravity	=	.9988 g	CheckSum	=	6662
Local Field Strength	=	48484 nT	Magnetic Vector X	=	23745 nT
Magnetic Dip	=	60.39 deg	Magnetic Vector Y	=	3162 nT
Magnetic Model	=	bggm2013.COF	Magnetic Vector Z	=	42153 nT
Run Date	=	June 01, 2014	Magnetic Vector H	=	23955 nT

Signed:_____ Date:_____

20" DIVERTER SYSTEM



Drilling 12-1/4" hole below 13 3/8" Casing

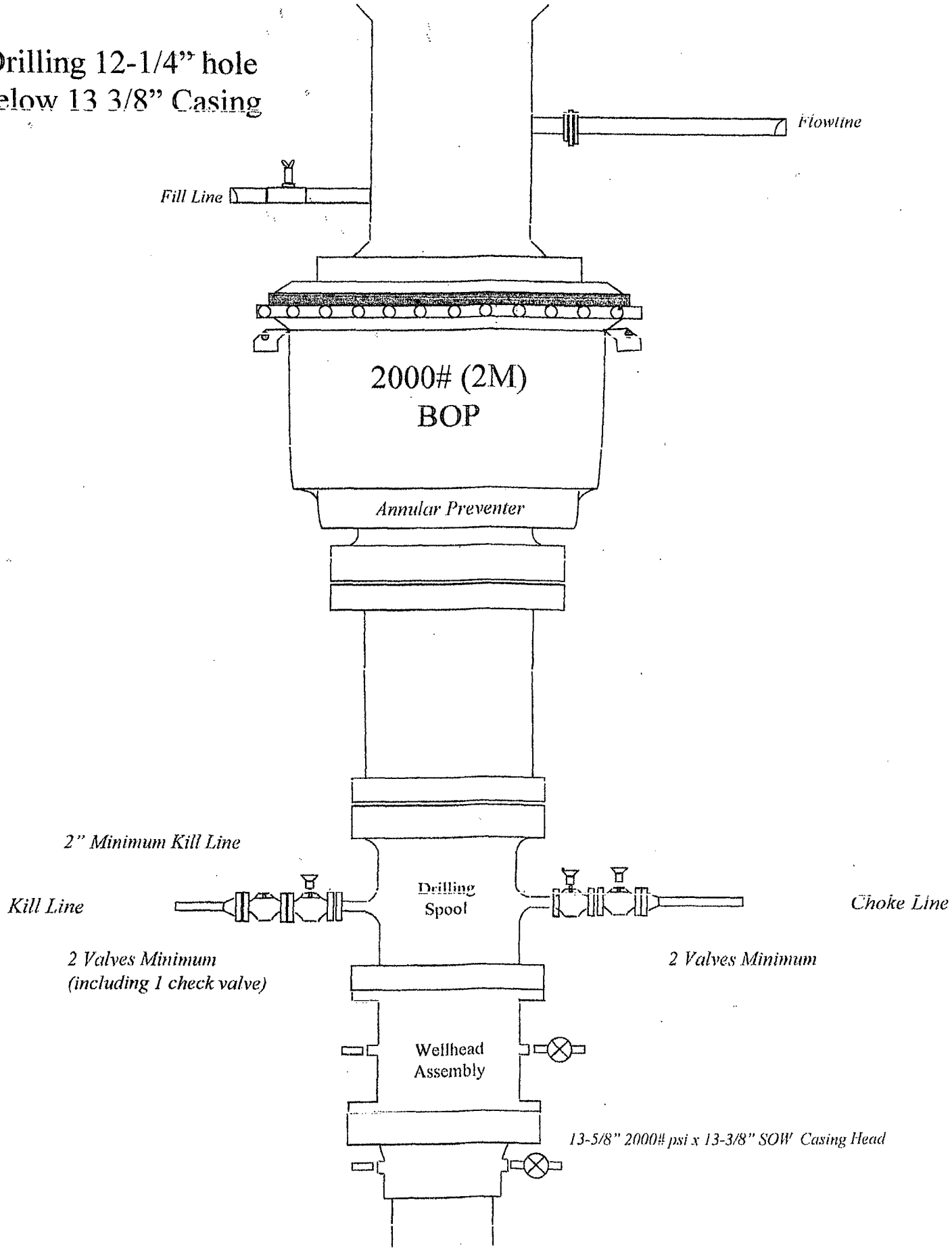
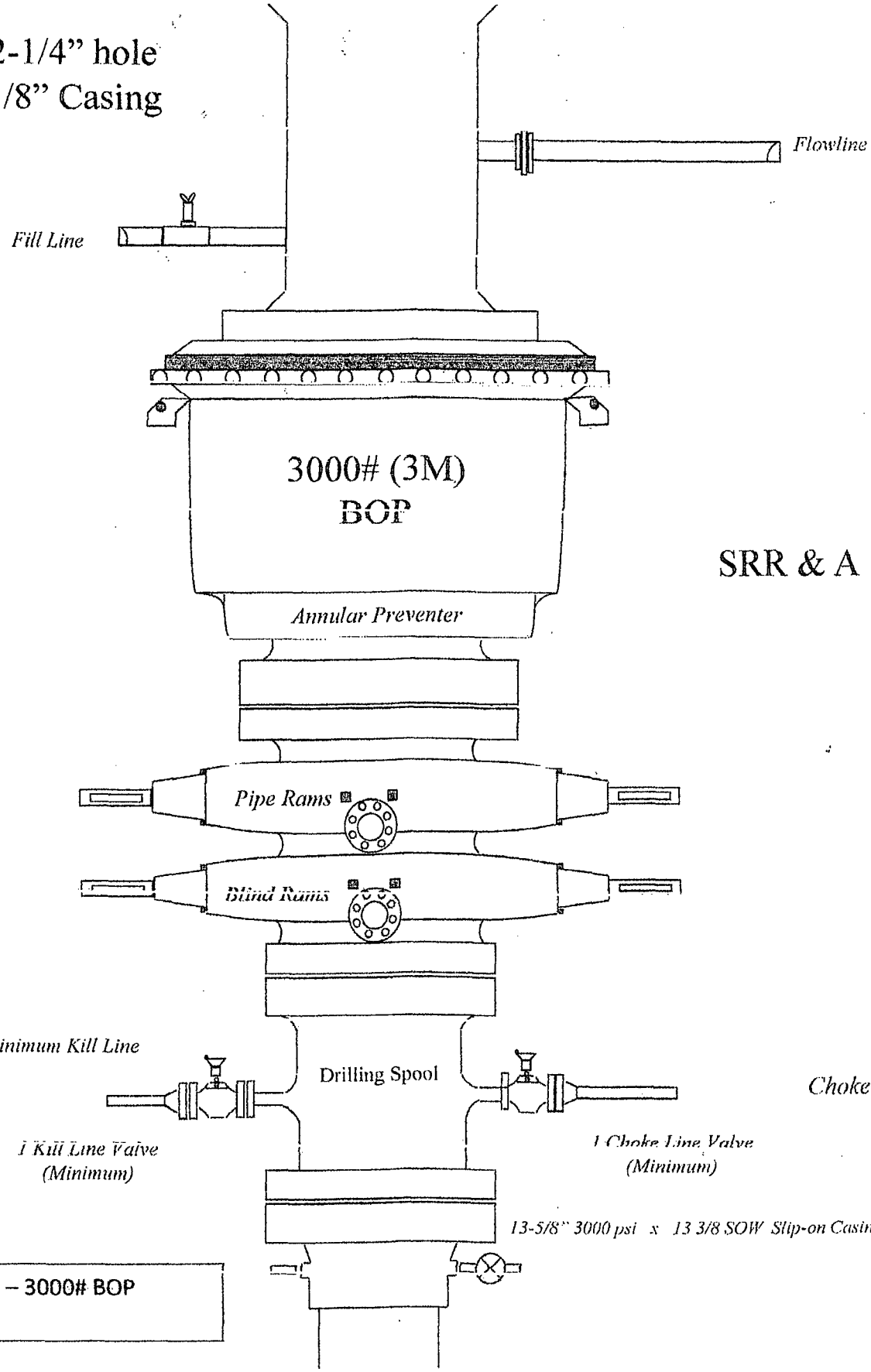


