

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

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised March 25, 1999

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO. 30-041-20066
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. 25945
7. Lease Name or Unit Agreement Name: Hondo State
8. Well No. #1
9. Pool name or Wildcat SWD; Chavaroo San Andres

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)	
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Injection	
2. Name of Operator Chi Operating, Inc.	
3. Address of Operator P.O. Box 1799, Midland, Texas 79702	
4. Well Location Unit Letter F : 1,980 feet from the North line and 1,980 feet from the West line Section 31 Township 7-S Range 33-E NMPM County Roosevelt	
10. Elevation (Show whether DR, RKB, RT, GR, etc.)	

11. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data	
NOTICE OF INTENTION TO:	SUBSEQUENT REPORT OF:
PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/> PLUG AND ABANDONMENT <input checked="" type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPLETION <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>
OTHER: <input type="checkbox"/>	OTHER: <input type="checkbox"/>

12. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompilation.

03/31/04 Notified OCD, Gary Wink, reviewed plugging procedure. MIRU Triple N rig #23 and plugging equipment. ND wellhead, NU BOP. POOH tubing & packer. RIH w/ RBP, unable to set. SDFN.

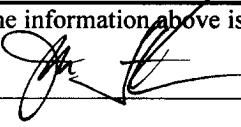
04/01/04 OCD Billy Prichard, on location. Attempted to RBP, unable. POOH and w/ tbg-set CIBP, set CIBP @ 4,135'. Circulated hole w/ mud, pumped 25 sx C cmt 4,135 - 3,767'. POOH w/ tbg. RIH w/ wireline and cut casing @ 1,924'. Worked casing, not free. RIH w/ packer, established rate of 2 1/2 BPM @ 1,000 psi, no returns in 4 1/2 x 8", and squeezed 45 sx C cmt w/ CaCl₂ @ 1,924', ISIP 800 psi. SDFN.

04/02/04 Notified OCD, Billy Prichard. Tagged cmt @ 1,702'. Cut csg @ 421', POOH w/ wireline. RIH w/ packer to 250' and squeezed 70 sx C cmt w/ 2% CaCl₂, displacing to 200'. WOC and tagged at 204'. Pumped 10 sx C cmt 60' to surface. RDMO.

Cut off wellhead and anchors, capped well, installed marker. Backfilled pit and cellar.

Approved as to plugging of the Well Bore.
Liability under bond is retained until surface restoration is completed.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE  TITLE engineer DATE 04/06/04

Type or print name James F. Newman, P.E. Triple N Services, Inc. Telephone No. 432-687-1994

(This space for State use)

APPROVED BY Gary W. Wink TOC FIELD REPRESENTATIVE II / STAFF MANAGER MAY 24 2004
Conditions of approval, if any: