

**Chi Operating, Inc.
Daily Drilling Report**

**Valle Feliz #2
API#30-015-33781
Eddy County, New Mexico**

Location: 860' FNL & 1250' FWL, Section 3, (S/2) T22S, R26E

Directions: Happy Valley truck bypass 285, 1000' south of Church Street, turn west to location.

<u>DATE:</u>	<u>DAY:</u>	<u>Ft/24 HRS:</u>	<u>OPERATIONS:</u>																											
1/14/05			<u>Oper @ Report Time:</u> WO Crews & Daylight. WO Trucks-1 hr, Move Rig & RU-12 hrs, WO Crews & Daylight-11 hrs.																											
1/15/05	1	0' / 40'	<u>Oper @ Report Time:</u> Preparing to spud well. WO Daylight-1 hr, RU on Chi-12 hrs, RU on Pat-UTI-5 hrs, Cont RU on Pat-UTI-5 hrs, PU BHA & prepare to spud well-1 hr. Note: Had t/make numerous repairs on rig after rig move.																											
1/16/05	2	385' / 345'	<u>Oper @ Report Time:</u> Drlg. Spud 1/15/05 @ 6am. WOB-ALL, RPM-85, PP-450, SPM-65, MW-8.6, Vis-30, Ph-9, Chl-1200K. DS-½ deg @ 240'. Drlg 40-68'-1 hr, Repair on rig, #2 Pump seats washed out-4 hrs, Drlg 68-97'-2 hrs, Adjust brakes-¼ hr, Drlg 97-129'-1¼ hrs, Repair on Pump #2-¼ hr, Drlg 129-249'(lost 90% Returns @ 240' mixed 60 bbls LCM pill got 50% returns)-5½ hrs, DS-¼ hr, Drlg 249-385'-9½ hrs. Note: Drlg w/85% returns mixing 6sxs LCM/hr.																											
1/17/05	3	507' / 122'	<u>Oper @ Report Time:</u> WOC. WOB-ALL, RPM-85, PP-450, SPM-65, DS-¾ deg @ 390', 1 deg @ 500'. Drlg 385-400'-1 hr, DS-¼ hr, Drlg 400-507'-5¼ hrs, TOH LD BHA-2½ hrs, RU t/run 13 3/8" csg-1 hr, Run 13 3/8" surface csg(Note: Hit bridge @ 410', started wshg csg t/btm, had numerous problems, had t/put both rig pumps on hole, RU BJ pump on cellar jet & wshd t/btm)-8 hrs, Sfty mtg, RU BJ t/cmt well-½ hr, Cmt 13 3/8" csg-1¼ hrs, WOC-3¾ hrs. Ran csg as follows: <table border="0" style="margin-left: 20px;"> <tr> <td>1 Tex Pattern Shoe</td> <td></td> <td align="right">0.50'</td> </tr> <tr> <td>1jt csg</td> <td>13 3/8" 68# J55</td> <td align="right">30.25'</td> </tr> <tr> <td>1 Insert Flt</td> <td></td> <td></td> </tr> <tr> <td>9jts csg</td> <td>13 3/8" 48# J55</td> <td align="right">318.25'</td> </tr> <tr> <td>4jts csg</td> <td>13 3/8" 68# J55</td> <td align="right">162.78'</td> </tr> <tr> <td>Total pipe</td> <td></td> <td align="right">511.78'</td> </tr> <tr> <td>Less</td> <td></td> <td align="right">17.00'</td> </tr> <tr> <td>KB</td> <td></td> <td align="right">14.00'</td> </tr> <tr> <td>Csg set @</td> <td></td> <td align="right">506.78'</td> </tr> </table>	1 Tex Pattern Shoe		0.50'	1jt csg	13 3/8" 68# J55	30.25'	1 Insert Flt			9jts csg	13 3/8" 48# J55	318.25'	4jts csg	13 3/8" 68# J55	162.78'	Total pipe		511.78'	Less		17.00'	KB		14.00'	Csg set @		506.78'
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<u>DATE:</u>	<u>DAY:</u>	<u>Ft/24 HRS:</u>	<u>OPERATIONS:</u>
1/17/05	Cont'd		Cmtd in 1 stages: Lead w/150sxs "H" + 10% A-10 + 1% CACL2 + 4#LCM1 + ¼ # CF, w/350sxs "C" + 2% CACL2 + 4% GEL + 2LCM1, Tail w/150sxs "C" + 2% CACL2 + ¼ # CF, Circ 240sxs t/surf, did not Bump plug, Float holding.
1/18/05	4	507'/0'	<u>Oper @ Report Time:</u> Preparing t/tst BOP. WOB-ALL, RPM-85, PP-450, SPM-65. Cut off 13 3/8" csg & weld on "A" section, tst same t/1000#-4 hrs, NU Hydrill-14 hrs, Cont t/NU-1½ hrs, PU BHA #2 TIH-3½ hrs, PU Kelly & preparing t/tst BOP-1 hr. Note: Cmt fell 25' used 4 yrds Ready Mix t/bring cmt t/surface.
1/19/05	5	840'/333'	<u>Oper @ Report Time:</u> Drlg. Bit#2, 12¼", CH31MS, 3/15, in @ 507'. WOB-30, RPM-68, PP-650, SPM-66. DS-1 deg @ 749'. Repair on Flowline-1¼ hrs, Drill cmt, tag up @ 440', Drill plug, Float & Shoe jt-2¾ hrs, Drlg t/509'-1½ hrs, Srv rig-¼ hr, Drlg 509-629'-10¾ hrs, Drlg 629-795'-5¼ hrs, DS-¼ hrs, Drlg 795-832'-1¼ hrs, Repair on rig fuel problem-½ hr, Drlg 832-840'-¼ hr. Note: Bit #2 is RR had 59¾ hrs on bit.
1/20/05	6	1291'/451'	<u>Oper @ Report Time:</u> Drlg. WOB-30, RPM-68, PP-650, SPM-66, MW-8.4. DS-1¼ deg @ 1043', 1½ deg @ 1272'. Drlg 840-1035'(drlg w/50% returns lost complete circ)-8 hrs, Mix & pump LCM pill got 40% returns-1 hr, Drlg 1035-1094'-3¾ hrs, DS-¼ hr, Drlg 1094-1286'-10½ hrs, DS-¼ hr, Drlg 1286-1291'(lost complete returns @ 1215', dry drlg mixing 6sxs LCM/hr, returns comes & goes mostly goes)-¼ hr.
1/21/05	7	1640'/349'	<u>Oper @ Report Time:</u> Drlg. Bit#3, 12¼, CH31MS, 3/15, in @ 1336'. WOB-10/25, RPM-65, PP-450, SPM-65, MW-8.4. DS-2¾ deg @ 1462', 2½ deg @ 1558'. Drlg 1291-1336'-1¼ hrs, TOH w/bit #2, TIH w/bit #3-2¾ hrs, Drlg 1336-1509'-9½ hrs, DS-¼ hr, Drlg 1509-1605'-7¼ hrs, DS-¼ hr, Drlg 1605-1640'-2¼ hrs. Drlg w/40% returns. Note: Bit #2 was green, had trouble getting Bit #3 t/turn due t/form.
1/22/05	8	1986'/346'	<u>Oper @ Report Time:</u> Drlg. WOB-30, RPM-65, PP-450, SPM-65, MW-8.4, Vis-28, Ph-9.0. DS-2 deg @ 1655', 2 deg @ 1780', ¾ deg @ 1940'.Drlg 1640-1701-5 hrs, DS-½ hr, Drlg 1701-1827'-8 hrs, DS-¼ hr, Drlg 1827-1986'-9¾ hrs, DS-½ hr.

