

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0136

Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Designation and Serial No.

NM8605A

6. If Indian, Allottee or Tribe Name

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

8. Lease Name and Well No.

MARRON #5B

9. API Well No.

30-045-33114

10. Field and Pool, or Exploratory

BLANCO MESAVERDE

11. Sec., T., R., M., or Blk. and Survey or Area

6 Sec 27, T-27-N, R-8-W

12. County or Parish,

San Juan

13. State

New Mexico

17. Spacing Unit dedicated to this well

320 Acres E/2

20. BLM/BIA Bond No. on file

2332

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

Size of Hole	Grade, Size of Casing	Weight per Foot	Setting Depth	Quantity of Cement
12-1/4"	9-5/8" H-40	32.3#	320'	106 Sxs, 125 ft3 - 100% Excess
8-3/4"	7" K-55	20#	2500'	286 Sxs, 545 ft3 - 45% Excess
6-1/4"	4-1/2" K-55	11.6#	5360'	356 Sxs, 717 ft3 - 45% Excess

The on-site inspection was on 4/14/05 by Roger Herrera

Archy is by DCA.

EA is by Nelson

SEE ATTACHED APD INFORMATION

Latitude: 36 Deg, 32 Min, 47 Sec N
Longitude: 107 Deg, 40 Min, 6.5 Sec W

25. Signature

Mike Pippin

Name(Printed/Typed)

Mike Pippin

Date

May 23, 2005

Title Petroleum Engineer

Approved by (Signature)

Jim Lohs

Name(Printed/Typed)

Office

Date

5/14/05

Title Acting Field Manager - Minerals

Application approval does not warrant or certify the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

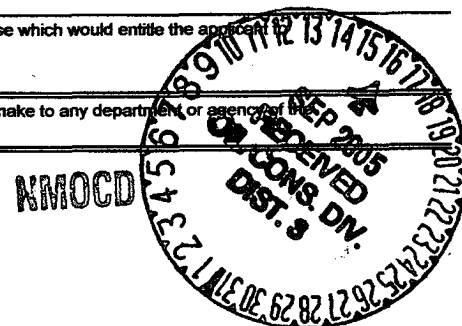
Conditions of approval, if any, are attached.

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)

This action is subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4

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



DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240

DISTRICT II
1301 W. Grand Ave., Artesia, N.M. 88210

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

DISTRICT IV
1220 South St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

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

Form C-102

Revised June 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code 72319	³ Pool Name BLANCO MESAVERDE
⁴ Property Code 11749	⁵ Property Name MARRON	⁶ Well Number 5B
⁷ GRID No. 24942	⁸ Operator Name WESTERN MINERALS AND OIL	⁹ Elevation 6694'

¹⁰ Surface Location

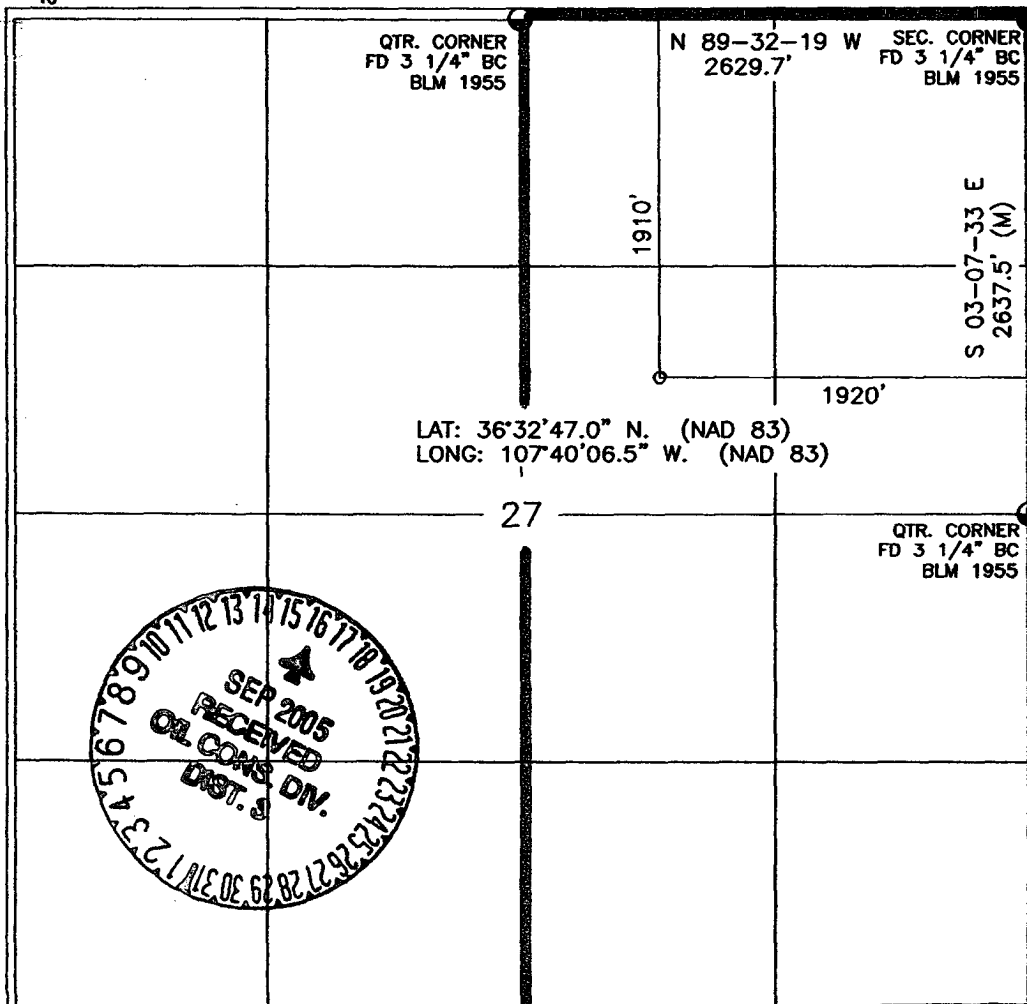
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	27	27-N	8-W		1910	NORTH	1920	EAST	SAN JUAN