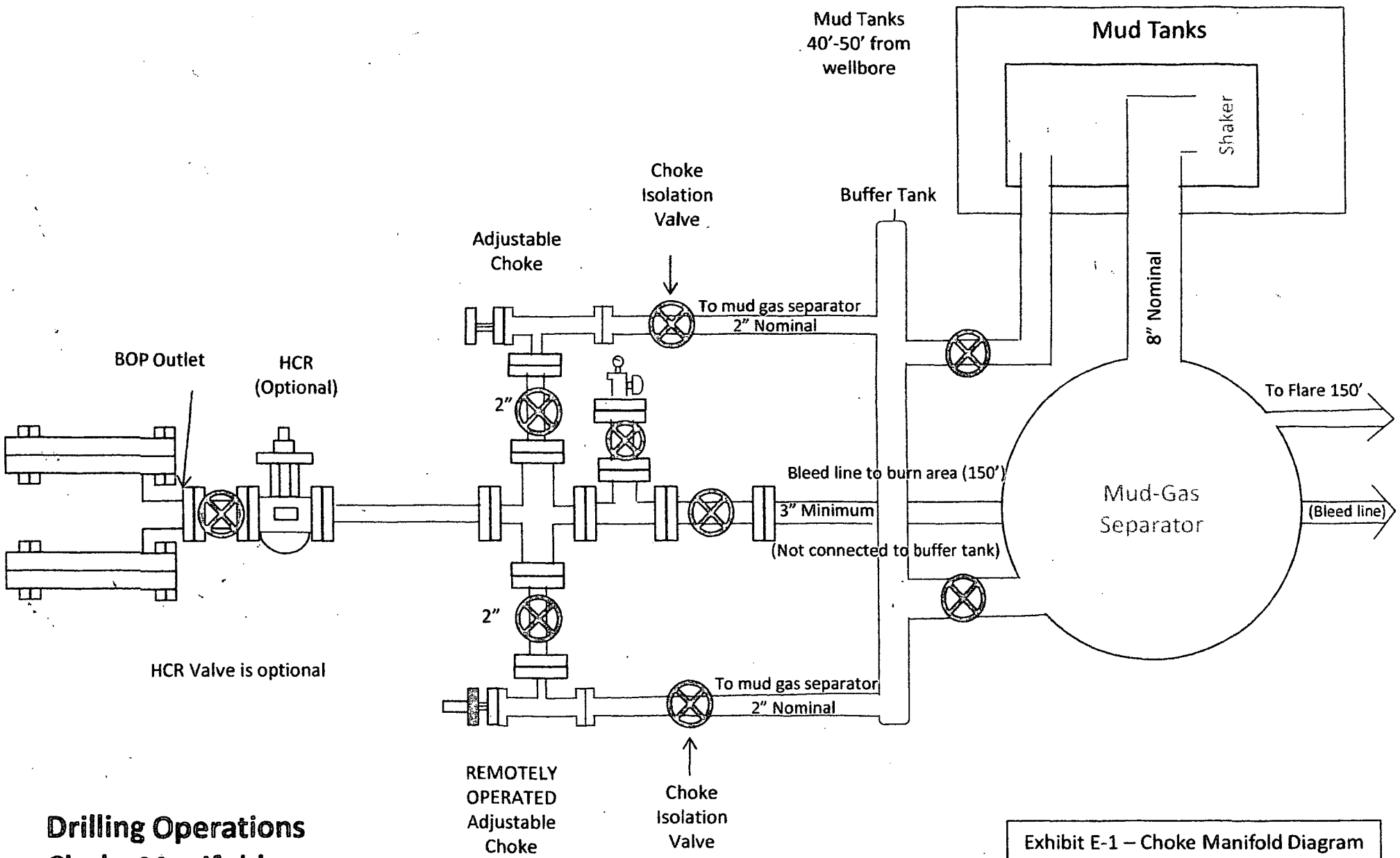
Exhibit E-1 –2000# BOP

Drilling 12-1/4" hole
below 13 3/8" Casing



SRR & A

Exhibit E-1 – 3000# BOP



Drilling Operations
Choke Manifold
3M Service

Exhibit E-1 – Choke Manifold Diagram

CHI OPERATING, INC.

PEACEKEEPER 25 STATE COM 5H
HYDROGEN SULFIDE (H2S) CONTINGENCY DRILLING PLAN

Assumed 100 ppm ROE = 3000'

100 ppm H2S concentration shall trigger activation of this plan.

This is an open drilling site. H_2S monitoring equipment and emergency response equipment will be rigged up and in use when the company drills out from under surface casing. H_2S monitors, warning signs, wind indicators and flags will be in use.

A. All personnel shall receive proper H2S training in accordance with Onshore Order 6 III.C.3.a

B. Briefing Area: Two perpendicular areas will be designated by signs and readily accessible.

C. Required Emergency Equipment:

- Well control equipment
  a. Flare line 150' from wellhead to be ignited by flare gun.
  b. Choke manifold with a remotely operated choke.
  c. Mud/Gas Seperator.

- Protective Equipment for essential personnel.
  Breathing apparatus:
  a. Rescue Packs (SCBA) – 1 unit shall be placed ar each briefing area. 2 units shall be stored in the safety trailer.
  b. Work/Escape packs – 4 packs shall be stored on the rig floor with sufficient air hose not to restrict work activity.
  c. Emergency Escape Packs – 4 packs shall be stored in the doghouse for emergency evacuation.

  Auxillary Rescue Equipment:
  a. Stretcher
  b. Two OSHA full body harness
  c. 100 ft. 5/8" OSHA approved rope
  d. One 20# class ABC fire extinguisher

- H2S detection and monitoring Equipment:
  The stationary detector with three sensors will be placed in the upper doghouse, set to visually alarm @ 10 ppm and audible @ 14 ppm. Calibrate a minimum of every 30 days or as needed. The sensors will be placed in the following places: Rig floor, Bell nipple, end of flare line or where well bore fluid is being discharged (Gas sample tubes will be stored in the safety trailer).