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<u>DATE:</u>	<u>DAY:</u>	<u>Ft/24 HRS:</u>	<u>OPERATIONS:</u>
1/28/05	14	4550'/805'	<u>Oper @ Report Time:</u> Drlg. WOB-40/45, RPM-68, PP-900, SPM-66, MW-8.4, Vis-28, Ph-10.5. DS-1¼ deg @ 3761', 1¼ deg @ 4138'. Drlg 3745-3776'-¾ hr, DS-¼ hr, Drlg 3776-3999'-6½ hrs, Srv rig-¼ hr, Drlg 3999-4174'-5 hrs, Work on mud pump-½ hr, Drlg 4174-4187'-½ hr, DS-1 hr, Drlg 4187-4550'-9¼ hrs.
1/29/05	15	5234'/684'	<u>Oper @ Report Time:</u> Drlg. WOB-45, RPM-62, PP-900, SPM-65, MW-8.4, Vis-28, Ph-10.5. DS-1 deg @ 5424', 1¼ deg @ 4938'. Drlg 4550-4634'-3 hrs, Srv rig-¼ hr, Drlg 4634-4952'-11 hrs, DS-½ hr, Drlg 4952-4984'-1 hr, DS-½ hr, Drlg 4984-5234'-7 ¾ hrs.
1/30/05	16	5787'/553'	<u>Oper @ Report Time:</u> Drlg. WOB-25/45, RPM-62, PP-900, SPM-65, MW-8.4, Vis-28, Ph-10.5. DS-2½ deg @ 5322', 1½ deg @ 5418', ¾ deg @ 5512'. Drlg 5234-5368'-4 hrs, DS-½ hr, Drlg 5368-5400'-2¼ hrs, Install Rot head-½ hr, Drlg 5400-5463'-3½ hrs, DS-½ hr, Drlg 5463-5559'-4¼ hrs, DS-½ hr, Drlg 5559-5785'-8 hrs.
1/31/05	17	6293'/508'	<u>Oper @ Report Time:</u> Drlg. WOB-45, RPM-62, PP-950, SPM-65, MW-8.4, Vis-28, Ph-10.5. DS-1deg @ 5768', 1¼ deg @ 6023'. Drlg 5785-5815'-1 hr, DS-½ hr, Drlg 5815-6070'-11¼ hrs, DS-¼ hr, Drlg 6070-6293'-10½ hrs.
2/01/05	18	6795'/502'	<u>Oper @ Report Time:</u> Drlg. WOB-45, RPM-62, PP-1150, SPM-66, MW-8.4, Vis-28, Ph-11. DS-1deg @ 6279', 1 deg @ 6565'. Drlg 6293-6325'-1½ hrs, DS-½ hr, 6325-6611'-13 hrs, DS-¾ hr, Drlg 6611-6795'-8¼ hrs. Note: Drlg w/2-3' flares.
2/02/05	19	7266'/471'	<u>Oper @ Report Time:</u> Drlg. WOB-30/45, RPM-62, PP-1100, SPM-66, MW-9.1, Vis-28, Ph-10.5. DS-½ deg @ 6920', ½ deg @ 7076'. Drlg 6795-6930'-6¾ hrs, DS-¾ hr, Drlg 6930-7060'-5¾ hrs, Rig repair(fuel problems)-1 hr, Drlg 7060-7090'-1½ hrs, DS-¾ hr, Drlg 7090-7266'-8½ hrs.
2/03/05	20	7478'/212'	<u>Oper @ Report Time:</u> Drlg. Bit#5, 8¾", HA617GY, 3/15, in @ 7313'. WOB-20/40, RPM-62, PP-1100, SPM-66, MW-9.1, Vis-28, Ph-10.5. DS-1½ deg @ 7298', 1¾ deg @ 7458'. Drlg 7266-7313'-1¾ hrs, Drop Totco TOH w/bit #4 (Totco no pic)-3½ hrs, Make up BHA (c/o Btm Hole 3pt reamer), Function tst BOP, Pipe rams, Blind rams & Hydrill-1¼ hrs, TIH w/bit #5-1 hr, CDL-1½ hrs, Sfty

