

Expedited ROW

FORM APPROVED
OMB No. 1004-0136
Expires January 31, 2004

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM 013642	
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name NA	
2. Name of Operator Koch Exploration Company LLC Peoples		7. If Unit or CA Agreement, Name and No. NA	
3a. Address P.O. Box 489 Aztec, NM 87410		8. Lease Name and Well No. Gardner C 6A	
3b. Phone No. (include area code) (505) 334-9111		9. API Well No. 30045 32053	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface SE/SE S25, T32N, R9W 655' FSL & 975' FEL At proposed prod. zone same		10. Field and Pool, or Exploratory Basin Fruitland Coal	
14. Distance in miles and direction from nearest town or post office* 31 miles Northeast of Aztec, NM ENTERED AFMSS MAR 16 2004		11. Sec., T., R., M., or Blk. and Survey or Area P S25, T32N, R9W (P)	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) NA		12. County or Parish San Juan	
16. No. of Acres in lease 2264.04		13. State NM	
17. Spacing Unit dedicated to this well 318.64 E/2			
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. BY sm NA		20. BLM/BIA Bond No. on file 400 GH 0471	
19. Proposed Depth 3540'			
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6671' GL		22. Approximate date work will start* March 1, 2004	
		23. Estimated duration 30 days	

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification.
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature 	Name (Printed/Typed) Don Johnson	Date 12/4/03
Title Field Operations Manager		
Approved by (Signature) 	Name (Printed/Typed) AFM	Date 3-17-04
Title Office FFO		

Application approval 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.

Conditions of approval, if any, are attached.

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

*(Instructions on reverse)

For more information on technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4

FOR LEO OPERATIONS AUTHORITY ARE
SUBJECT TO COMPLIANCE WITH ATTACHED
"GENERAL REQUIREMENTS".

NMOCD

RECEIVED
MAR 16 2004
BUREAU OF LAND MANAGEMENT
WASHINGTON, D.C.

DISTRICT I
P.O. Box 1980, Hobbs, N.M. 88241-1980

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
811 South First, Artesia, N.M. 88210

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, NM 87504-2088

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-045-32053		Pool Code 71629	Pool Name Basin Fruitland Coal
Property Code 3659	Property Name GARDNER C		Well Number 6A
OGRID No. 1280T	Operator Name KOCH EXPLORATION		Elevation 6671

¹⁰ Surface Location

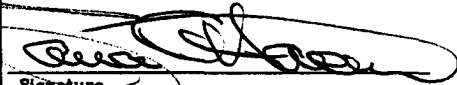
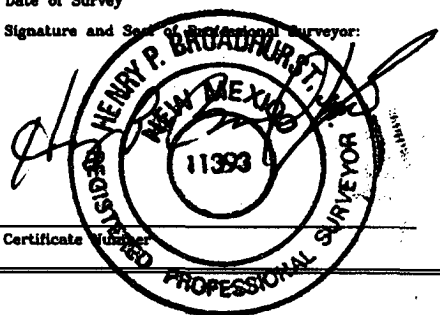
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	25	32 N	9 W		965	SOUTH	975	EAST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 320.3184	Joint or Infill	Consolidation Code	Order No.
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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

<div>16 N 88°56' W</div> <div>5261.52'</div> <div>MAR 2004 RECEIVED OIL CONG. DIV. DIST. 8</div> <div>SECTION 25</div>	<div>Existing Well Gardner C6</div> <div>1120' ENCL 1820' FEL API #30-045-27998</div> <div>NM013642</div>	<div>5229.84'</div> <div>5239.74'</div>	<div>17 OPERATOR CERTIFICATION</div> <div>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</div> <div>Signature </div> <div>Printed Name Lance F. Harmon</div> <div>Title Vice President - Land</div> <div>Date 10/22/03</div>
			<div>18 SURVEYOR CERTIFICATION</div> <div>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 supervision, and that the same is true and correct to the best of my belief.</div> <div>Date of Survey 10/9/03</div> <div>Signature and Seal of Professional Surveyor: </div> <div>Certificate Number</div>
			<div>975'</div> <div>965'</div> <div>5355.24'</div>

GARDNER C 6A

Sec. 25-T32N-R9W, 965' FSL & 975' FEL

San Juan Co., New Mexico

Lease NM 013642

Drilling Program**1) Geological name of surface formation -**

Estimated tops of important geological markers:

San Jose	Surface
Ojo	2290'
Kirtland Shale	2343'
Fruitland Coal	3180'
Pict. Cliff	3540'
TD	3540'

2) Estimated depths at which oil, gas, water, and mineral bearing formation will be found:

