

Form 3160-5
(April 2004)

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UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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.

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

5. Lease Serial No.
NM-111959

6 If Indian, Allottee or Tribe Name

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

8. Well Name and No
FREEWAY FEDERAL #1

9. API Well No.
30-015-33790

10. Field and Pool, or Exploratory Area

11. County or Parish, State
EDDY,NM

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

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

2. Name of Operator
CHI OPERATING, INC.

3a. Address
P. O. BOX 1799, MIDLAND, TX 79702

3b. Phone No. (include area code)
432-685-5001

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

1980' FNL & 1980' FWL SEC. 30-T19S-R30E

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 checked="" type="checkbox"/> Other TEST BRUSHY
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	CANYON
	<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.)

Chi Operating, Inc. is planning to Test the Brushy Canyon zone on the Freeway Fed. #1 well. The well has been unproductive since the last Wolcamp and BoneSpring zone test.

Procudure attached.

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

Accepted for record
NMOC D RI 5/20/10

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

ROBIN ASKEW

Title REGULATORY CLERK

Signature

Date

04/06/2010

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

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.

Office

MAY 13 2010
/s/ Dustin Winkler

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction

BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

(Instructions on page 2)

Freeway Federal #1
API# 30-015-
Eddy County, New Mexico

Test Brushy Canyon

Location: 1980' FNL & 1980' FWL, Section 30, (W/2) T19S, R30E

Directions: Directions: From Carlsbad , east on Hwy 62-180 approx 17 miles to Hwy 360. Turn left (north) go approx 6 miles to CR-235. Turn left (west) for approx 3.8 miles. Turn right for .2 mile, right .15 mile to rig.

ELEVATION:

G.L.	3344
K.B.	3361

SUPERVISORY PERSONNEL:

	Office	Home	Mobile
Sonny Mann			432-634-7062
Gary Womack	432-685-5001		432-634-8958

CURRENT WELLBORE:

KB:	17'	
Surf Csg:	@ 410'	13-3/8", 48#, J-55
Int Csg:	@ 3610'	8 5/8", 32#, J-55
Prod Csg:	@12118'	5 1/2". 17 & 20# N80 & P110
PBTD:		
<i>Packer:</i>	<i>@8330'</i>	
<i>RBP</i>	<i>@9500'</i>	

Existing Perfs: Middle Morrow Blue 11785-11792' , 11752-11755' (1 spf) (13 holes)
Middle Morrow Purple Sand at 11658-11663' and 11692-11701' (all 4 spf)
Wolfcamp 9635-52' (2 spf)
Bone Spring 8432-8446, 4 spf

Procedure: Test Brushy Canyon

Notify BLM of intent to rig up.

MIRU DDP. NU BOP.

POOH w/pkr ,tubing, and RBP

Freeway Federal No. 1

Set CIBP's over Morrow at approximately 11625', Wolfcamp at 9600', and Bone Spring at 8400'. Dump 35' cement over each. Test.

RIH w/casing guns to perforate Brushy Canyon at: 5589-5608. (2 spf)

PU pkr on tubing. RBIH to approximately 5500'

Acidize/Frac as warranted. (See below).

If no entry, unset pkr & TIH to btm perf & spot 7.5% NeFe acid.. PUH & reverse acid and & reset Pkr. (If there is fld. entry) Load & PSI annulus to 500# w/2% KCL. Monitor during treatment. Acidize w/1500 gals of acid & 1500 gals of gelled pad @ 3 bpm @ an est. STP of 1300#, as follows:

Note: If acid spot is necessary do not get over zealous when breaking down.

- a). Pmp 500 gals of 7.5% NeFe Acid
- b). Pmp 500 gals of gelled Pad w/750 lbs of 20/40 mesh sand.
- c.). Drop 10, 1.1 sp.gr. ball sealers.
- d). Repeat, a, b, & c.
- e). Repeat, a & b.

Flush to top perf. w/2% KCL. Recover load & tst. Evaluate for further stimulation.

Chi Operating
NM-111959 – Freeway Federal #1
API: 30-015-33790
Eddy County, New Mexico

RE: Plug back and Recomplete NOI – Conditions of Approval

Contact the appropriate BLM office at least 24 hours prior to starting work. For wells in Eddy County, call 575-361-2822.

There is to be no surface disturbance beyond the existing pad. A closed loop system is to be used. H2S monitoring and protection equipment is to be on site.

3M BOP to be used. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.

1. CIBP above the Morrow perms shall be set at 11735' and have 30sx of Class H cement pumped on top to cover the top of the Morrow formation as well.
2. CIBP above the Wolfcamp perms shall have 25sx of Class H cement pumped on top to cover the top of the Wolfcamp formation as well.
3. Bone Spring perf plug is OK.
4. An additional plug is required to be run from 6130'-5970' (minimum 25sx) to cover the top of the Bone Spring formation.

Work to commence within 90 days of receiving these Conditions of Approval.

Submit subsequent report with wellbore diagram and completion report once work is completed.

DHW 050310