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2/03/05	cont'd		Mtg w/Drlg Supt. & Tool Pusher-½ hr, TIH t/fill pipe ½ way in hole-3½ hrs, Ream 7270-7313'-1 hr, DS-½ hr, Drlg 7313-7472'-8½ hrs, DS-¾ hr, Drlg 7472-7478'-¼ hr.
2/04/05	20	7950'/472'	<u>Oper @ Report Time:</u> Drlg. WOB-20/40, RPM-62, PP-1200, SPM-66, MW-9.1, Vis-28, Ph-10.5. DS-1¼ deg @ 7585', 1½ deg @ 7808'. Drlg 7478-7632'-8½ hrs, DS, Srv rig, install cor ring-¾ hr, Drlg 7632-7854'-9½ hrs, DS-¾ hr, Drlg 7854-7950'-4½ hrs.
2/05/05	21	8428'/478'	<u>Oper @ Report Time:</u> Drlg. WOB-45, RPM-62, PP-1200, SPM-66, MW-9.1, Vis-28, Ph-10.5. DS-1½ deg @ 8064', 1¼ deg @ 8256'. Drlg 7950-8111'-7½ hrs, DS-1¼ hrs, Drlg 8111-8302'-9¼ hrs, DS-¾ hr, Drlg 8302-8428'-5¼ hrs. Note: Drlg w/small flare off & on, raising MW w/10# Brine.
2/06/05	22	8972'/544'	<u>Oper @ Report Time:</u> Drlg. WOB-40, RPM-42, PP-1250, SPM-64, MW-9.5, Vis-28, Ph-10.5. DS-1¼ deg @ 8607'. Drlg 8428-8645'-8½ hrs, Srv rig-½ hr, Drlg 8645-8653'-½ hr, DS-½ hr, Drlg 8653-8972'-14 hrs.
2/07/05	23	9212'/240'	<u>Oper @ Report Time:</u> Drlg. WOB-35/40, RPM-61, PP-1450, SPM-66, MW-9.5+, Vis -29, Ph-10.5. DS-1¾ deg @ 8926', 2¼ deg @ 9115'. Drlg 8972-9068'-5 hrs, Srv rig-¼ hr, Drlg 9068-9131'-6 ½ hrs, DS-½ hr, Drlg 9131-9212'-9¾ hrs.
2/08/05	24	9532'/320'	<u>Oper @ Report Time:</u> Drlg. WOB-50, RPM-45, PP-1350, SPM-64, MW-9.5, Vis -29, Ph-10.5. DS-2 deg @ 9213', 2 deg @ 9373'. Drlg 9212-9227'-2 hrs, DS-¾ hr, Drlg 9227-9386'-10¾ hrs, DS-½ hr, Drlg 9386-9532'-10 hrs.
2/09/05	25	9897'/365'	<u>Oper @ Report Time:</u> Drlg. WOB-50, RPM-46, PP-1350, SPM-66, MW-9.5, Vis -29, Ph-10.5. DS-1¾ deg @ 9596'. Drlg 9532-9642'-6¼ hrs, DS-¾ hr, Drlg 9642-9897'-17 hrs.
2/10/05	26	10,257'/350'	<u>Oper @ Report Time:</u> Drlg. WOB-50, RPM-46, PP-1400, SPM-64, MW-9.5+, Vis -30, Ph-10.5. DS-1¼ deg @ 9912'. Drlg 9897-9960'-4¼ hrs, DS-¾ hr, Srv rig-¼ hr, Drlg 9960-10,257'-18¾ hrs. Note: Drlg break 10,066-10,076'/2min per ft.