Useable Water	0' to 2343'
Salt Water	2343' to 3180'
Oil and Gas	3180' to 3540'

3) Pressure Control Equipment:

- a. 10-inch 900 series or 2,000 psi test double gate hydraulic with 4-1/2" pipe rams and 10-inch series 900 hydril above 10-inch series casinghead and cross spool with flanged outlets. See BOP diagram at **Exhibit F-1** for drawing of choke lines, kill lines and choke manifold. Procedures will include waiting on cement 12 hours, nipple up blowout preventer (BOP) assembly and test to 70% of yield of casing or 1,500 psi maximum. The production casinghead pressure rating will be 3,000 psi.
- b. Type of BOP rams: Blind rams and pipe rams are used as shown on the BOP diagram at **Exhibit F-1**. Occasionally, the position of the rams is reversed depending on the drilling contractor's methods.
- c. The choke manifold and header will have 2-inch choke outlets, a 2-inch straight through the line with 2-inch adjustable chokes installed. The inlet line will be a 2-inch line. All of the above are rated at 1,500 psi working pressure (WP). The choke manifold and header system will have manual control valves; no hydraulic valves will be installed. Casing testing procedure – Surface casing will be tested at 750 psi with 1,000 psi maximum after cementing in place and before drilling out of shoe. Intermediate and production casing will be tested to 1,500 psi after cementing in place and after drilling to the required depth.
- d. Hydraulic controls to close the BOPs are located on the rig floor; the hydraulic remote control is located in the bottom doghouse. There will be no manual controls on the BOP.
- e. BOP testing procedures and frequency:
 1. Hydril (3,000WP) will be tested to 70% of yield of casing or 1,500 psi maximum.

GARDNER C 6A

Sec. 25-T32N-R9W, 965' FSL & 975' FEL

San Juan Co., New Mexico

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2. Double ram BOPs will be tested to 70% of yield of casing or 1,500 psi maximum.
3. BOPs will be tested upon installation, after casing is run and on each bit trip.
- f. Casinghead connections will be 2-inch; these outlets will usually be bull plugged during drilling operations. No pumping through these connections is allowed except in emergency to keep from wearing out the head.
- g. The drilling spool will be a series 900 2,000 psi WP with a 2-inch kill line and a 2-inch outlet.

4) Proposed Casing Program:

Surface Casing Program:	<u>Hole Size</u>				<u>Depth</u>
Surface Casing	12 1/4"	9 5/8"	36.0#	J-55 STC	New @ 220'
Intermediate Casing	8 3/4"	7"	23#	J-55 LTC	New @ 3170'
Production Liner	6 1/4"	5 1/2"	15.5#	J-55 LTC	New @ 3540'

Proposed setting depth, amount and type of cement including additives:

9 5/8" Surface Casing – Surface to 220' – Cement with 119 sxs class G (15.8 ppg, yield 1.16 cf/sx) Cement + 2% Calcium Chloride + 0.25 lbs/sx. D-29 cellophane, volume 137.8 cf., includes 100% excess. Three centralizers will be run on the bottom 3 joints, starting at the shoe joint.

7" Intermediate Casing – Surface to 3170' –

Lead cement with 352 sxs. 65/35 class G poz, 6% gel, 0.25 lbs/sx D-29 cellophane, (wt. 12.7 ppg, yield 1.75), Tail with 100 sxs. 50/50 class G poz, 2% gel, 0.25 lbs/sx D-29 cellophane, 2% calcium chloride, (wt 13.5 ppg, yield 1.28), includes 50% excess. Two centralizers will be run on the bottom two joints, then every 10th joint thereafter or (+/-) 400', and turbolizers to impact a swirling action, will be placed just below and into the base of the OJO Alamo.

5 1/2" Production Liner 3100' to 3540' – Will not cement.

5) Mud Program:

- 0' – 220' – Spud mud and water treated with gel lime.
- 220' – 3170' – Lime mud, water and polymer.
- 3170' – 3540' – Air-foam

6) Testing, Logging, and Coring Program:

No drill stem tests, cores, will be taken, a CBL log will be run if cement does not circulate to surface on intermediate casing.

GARDNER C 6A

Sec. 25-T32N-R9W, 965' FSL & 975' FEL

San Juan Co., New Mexico

Lease NM 013642

7) Expected Pressures –

Fruitland Fm. 600 psi

Bottom Hole 600 psi

No abnormal pressures, temperature or poisonous gas anticipated.

8) Drilling Tools: 20 4-3/4" Drill Collars with 3-1/2" IF Connections
3-1/2" Drill Pipe with 3-1/2" IF Connections

Anticipated Spud Date: March 1, 2004

Anticipated Completion Date: March 31, 2004