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
¹² Dedicated Acres 320 E/2			¹³ Joint or Infill Y		¹⁴ Consolidation Code		¹⁵ Order No.		

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



17 OPERATOR CERTIFICATION

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

Signature

Mike Pippin

MIKE PIPPIN

Printed Name

AGENT-PETR. ENGR.

Title

MAY 23, 2005

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

Date of Survey

Signature and Seal of Professional Surveyor

14831

Certificate Number

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
May 27, 2004

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

WELL API NO.

5. Indicate Type of Lease: **FEDERAL**
STATE ☐ FEE ☐

6. State Oil & Gas Lease No.
FEDERAL: NM-3605A

7. Lease Name or Unit Agreement Name
MARRON

8. Well Number: **#5B**

9. OGRID Number: 24942

10. Pool name or Wildcat
Blanco Mesaverde

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
WESTERN MINERALS & OIL

3. Address of Operator: c/o Agent, Mike Pippin LLC
3104 N. Sullivan, Farmington, NM 87401 505-327-4573

4. Well Location

Unit Letter G : 1910 feet from the North line and 1920 feet from the East line

Section 27 Township 27N Range 8W NMPM San Juan County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
6694' GL

Pit or Below-grade Tank Application ☒ or Closure ☐

Pit type Drilling Depth to Groundwater >100' Distance from nearest fresh water well >1000' Distance from nearest surface water >1000'

Pit Liner Thickness: 12 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: Register Drilling Pit ☒

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.

We intend to drill a new MV well. The drilling pit will be built and lined according to our general pit guidelines on file at the NMOCD in Aztec, NM.

When the drilling pit is closed, it will be closed as per our general pit closing guidelines on file at the NMOCD.

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

TITLE Agent, Petroleum Engineer DATE 5/23/05

Type or print name Mike Pippin E-mail address: mpippin@ddbroadband.net Telephone No.: 505-327-4573

For State Use Only

APPROVED BY: [Signature]

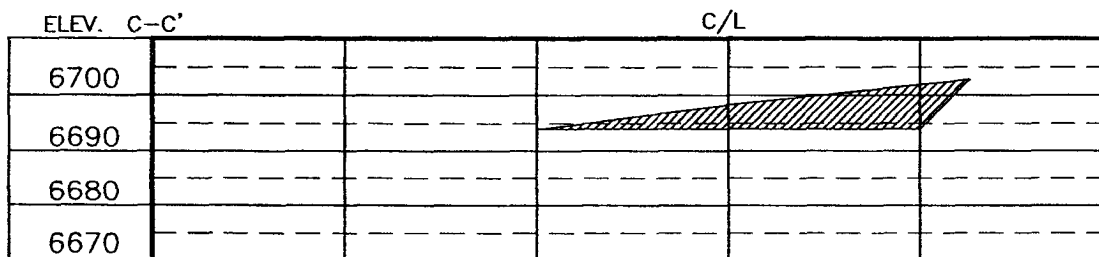
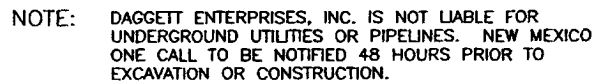
TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 3

DATE SEP 16 2005


Conditions of Approval (if any):



LAT. = 36°32'47.0" N.
LONG. = 107°40'06.5" W
NAD 83



REVISION:	DATE:	REVISED BY:
CORRECT ACCESS LENGTH	05/23/05	BL
NEW ACCESS LENGTH	12/01/04	A.G.