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<u>DATE:</u>	<u>DAY:</u>	<u>Ft/24 HRS:</u>	<u>OPERATIONS:</u>
2/11/05	27	10,372'/115'	<u>Oper @ Report Time:</u> Drlg. WOB-40, RPM-46, PP-1350, SPM-64, MW-9.5+, Vis -30, Ph-10.5, WL-10. DS-1¼ deg @ 10,278. Drlg 10,257-278'-1½ hrs, Drop Totco-¼ hr, TOH-5¼ hrs, LD BHA-1 hr, PU new BHA & tally same-1 hr, TIH w/new 7 7/8 bit-6½ hrs, Wash t/btm 5' of fill-trip gas 250 units w/10-20' flare-¼ hr, Drlg 10,278-372'-8¼ hrs.
2/12/05	28	10,683'/311'	<u>Oper @ Report Time:</u> Drlg. WOB-40, RPM-46, PP-1400, SPM-64, MW-9.5+, Vis -30, Ph-10.5, WL-14. DS-1 deg @ 10,448. Drlg 10,372-400'-2¼ hrs, Srv rig-¼ hr, Drlg 10,400-495'-7¼ hrs, DS-1 hr, Drlg 10,495-683'-13¼ hrs.
2/13/05	29	11,006'/323'	<u>Oper @ Report Time:</u> Drlg. WOB-40, RPM-42, PP-1400, SPM-64, MW-9.5+, Vis -30, Ph-10.5, WL-14. DS-1¼ deg @ 10,900'. Drlg 10,683-715'-2¼ hrs, Srv rig, function tst BOP-¼ hr, Drlg 10,715-907'-13½ hrs, DS-1 hr, Drlg 10,907-970'-4¼ hrs, Repair on pump-½ hr, Drlg 10,970-11,006'-2¼ hrs. Note: Drlg w/occasional 1-2' flare, start mudding up w/XCD @ 11,000'.
2/14/05	30	11,298'/292'	<u>Oper @ Report Time:</u> Drlg. WOB-40/45, RPM-54, PP-1200, SPM-64, MW-9.5+, Vis -45, Ph-10.5, WL-14. Drlg 11,006-066'-3½ hrs, Srv rig, function tst BOP-¼ hr, Drlg 11066-11,139'-4½ hrs, Repair on pumps-1 hr, Drlg 11,139-298'-14¾ hrs. Note: Top Lower Morrow @ 11,290'. Mud cracked in #1 pump, pump repair will be here @ 9am.
2/15/05	31	11,470'/172'	<u>Oper @ Report Time:</u> Repair on Low Drum Chain. WOB-50, RPM-54, PP-1250, SPM-64, MW-9.6, Vis -40, Ph-10.5. Drlg 11,298-353'-5¾ hrs, Srv rig, function tst BOP-¼ hr, Drlg 11,353-448'-8¾ hrs, Repair on pump-½ hr, Drlg 11,448-470'(TD)-2 hrs, Circ hole f/Open Hole Logs-2¾ hrs, Broke Low Drum Chain, repair on Chain w/circ-1¼ hrs, Repair on Low Drum Chain w/circ @ 11,457'-2¾ hrs.
2/16/05	32	11,470'/TD	<u>Oper @ Report Time:</u> TIH. WOB-0, RPM-42, PP-1200, SPM-66, MW-9.5, Vis -40, Ph-10.5, WL-6. Repair on rig(Low Drum Chain)-2¼ hrs, TOH f/Open Hole logs-6 hrs, ND Rot head, NU pack off, RU Schlumberger-2¾ hrs, Log well(Logger TD @ 11,475')-5 hrs, RD Schlumberger, ND Pack off, NU Rot head-2 hrs, NU Rot Head-1½ hrs, TIH(New Crew)-4 hrs, Fill pipe @ 6,00'-½ hr.