- Visual warning systems.
  a. One color code condition sign will be placed at the entrance to the site reflecting the possible conditions at the site.
  b. A colored condition flag will be on display, reflecting the current condition, at the drilling site.
  c. Two wind socks will be placed in strategic locations being visible from all angles.

- Mud Program:
  The mud program has been designated to minimize the volume of H2S circulated to surface. The operator will have the necessary mud products to minimize hazards while drilling in H2S bearing zones.

- Metallurgy:
  a. All drill strings, casings, tubing, wellhead, blowout preventer, drilling spool, kill lines, choke manifold and lines, shall be suitable for H2S service.
  b. All elastomers used for packing and seals shall be H2S trim.

- Communication:
  Communication will be via two way radio in emergency and company vehicles. Cell phones and land lines where available.

Contacting Authorities

CHI Operating personnel must liaison with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as type and volume of release, wind direction, location of release, etc. Be prepared with all information available including directions to site. The following call list of essential and potential responders has been prepared for use during a release. CHI Operating, Inc. response must be in coordination with the State of New Mexico's "Hazardous Materials Emergency Response Plan" (HMER) and BLM Onshore Order #6.

H_2S Operations

Though no H_2S is anticipated during the drilling operation, this contingency plan will provide for methods to ensure the well is kept under control in the event an H_2S reading of 100 ppm or more are encountered. Once personnel are safe and the proper protective gear is in place and on personnel, the operator and rig crew essential personnel will ensure the well is under control, suspend drilling operations and shut-in the well (unless pressure build up or other operational situations dictate suspending operations will prevent well control), increase the mud weight and circulate all gas from the hole utilizing the mud/gas separator downstream of the choke, the choke manifold and the emergency flare system located 150' from the well. Bring the mud system into compliance and the H_2S level below 10 ppm, then notify all emergency officers that drilling ahead is practical and safe.

Proceed with drilling ahead only after all provisions of Onshore Order 6, Section III.C. have been satisfied.

H2S CONTINGENCY DRILLING PLAN EMERGENCY CONTACTS

Company Offices - CHI Operating Office 432·634-8958

KEY PERSONNEL					
Name	**Title**	**Location**	**Phone #**		
JOHN QUALLS	PRODUCTION ENGINEER	MIDLAND	432-685-5001		
RONNIE ROGERS	FIELD FOREMAN	MIDLAND	432-631-2717		

Agency Call List		
City	**Agency or Office**	**Telephone Number**
Artesia	Ambulance	911
Artesia	State Police	575-746-2703
Artesia	Sheriff's Office	575-746-9888
Artesia	City Police	575-746-2703
Artesia	Fire Department	575-746-2701
Artesia	Local Emergency Planning Committee	575-746-2122
Artesia	New Mexico OCD District II	575-748-1283
Carlsbad	Ambulance	911
Carlsbad	State Police	575-885-3137
Carlsbad	Sheriff's Office	575-887-7551
Carlsbad	City Police	575-885-2111
Carlsbad	Fire Department	575-885-2111
Carlsbad	Local Emergency Planning Committee	575-887-3798
Carlsbad	US DOI Bureau of Land Management	575-887-6544
State Wide	New Mexico Emergency Response Commission ("NMERC")	505-476-9600
State Wide	NMERC 24 hour Number	505-827-9126
State Wide	New Mexico State Emergency Operations Center	505-476-9635
National	National Emergency Response Center (Washington, D.C.)	800-424-8802

H2S CONTINGENCY DRILLING PLAN EMERGENCY CONTACTS

Emergency Services				
Name	**Service**	**Location**	**Telephone Number**	**Alternate Number**
Boots & Coots International Well Control	Well Control	Houston / Odessa	1-800-256-9688	281-931-8884
Cudd Pressure Control	Well Control & Pumping	Odessa	915-699-0139	915-563-3356
Baker Huges Inc.	Pumping Service	Artesia, Hobbs and Odessa	575-746-2757	SAME
Total Safety	Safety Equipment and Personnel	Artesia	575-746-2847	SAME
Cutter Oilfield Services	Drilling Systems Equipment	Midland	432-488-6707	SAME
Assurance Fire & Safety	Safety Equipment and Personnel	Artesia	575-396-9702	575-441-2224
Flight for Life	Emergency Helicopter Evacuation	Lubbock	806-743-9911	SAME
Aerocare	Emergency Helicopter Evacuation	Lubbock	806-747-8923	SAME
Med Flight Air Ambulance	Emergency Helicopter Evacuation	Albuquerque	505-842-4433	SAME
Artesia General Hospital	Emergency Medical Care	Artesia	575-748-3333	702 North 13 Street

Permit Conditions of Approval

API: 30-015-42612

OCD Reviewer	Condition
CSHAPARD	Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string