

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 type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name NA
2. Name of Operator Kesh Exploration Company LLC <i>Peophes 225711</i>		7. If Unit or CA Agreement, Name and No. NA <i>33363</i>
3a. Address P.O. Box 489 Aztec, NM 87410		8. Lease Name and Well No. Gardner C 7A
3b. Phone No. (include area code) (505) 334-9111		9. API Well No. 30045 32052
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface SW/NW S26, T32N, R9W 1835' FNL & 1280' FWL 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* 19 miles Northeast of Aztec, NM		11. Sec., T., R., M., or Blk. and Survey or Area S26, T32N, R9W (E)
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) NA	16. No. of acres in lease 2264.04	12. County or Parish San Juan
17. Spacing Unit dedicated to this well 319.08 N/2	18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. NA	13. State NM
19. Proposed Depth 3482'	20. BLM/BIA Bond No. on file 400 GH 0471	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6632' 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 <i>Don Johnson</i>	Name (Printed/Typed) Don Johnson	Date 12/4/03
Title Field Operations Manager		
Approved by (Signature) <i>David J. Mankiewicz</i>	Name (Printed/Typed) David J. Mankiewicz	Date MAR 31 2004
Title Office		

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 information only: 24 CFR 3165.3 and 3165.4

DRILLING OPERATIONS AUTHORIZED ARE
SUBJECT TO COMPLIANCE WITH ATTACHED
"GENERAL REQUIREMENTS".

NMOCD

RECEIVED

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

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

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

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

State of New Mexico
Energy, Minerals & Natural Resources Department

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-045-32052		2 Pool Code 71629		3 Pool Name Basin Fruitland Coal	
4 Property Code 5659		5 Property Name 33363		6 Well Number GARDNER C	
7 OGRID No. 12807		8 Operator Name KOCH EXPLORATION		9 Elevation 7A 6632	

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
E	26	32 N	9 W		1835	NORTH	1280	WEST	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

12 Dedicated Acres 319.08	13 Joint or Infill	14 Consolidation Code	15 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

16 S 88°37' W 5297.16' 1835' 1280'		NM013642 Existing Well Gardner C7 1460' FNL & 2000' FEL API #30-045-28013 SECTION 26		5252.28' 5261.52'	
N 3°17' E 5360.52'		APR 2004 REGISTERED OIL CONSERVATION DIV. DIST. 9		17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief Signature Lance F. Harmon Printed Name Vice President - Land Title 10/22/03 Date	
				18 SURVEYOR CERTIFICATION 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. 10/9/03 Date of Survey Signature HENRY P. BROADHURST Seal of Professional Surveyor Certificate Number PROFESSIONAL SURVEYOR	

RECEIVED

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

704 MAR 23 AM 9:31

FORM APPROVED
OMB No. 1004-0135
Expires January 31, 2004

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.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Peoples Energy Prod. - TX, L.P.

3a. Address 909 Fannin, Suite 1300
Houston, Texas 77010

3b. Phone No. (include area/code)
713/890-3651

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

S26, T32N, R9W (F)

5. Lease Serial No.

NM013642

6. If Indian, Allottee or Tribe Name

NA

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

NA

8. Well Name and No.

Gardner C 7A

9. API Well No.

30-045-32052

10. Field and Pool, or Exploratory Area

Basin Fruitland Coal

11. County or Parish, State

San Juan, New Mexico

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 Amend
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Application for
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	Permit to Drill

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.)

Amend originally permitted TD of 3482' to 3532'.

In order to facilitate a production sump, it is proposed to drill approximately 50' into the top of the Pictured Cliffs Formation.

A Mud logger will be on site to monitor drilling activity into the Pictured Cliffs Formation.