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2/17/05	33	11,470'/TD	<u>Oper @ Report Time:</u> Run Csg. TIH-1 hr, CDL-1¼ hrs, Finish TIH-1½ hrs, Circ(15-20' Lazy Flare on btms up)-4 hrs, TOTCO-¼ hr, LD DP, DC's-9½ hrs, Cont LD DC's & Break Out Kelly-3 hrs, Chg 4½" Pipe rams, RU csg tools-2 hrs, Sfty mtg-¼ hr, Run 5½" csg-¾ hr.																				
2/18/05	34	11,470'/TD	<u>Oper @ Report Time:</u> RD Run csg-9¾ hrs, RD csg crew & RU to cmt-1 hr, Circ-1 ¼ hrs, RU to cmt & hold safety mtg- ¼ hr, Cmt-1 hr, RD cmtrs-¼ hr, NDBOP, set slips, jet & clean pits-4½", Cut off csg, LD stack, jet & clean pits-2 hrs, NU tbg head-1 hrs. Released rig @ 0300 hrs-2/18/05. RD. Ran 5½" csg as follows: <table border="0" style="margin-left: 40px;"> <tr><td>FS</td><td style="text-align: right;">1.2'</td></tr> <tr><td>SJ 5½"-17#-P110</td><td style="text-align: right;">78.57'</td></tr> <tr><td>FC</td><td style="text-align: right;">1.3'</td></tr> <tr><td>Csg-56 jts-17#-P-110</td><td style="text-align: right;">2176'</td></tr> <tr><td>Csg-236 jts 17#-N-80</td><td style="text-align: right;">8981'</td></tr> <tr><td>Csg-6 jsts-17#-P110</td><td style="text-align: right;"><u>235.53</u></td></tr> <tr><td></td><td style="text-align: right;">11,474'</td></tr> <tr><td>Less cut off</td><td style="text-align: right;">18'</td></tr> <tr><td>Plus KB</td><td style="text-align: right;"><u>14'</u></td></tr> <tr><td>Set @</td><td style="text-align: right;">11470'</td></tr> </table> Cmtd w/385 sks Super "C" Mod+.8% BA-10+.65% CD-32+.35% FL-52+.3% SMS. Mixed @ 13.2 ppg, 1.57yd. Reports to resume upon completion.	FS	1.2'	SJ 5½"-17#-P110	78.57'	FC	1.3'	Csg-56 jts-17#-P-110	2176'	Csg-236 jts 17#-N-80	8981'	Csg-6 jsts-17#-P110	<u>235.53</u>		11,474'	Less cut off	18'	Plus KB	<u>14'</u>	Set @	11470'
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Set @	11470'																						
3/29/05	35		<u>Oper @ Report Time:</u> PU tbg 28 th -RU pulling unit, shut down																				
3/30/05	36		<u>Oper @ Report Time:</u> PU tbg 29 th -NU 5K hydraulic BOP, unload 383 jts 2 3/8 tubing; remove protectors, clean pins, boxes. PY used 4 5/8 bit 4 DC, shut in, shut down due to extremely high winds.																				
3/31/05	37		<u>Oper @ Report Time:</u> Pull tbg 30 th -PU tbg, TIH, find PBTB @ 11387, Test casing to 2000 Psi, all ok, Circ hole w/260 BBLs 2 % KCL water, wind too high to pull tbg, shut in, shut down.																				
4/01/05	38		<u>Oper @ Report Time:</u> Perf 31 st -Pull tbg, LD collars, bit, shut in, shut down.																				
4/02/05	39		<u>Oper @ Report Time:</u> Swab 1 st -RU wireline, TIH, find PBTB @ 11384 TOC @ 9150 PU guns, correlate, perf 11154, 11153, 11152, 11126, 11125, 11124, 11123, 11122, 11121, 11120, 11119, 11103, 11102, 11100, 11066, 11065, 11064, 11021, 11020, 11017, 11016, 11015. PU pkr, TIH, set @ 10914. ND BOP, NU tree, shut in, shut down.																				

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4/03/05	40		<u>Oper @ Report Time:</u> SD 2 nd -SITP = 0 psi, swab, first level @ surface made 11 runs, well dry, has 6-8' flare. Shut well in, shut down.
4/04/05			<u>Oper @ Report Time:</u> Acidize 3 rd -SD
4/05/05	41		<u>Oper @ Report Time:</u> Swab/flow 4 th -RU acid crew, tree saver.
4/06/05	42		<u>Oper @ Report Time:</u> Swab/flow. 5 th -Flow t/tank on 48/64 choke w/45# psi, made 6 swb runs, dry, SD 1hr, out w/200' Fluid, Recovered total 22 BW, left flwg t/tank, w/50# psi on 48/64 choke.
4/07/05	43		<u>Oper @ Report Time:</u> Build up bombs. 6 th -25# psi, 48/64 choke, made 3 swb runs, scattered fluid, only rec 4BW, RD PU, run Build up bombs, SWI.
4/08/05			<u>Oper @ Report Time:</u> Bombs in hole
4/09/05			<u>Oper @ Report Time:</u> Bombs in hole
4/10/05			<u>Oper @ Report Time:</u> Bombs in hole
4/11/05	44		<u>Oper @ Report Time:</u> Pull bombs
4/12/05			<u>Oper @ Report Time:</u> Evaluate data
4/13/05			<u>Oper @ Report Time:</u> Evaluate data
4/14/05	45		<u>Oper @ Report Time:</u> Building btry, pipeline.
4/15/05	46		<u>Oper @ Report Time:</u> Building btry, pipeline.
4/16/05	47		<u>Oper @ Report Time:</u> Building btry, pipeline.
4/17/05			<u>Oper @ Report Time:</u> Shut down
4/18/05	48		<u>Oper @ Report Time:</u> Complete btry, test lines
4/19/05	49		<u>Oper @ Report Time:</u> Put down line @ 11:00am.
4/20/05			<u>Oper @ Report Time:</u> Prod 0BO, 0 BW, 417 MCF, 445 psi, 48/64 choke.
4/21/05			<u>Oper @ Report Time:</u> Prod 0 BO, 0 BW, 393 MCF, 470 psi, 48/64 choke.
4/22/05			<u>Oper @ Report Time:</u> Prod. 383 mcf; 0 BO; 2 BW; 430 psi
4/23/05			<u>Oper @ Report Time:</u> Prod. 0 BO; 0 BW; 372 MCF; 435 psi.
4/24/05			<u>Oper @ Report Time:</u> Prod. 0 BO; 5 BW; 270 MCF, DUMP STUCK OPEN 435 psi.
4/25/05			<u>Oper @ Report Time:</u> Prod. 0 BO; 5 BW; 266 MCF DUMP STUCK-REPLACED 445 psi.
4/26/05			<u>Oper @ Report Time:</u> Prod. 0 BO; 5 BW; 362 MCF; 410 psi.
4/27/05			<u>Oper @ Report Time:</u> Prod. 0 BO; 5 BW; 353 MCF; 430 psi.
4/28/05			<u>Oper @ Report Time:</u> Prod. 0 BO; 3 BW; 357 MCF; 395 psi.

