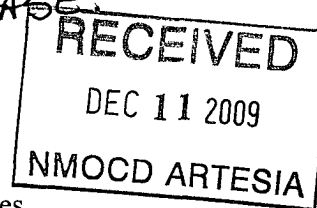


PIA'd. OK TO RELEASE  
MJB 1/19/2010



Submit One Copy To Appropriate District Office

State of New Mexico

Form C-103

March 18, 2009

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 87411

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

RECEIVED

DEC 15 2009

HOBBSOCD

Minerals and Natural Resources

CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

WELL API NO.

30-025-38525

5. Indicate Type of Lease

~~STATE~~

FEE

☒

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name

ELKAN

8. Well Number

2

9. OGRID Number

4378

10. Pool name or Wildcat

Cerca Upper Penn-

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 ☐ Gas Well ☐ Other

2. Name of Operator

CHI OPERATING, INC.

3. Address of Operator

P.O. Box 1799, MIDLAND, TX 79702

4. Well Location

Unit Letter H : 1980 feet from the North line and 660 feet from the East line

Section 11 Township 14S Range 34E NMPM County LEA CO. NM

11. Elevation (Show whether DR, RKB, RT, GR, etc.)

4099' GR

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

GPS LAT. 33.12096455850

LONG -103.4750747

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐

TEMPORARILY ABANDON ☐ CHANGE PLANS ☐

PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐ P AND A ☐

CASING/CEMENT JOB ☐

OTHER: ☐

☒ Location is ready for OCD inspection after P&A

☒ All pits have been remediated in compliance with OCD rules and the terms of the Operator's pit permit and closure plan.

☐ Rat hole and cellar have been filled and leveled. Cathodic protection holes have been properly abandoned.

☒ A steel marker at least 4" in diameter and at least 4' above ground level has been set in concrete. It shows the

**OPERATOR NAME, LEASE NAME, WELL NUMBER, API NUMBER, QUARTER/QUARTER LOCATION OR UNIT LETTER, SECTION, TOWNSHIP, AND RANGE. ALL INFORMATION HAS BEEN WELDED OR PERMANENTLY STAMPED ON THE MARKER'S SURFACE.**

☒ The location has been leveled as nearly as possible to original ground contour and has been cleared of all junk, trash, flow lines and other production equipment.

☐ Anchors, dead men, tie downs and risers have been cut off at least two feet below ground level.

☐ If this is a one-well lease or last remaining well on lease, the battery and pit location(s) have been remediated in compliance with OCD rules and the terms of the Operator's pit permit and closure plan. All flow lines, production equipment and junk have been removed from lease and well location.

☐ All metal bolts and other materials have been removed. Portable bases have been removed. (Poured onsite concrete bases do not have to be removed.)

☒ All other environmental concerns have been addressed as per OCD rules.

☐ Pipelines and flow lines have been abandoned in accordance with 19.15.35.10 NMAC. All fluids have been removed from non-retrieved flow lines and pipelines.

When all work has been completed, return this form to the appropriate District office to schedule an inspection.

SIGNATURE

Robin Askew

TITLE

REGULATORY CLERK

DATE

12-7-09

TYPE OR PRINT NAME

ROBIN ASKEW

E-MAIL:

robina@chienergyinc.com

PHONE:

432-685-5001

For State Use Only

APPROVED BY:

Maley Brown

TITLE

Compliance Officer

DATE

1/19/2010

Conditions of Approval (if any):

State of New Mexico  
Energy, Minerals and Natural Resources

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

DEC 15 2009

HOBBSOCD

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b> (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.)		WELL API NO. 30-025-38525
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
2. Name of Operator CHI OPERATING, INC		6. State Oil & Gas Lease No.
3. Address of Operator PO BOX 1799 MIDLAND, TX 79702		7. Lease Name or Unit Agreement Name ELKAN
4. Well Location Unit Letter <u>H</u> : <u>1980</u> feet from the <u>NORTH</u> line and <u>660</u> feet from the <u>EAST</u> line Section <u>11</u> Township <u>14S</u> Range <u>34E</u> NMPM LEA County		8. Well Number 2
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 4099' GR		9. OGRID Number 004378
GR Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/>		10. Pool name or Wildcat CERCA UPPER PENN
Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____ Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____		

## 12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

## NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐  
 TEMPORARILY ABANDON ☐ CHANGE PLANS ☐  
 PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

OTHER: ☐

## SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐  
 COMMENCE DRILLING OPNS. ☐ P AND A ☒  
 CASING/CEMENT JOB ☐

OTHER: ☒

13. 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 recompletion.

11/23/06-CALLS GARY WINK FOR P&A INSTRUCTIONS. WELL BORE CONDITIONS AT TIME OF REQUEST. 13 3/8" CSG SET AT 451'. DRILLED TO A DEPTH OF 2930', TWISTED OFF @ 1052' ON 11/16/06. ABORTED MUD SYSTEM, BUILD NEW MUD SYSTEM, CLEANED AND CONDITION HOLE BACK TO FISH. GOT ON FISH, JARRED FREE. WORKED FISH TO 1752'. BACK OFF AT 1518'. BUILDING MUD AND ATTEMPTING TO CONDITION HOLE BACK TO FISH UNSUCCESSFULLY. GOT DWN TO 1033'. P&A INSTRUCTIONS AS PER GARY: 1<sup>ST</sup> PLG 100' @ 1033'. 2<sup>ND</sup> PLG 100' @ SHOE. 3<sup>RD</sup> PLG @ SURFACE. 1<sup>ST</sup> PLUG @ 1033', PMPD USED 100 SKS "C"+3% CaCL2, TGD @ 1028', PMPD ADDITIONAL 100 SKS' AND TGD @ 901'. PUH AND SET 2<sup>ND</sup> PLUG @ 480', PMPD 100 SKS "C"+2% CaCL2, TGD PLG @ 415'. SET 15 SKS SURFACE PLG. ND AND RELEASED RIG 11/25/06. PREP TO SKID RIG.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE: John W. Hill TITLE: \_\_\_\_\_ DATE: 11/29/06

Type or print name: \_\_\_\_\_ E-mail address: \_\_\_\_\_ Telephone No: 432-685-5001

**For State Use Only**

APPROVED BY: \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_  
 Conditions of Approval (if any): \_\_\_\_\_