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

Dianne Sumrall

Title Production & Regulatory Coordinator

Date 3-22-04

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

/s/ David J. Markiewicz

Title

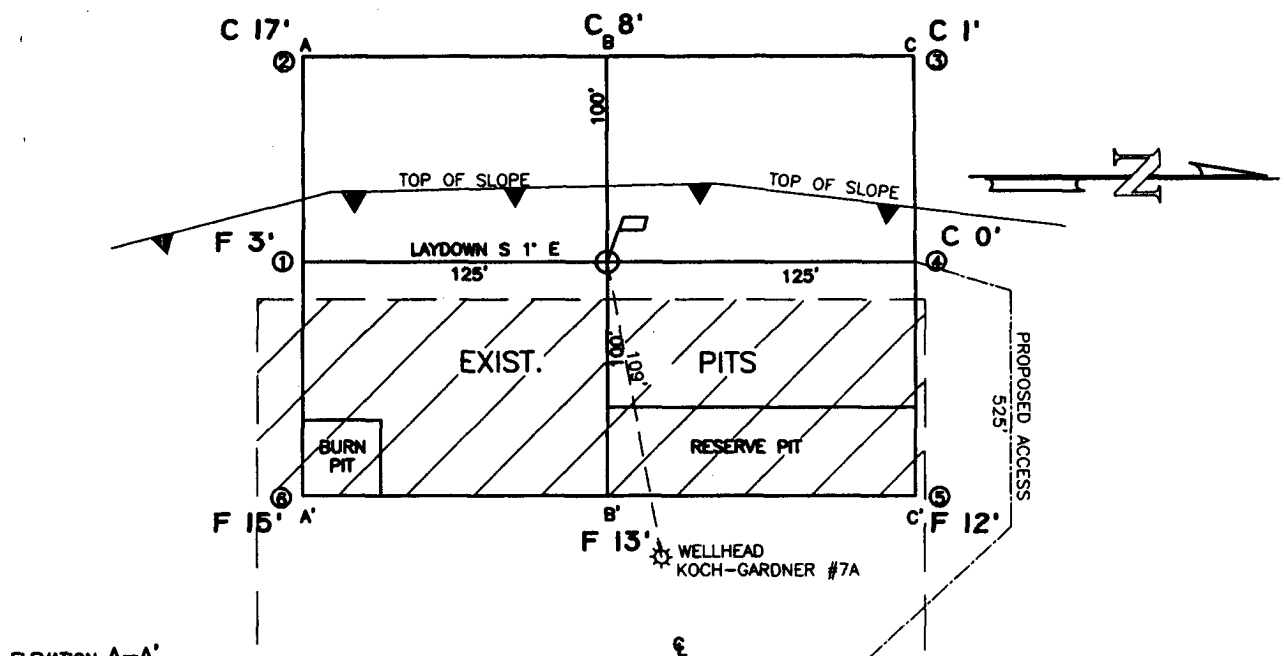
Date

MAR 31 2004

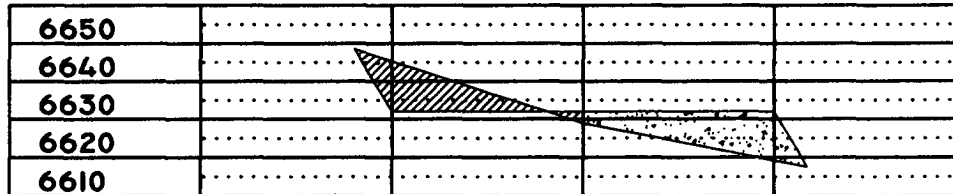
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

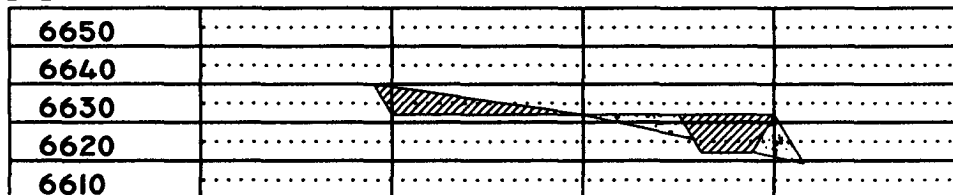
NMOC



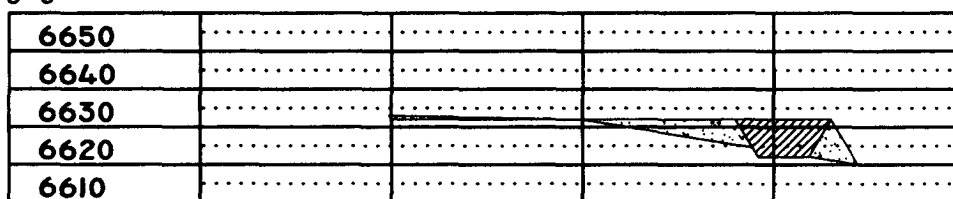
ELEVATION A-A'



B-B'



C-C'



LEASE: GARDNER C #7A

FOOTAGE: 1835' FNL, 1280' FWL

SEC. 26 TWN. 32 N RNG. 9 W N.M.P.M.

LATITUDE: 36°57'27" LONGITUDE: 107°45'14"

ELEVATION: 6632

KOCH EXPLORATION AZTEC, NEW MEXICO

SURVEYED: 10/9/03

REV. DATE:

APP. BY H.B.

DRAWN BY: T.G.

DATE DRAWN: 10/13/03

FILE NAME: K0034CF01

UNITED
FIELD SERVICES INC.

P.O. BOX 3851
FARMINGTON, NM 87499
OFFICE: (505) 334-0408

GARDNER C 7A

Sec. 26-T32N-R9W, 1835' FNL & 1280' FWL

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	2174'
Kirtland Shale	2224'
Fruitland Coal	3107'
Pict. Cliff	3482'
TD	3482'

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

Useable Water	0' to 2224'
Salt Water	2224' to 3107'
Oil and Gas	3107' to 3482'

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 7A

Sec. 26-T32N-R9W, 1835' FNL & 1280' FWL

San Juan Co., New Mexico

Lease NM 013642

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:	Hole Size				Depth
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 @ 3097'
Production Liner	6 1/4"	5 1/2"	15.5#	J-55 LTC	New @ 3482'

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

Circulate cement
 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.

Circulate cement
 7" Intermediate Casing – Surface to 3097' – Lead cement with 343 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 3017' to 3482' – Will not cement.

5) Mud Program:

- 0' – 220' – Spud mud and water treated with gel lime.
- 220' – 3097' – Lime mud, water and polymer.
- 3097' – 3482' – 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.



KCH EXPLORATION COMPANY LLC

December 8, 2003

(Certified Mail – Return Receipt Requested)

ConocoPhillips Company
600 N. Dairy Ashford Rd.
WL 3 – Suite 5060
Houston, TX 77079-1175

Attn: Mr. Pat Gregory
Land Department

Re: Gardner Fruitland Infill Well
Gardner C-7A
N/2 Section 26-T32N-R9W
San Juan County, New Mexico

To the Affected Persons:

Koch Exploration Company, LLC has submitted the enclosed Application for Permit to Drill to the appropriate regulatory agency(s) for approval. The well is located inside the High Productivity Area of the Basin-Fruitland Coal Pool as indicated on the attached plat. Notice is being made pursuant to New Mexico Oil Conservation Commission Order R-8768-F dated July 17, 2003.

The affected parties have twenty (20) days from receipt of this notice in which to file with the District Office of the New Mexico Conservation division written objection to the proposed Application for Permit to Drill.

The undersigned can be contacted at 713 544-7414.

Yours truly,

A handwritten signature in black ink, appearing to read 'Lance F. Harmon', written over a horizontal line.

Lance F. Harmon
Vice President - Land