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<u>DATE:</u>	<u>DAY:</u>	<u>Ft/24 HRS:</u>	<u>OPERATIONS:</u>
4/29/05			<u>Oper @ Report Time:</u> Prod. 0 BO; 0 BW; 352 MCF; 395 psi.
4/30/05			<u>Oper @ Report Time:</u> Prod. 0 BO; 0 BW; 347 MCF; 430 psi.
5/1/05			<u>Oper @ Report Time:</u> Prod. 0 BO; 0 BW; 340 MCF; 450 psi.
5/2/05			<u>Oper @ Report Time:</u> Prod. 0 BO; 0 BW; 339 MCF; 495 psi. RU PU.
5/3/05	50		<u>Oper @ Report Time:</u> ND tree; NU BOP; pump 20 bbls 2% KCL water down tbg, unset pkr, TOH, LD pkr, RU frac valve, shut in, shut down.
5/4/05	51		<u>Oper @ Report Time:</u> RU frac crew, pump 44,000 LBS 18/40 Versaprop sand and gel @ 45 BM and AVE. 5950 psi. ISIP = 3950; 5 min= 3262; 10 min = 3095; 15 min = 3047: RU flowback, opened @ 2 pm with 2600 psi csg pressure. at 9 pm, flowing on 16/64 choke, 1900 psi,
5/5/05	52		<u>Oper @ Report Time:</u> Prod. to frac tanks: 289 BW; 270 psi; 2700 MCF; 60% C02.
5/6/05	53		<u>Oper @ Report Time:</u> Prod. to frac tanks: 333 BW; 50 psi; 750 mcf; C02 @ 5 % on 48/64 X 2 (both sides of manifold open.)
5/7/05	54		<u>Oper @ Report Time:</u> Prod. to frac tanks: 254 BW; 50 psi; 750 mcf; 3 % C02 on 48/64 X 2 choke.
5/8/05	55		<u>Oper @ Report Time:</u> Prod. to frac tanks: 240 BW; 50 psi; 750 mcf; 3 % C02 on 48/64 X 2 choke
5/9/05	56		<u>Oper @ Report Time:</u> Prod. to frac tanks: 206 BW; 50 psi; 750 mcf; 3 % C02 on 48/64 X 2 choke. Run Prod. Log.
5/10/05	57		<u>Oper @ Report Time:</u> SICP = 2100 psi. RU WL. 9 th - Run Production log, determine that H2O is coming out of top 2 sets of perfs. shut well in, shut down.
5/11/05	58		<u>Oper @ Report Time:</u> SICP = 1250 psi. CIH. 10 th - RU wireline TIH with gauge ring all clear to PBTD; PU wireline entry guide, 1.81 "R" nipple; 10' sub; pkr w/ 1.81 "F" nipple, set pkr @ 11045'; blew down csg, PU ON/OFF tool start in hole, get in with 3000', well kicked out of top perfs, shut in shut down.
5/12/05	59		<u>Oper @ Report Time:</u> Will open well up to sales line, and work downhole tools to attempt to get plug out of hole. 11 th - Blew well down to pits for 1½ hrs. pump 20 bbls 10# brine down tbg, continue in hole, well kicking periodically, blow down to pit, pump small amounts of brine wtr to keep dead. get in hole, latch up to pkr, ND BOP; NU TREE...(finally..well kickin')...RU swab, swab down fluid to 6000'; RU slickline TIH, latch onto prong ,

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<u>DATE:</u>	<u>DAY:</u>	<u>Ft/24 HRS:</u>	<u>OPERATIONS:</u>
5/12/05	Contd		<u>Oper @ Report Time:</u> pull, TOH; PU plug fishing tool, TIH, (fluid level @ 150' tbg psi @ 500 psi); latch onto plug, work for 2 hrs ..cannot get to release..lost jar action...leave well shut in with 800 psi tbg and csg psi. still latched onto plug with slickline.
5/13/05	60		<u>Oper @ Report Time:</u> Prod 693 MCF, 1150#-TP, 430#-LP. RU Slickline. 12 th -Open well, well flwg dwn sales line for 2 hrs, working slickline, still unable to get jar action, SWI, drop wire cutter bar, cut wire @ top of tools, fish wire action, open well dwn line, leave flwg overnight.
5/14/05	61		<u>Oper @ Report Time:</u> No production. 13 th -RU Slickline, TIH w/fishing tool, latch on t/fish, jar for 30min, plug came loose, TOH w/complete tool set & plug. Put dwn line on 48/64 choke & leave producing.
5/15/05			<u>Oper @ Report Time:</u> Prod 840 MCF, 600#-TP.
5/16/05			<u>Oper @ Report Time:</u> Prod 795 MCF, 430#-TP.
5/17/05			<u>Oper @ Report Time:</u> Prod 0 MCF, 480#-TP.
5/18/05			<u>Oper @ Report Time:</u> Prod 855 MCF, 485#-TP.
5/19/05			<u>Oper @ Report Time:</u> Prod 855 MCF, 13 BW, 515#-TP.
5/20/05			<u>Oper @ Report Time:</u> Prod 856 MCF, 3 BW, 485#-TP.
5/21/05			<u>Oper @ Report Time:</u> Prod 869 MCF, 3 BW, 503#-TP.
5/22/05			<u>Oper @ Report Time:</u> Prod 859 MCF, 3 BW, 700#-TP.
5/23/05			<u>Oper @ Report Time:</u> Prod 869 MCF, 2 BW, 515#-TP.
5/24/05			<u>Oper @ Report Time:</u> Prod 993 MCF, 2 BW, 485#-TP.
5/25/05			<u>Oper @ Report Time:</u> Prod 971 MCF, 3 BW, 530#-TP.
5/26/05			<u>Oper @ Report Time:</u> Prod 974 MCF, 2 BW, 535#-TP.
5/27/05			<u>Oper @ Report Time:</u> Prod 1018 MCF, 7 BW, 485#-TP.
5/28/05			<u>Oper @ Report Time:</u> Prod 1060 MCF, 3 BW, 540#-TP.
5/29/05			<u>Oper @ Report Time:</u> Prod 1003 MCF, 0 BW, 565#-TP.
5/30/05			<u>Oper @ Report Time:</u> Prod 960 MCF, 0 BW, 560#-TP.
5/31/05			<u>Oper @ Report Time:</u> Prod 963 MCF, 3 BW, 593#-TP.
Final Report			
7/6/05	62		<u>Oper @ Report Time:</u> Swbg. 5 th -RU Swb, IFL @ 2000', made 15 runs, LFL @ 2000', very little gas, put dwn line, SD.
7/7/05	63		<u>Oper @ Report Time:</u> RU PU. 6 th -RU Swb unit, IFL @ 2000', made 18 runs, LFL @ 2000', RD Swb unit, SD.
7/8/05	64		<u>Oper @ Report Time:</u> RU Slickline. 7 th -RU PU, blew well dwn, ND Tree NU BOP, SD.
7/9/05	65		<u>Oper @ Report Time:</u> CIH t/set pkr. 8 th -RU Slickline, TIH w/sinking bar, all clear t/11,300', TOH, PU plug, TIH set 187 "F" Nipple @ 11,045', Loaded tbg, tst t/1500#, all ok, swb tbg dwn t/3500'. Pulled blanking plug, unset pkr, TOH, PU rebuilt pkr

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<u>DATE:</u>	<u>DAY:</u>	<u>Ft/24 HRS:</u>	<u>OPERATIONS:</u>
7/9/05	Contd		TIH w/20stds, SI SD.
7/10/05			Oper @ Report Time: SD. 9 th -CIH, set pkr @ 11,043', ND BOP NU Tree, Swb, IFL @ 1800', made 28 runs, rec 130 BW, LFL @ 2000', very little gas, put dwn line, SD.
7/11/05	66		Oper @ Report Time: Swbg. 10 th -SD.
7/12/05	67		Oper @ Report Time: Pull pkr. 11 th -Swb, IFL @ 1800', made 11 runs, LFL @ 2000', put dwn line, SD.
7/13/05	68		Oper @ Report Time: COH. 12 th -ND Tree NU BOP, unset pkr, TOH w/tbg & pkr, LD pkr, PU RBP, TIH, set @ 11,044', spotted 100# sand SOH, leave 20 stds in hole, SI SD.
7/14/05	69		Oper @ Report Time: Drill cmt. 13 th -COH, LD RBP catch, PU cmt retainer, TIH, set retainer @ 10,955', RU cmt crew, spot Class "H" cmt w/150cc fluid loss, sting into retainer, get 65sx into formation, squeeze @ ¼ to ½ bpm, squeezed off @ 1400#, sting out, spot 1bbl cmt on top of cmt retainer, reverse circ t/pit, clean up tbg, TOH, SI SD.
7/15/05	70		Oper @ Report Time: Swbg. 14 th -PU 4 5/8 bit, TIH, tag cmt @ 10,949', drill out, tst t/1500#, all ok, wash sand off of plug, pull 30 stds, SI SD.
7/16/05	71		Oper @ Report Time: CIH w/pkr. 15 th -COH wbit, PU retrieving tool for RBP, TIH, latch onto RBP release, TOH, PU pkr, get in hole w/100stds, SD.
7/17/05	72		Oper @ Report Time: SD. 16 th -CIH w/pkr, set pkr @ 11,040', ND BOP NU Tree, Swb, IFL @ 2200', dry in 12 runs, no gas, left op dwn Line, SD.
7/18/05			Oper @ Report Time: Swbg. 17 th -SD.
7/19/05	73		Oper @ Report Time: 0 BW, 0 MCF, 0 BO. 18 th -TP-40#. Swb, no fluid, left op dwn line, RD PU, SD.
7/20/05			Oper @ Report Time: Awaiting orders.
7/28/05	74		Oper @ Report Time: Shoot off "R" nipple. RU WL, TIH w/thru tbg perforating gun, couldn't pass 11,065', pick up weight bar, still couldn't pass 11,065', suspect obstruction in "R" nipple, RD WL, SD.

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<u>DATE:</u>	<u>DAY:</u>	<u>Ft/24 HRS:</u>	<u>OPERATIONS:</u>
8/10/05	75		<u>Oper @ Report Time:</u> Free point. 9 th -Pull Kill string. PU fishing spear, TIH, tag @ 8950, put 4 points on it, turn to right, gained 2 points & dragging some, TOH, did not get out w/anything, TIH, tag up @ 8950, put 5 points, went dwn 4', turned to right, gained 15 points, dragging bad, pull up 60' stuck, cannot move. Shut in shut dwn.
8/11/05	76		<u>Oper @ Report Time:</u> Free point. 10 th -RU WL, TIH, find stuck @ nogo on top of spear (8758), back off tbg @ 8721, TOH. PY fishing too, jars, SIH, get in to 8500', SD.
8/12/05	77		<u>Oper @ Report Time:</u> Fish. 11 th -Cont dwn, get latch onto tbg, jar on time, came loose, TOH, find fish & 10' of WL. PU different spear, TIH, find fish, put 4 pts dwn, turn right 2 turns, TOH, got out w/nothing, will use more aggressive spear tomorrow.
8/13/05	78		<u>Oper @ Report Time:</u> SD. 12 th -TIH w/spear, work t/get good bite on fish, TOH, got out w/everything. SI SD.
8/14/05			<u>Oper @ Report Time:</u> SD.
8/15/05			<u>Oper @ Report Time:</u> TIH.
8/16/05	79		<u>Oper @ Report Time:</u> Perf. 15 th -PU new 4 5/8 drill bit, 4 DC, TIH, find cmt @ 11,064', drill out t/11,338', circ hole clean, start out w/ tbg, get out w/80 stds. SI SD.
8/17/05	80		<u>Oper @ Report Time:</u> Swab. 16 th -COH w/tbg, LD DC, bit, RU WL, TIH, correlate, perf 11,151-155, 11,118-128, 11,098-104 (4spf), PU WL entry guide, 1.87 "R" nipple, 10' sub, 5½ x 2 3/8 AS1X 10K pkr w/1.87 "F" nipple, 364 jts 2 3/8 tbg, TIH set pkr @11,051', ND BOP, NU Tree, leave open dwn line, SD.
8/18/05	81		<u>Oper @ Report Time:</u> Producing/awaiting frac. 17 th -FTP-0psi swab, IFL @ 1200' made 9 runs, well dry, made 3 half hour runs, out w/less than 100' wtr each, has 2' flare, put dwn line on 48/64 choke, RD PU, SD.
8/19/05	82		<u>Oper @ Report Time:</u> FTP-550psi, 48/64 ch, 5BO, 20 BW, 52 MCF. 18 th -FTP-50psi, no rate, RU swb unit first level scattered f/1500' dry in 6 runs, made 2 half hour runs, out w/100' wtr each. Has 2' flare, put dwn line on 48/64 choke, SD.
8/20/05			<u>Oper @ Report Time:</u> FTP-556psi, 48/64 ch, 0 BO, 3 BW, 110 MCF.
8/21/05			<u>Oper @ Report Time:</u> FTP-530psi, 48/64 ch, 0 BO, 0 BW, 150 MCF.
8/22/05			<u>Oper @ Report Time:</u> FTP-500psi, 48/64 ch, 0 BO, 8 BW, 100 MCF.

Arrant, Bryan, EMNRD

From: Macquesten, Gail, EMNRD
Sent: Tuesday, April 04, 2006 4:00 PM
To: Sanchez, Daniel J., EMNRD; Arrant, Bryan, EMNRD
Subject: FW: Valle Feliz No. 2 - API #30-015-33781 - Shut in Order

Daniel and Bryan - Chi sent me this chronology of work on the well. Gail

From: Gary Womack [mailto:garyw@chienergyinc.com]
Sent: Tuesday, April 04, 2006 3:52 PM
To: Macquesten, Gail, EMNRD
Cc: johnq@chienergyinc.com
Subject: Valle Feliz No. 2 - API #30-015-33781 - Shut in Order

Ms. Macquesten:

Please note the highlighted section in the attached well chronology. This is the cement squeeze and and re-perforating that was done to remediate the water encroachment that occurred after the fracture stimulation on the Morrow producing zone. As I stated in our conversation, a cessation in the current flow regime could re-establish the water flow to this zone. Please contact me with any questions and concerns.

Respectfully,

Gary Womack

Petroleum Engineer
Chi Energy, Inc.
432-685-5001
432-634-8958 c
432-682-2662 f

Arrant, Bryan, EMNRD

From: Macquesten, Gail, EMNRD
Sent: Monday, April 03, 2006 9:34 AM
To: Arrant, Bryan, EMNRD; Sanchez, Daniel J., EMNRD
Subject: denial of request for allowable

Hi Bryan and Daniel - I would suggest something like the attached. It's important to be clear about what the operator is requesting, and how we are responding to the request. In this case, my understanding is that they have requested an allowable for this well, and we are denying it under Rule 40. Note that I put a place in the heading for us to indicate when the request was filed. It's not in the well file, so I couldn't fill it in myself. I would also suggest that we print out and send to the operator a copy of the inactive well list dated April 3, and save a copy of it with the letter for our records. That way, if they complain, we will have a record of the circumstances that caused us to deny the request. Gail