Daggett Enterprises, Inc.
Surveying and Oil Field Services
 P. O. Box 15068 • Farmington, NM 87401
 Phone (505) 326-1772 • Fax (505) 326-6019
 NEW MEXICO L.S. No. 14831

DRAWN BY: A.G.	COPY: WH0001CFB
ROW: WH0001	DATE: 11/05/04

WESTERN MINERALS & OIL

MARRON #5B MV

1910' FNL, 1920' FEL

Unit G Sec. 27 T27N R8W

San Juan County, NM

Drilling Program

1. ESTIMATED FORMATION TOPS (KB)

<u>Formation Name</u>	<u>Depth</u>
Ojo Alamo	1940'
Kirtland	2108'
TD (7")	2500'
Fruitland	2556'
Pictured Cliffs	2790'
Chacra	3716'
Cliffhouse	4449'
Menefee	4476'
Point Lookout	5044'
TD (4-1/2")	5360'

2. NOTABLE ZONES

Gas or Oil Zones

Fruitland
Pictured Cliffs
Chacra
Cliffhouse
Menefee
Point Lookout

Water Zones

Ojo Alamo
Kirtland

Coal Zone

Fruitland

Water zones will be protected with casing, cement, and weighted mud. Fresh water found while drilling will be recorded. Oil or gas shows will be tested for commercial potential based on the engineer's recommendations.

3. PRESSURE CONTROL

Maximum expected pressure is ~800 psi. The drilling contract has not yet been awarded, thus the exact BOP model to be used is not yet known. A typical 11" 3,000 psi model BOP and choke manifold is on PAGE #5 & #6.

WESTERN MINERALS & OIL

MARRON #5B MV

1910' FNL, 1920' FEL

Unit G Sec. 27 T27N R8W

San Juan County, NM

BOP equipment and all accessories will meet or exceed BLM requirements in 43 CFR Part 3160 for a 3000 psi system. A 3000 psi double ram hydraulic BOP will be used. Accumulator system capacity will be sufficient to close all BOPE with a 50% safety factor. Fill, kill, and choke manifold lines will be 2". Accessories will include upper and lower Kelly cocks with handles, stabbing valve to fit drill pipe on floor at all times, string float at bit, 3000 psi choke manifold with 2" adjustable and 2" positive chokes, and pressure gauge. BOPs will be tested every 24 hours. Test pressure will be 500 psi for 30 min. Tests will be recorded on IADC log.

4. CASING & CEMENT

<u>Hole Size</u>	<u>O.D.</u>	<u>Weight (lb/ft)</u>	<u>Grade</u>	<u>Age</u>	<u>Connection</u>	<u>GL Setting Depth</u>
12-1/4"	9-5/8"	32.3#	H-40	New	ST&C	320'
8-3/4"	7"	20#	K-55	New	ST&C	2500'
6-1/4"	4-1/2"	11.6#	K-55	New	ST&C	5360'

Surface Casing will be cemented to the surface with ~200 cu. ft. (~169 sx) Class "B" cmt or equivalent (1.18 ft³/sx yield, 15.6 ppg, & 5.2 gps) with 2% CaCl₂ and 1/4#/sx celloflake. Volume based on 100% excess. We plan to run a minimum of at least 3 centralizers. A wooden wiper plug will be displaced to within 20' of the shoe. WOC = 12 hours. Surface casing will be tested to 500 psi for 30 minutes.

Intermediate casing will be cemented to surface with a single stage. Total cement = 545 cu. ft (286 sx). Volumes are calculated at 45% excess. If cement does not circulate to surface, then a temperature survey will be run to determine the actual cement top as needed. WOC = 12 hours. Test to 1000 psi for 30 minutes.

Lead cement will be ~434 cu. ft. (~206 sx) Premium Lite w/2% CaCl₂, 1/4#/sx cello flake, 6-1/4#/sx gilsonite, 8% gel mixed at 11.0 gps, 12.1 ppg for a yield of 2.11 cu. ft. per sx.

Tail cement will be ~111 cu. ft. (~80 sx) Type III w/2% CaCl₂, 1/4#/sx Cello flake mixed at 6.7 gps, 14.6 ppg for a yield of 1.39 cu. ft. per sx.

Cementing equipment will include a guide shoe, and autofill float collar will be run 20' off bottom. We plan on running at least 10 centralizers.

Production Casing will be cemented to surface with a single stage. Total cement = ~717 cu. ft. (~356sx). Volumes are calculated at 45% excess in the lead cmt. If cement does not circulate to surface, then a temperature survey or CBL will be run to determine the actual cement top as needed. WOC = 12 hours. Casing will be tested to 3800 psi for 30 minutes during completion operations.

WESTERN MINERALS & OIL

MARRON #5B MV

1910' FNL, 1920' FEL

Unit G Sec. 27 T27N R8W

San Juan County, NM

Lead cement will be ~661 cu. ft. (~316 sx) Class "B" cmt or equivalent w/2% SM, 1/4#/sx cello flake, 3#/sx gilsonite mixed at 11.9 gps, 12.5 ppg for a yield of 2.09 cu. ft. per sx.

Tail cement will be ~56 cu. ft. (~40 sx) Class "B" cmt or equivalent w/1% gel, 2% Cacl₂, 1/4#/sx cello flake, 3#/sx gilsonite mixed at 6.8 gps, 14.5 ppg for a yield of 1.4 cu. ft. per sx.

Cementing equipment will include a guide shoe, and autofill float collar will be run 20' off bottom. We plan on running at least 10 centralizers.

5. MUD PROGRAM

<u>Depth</u>	<u>Type</u>	<u>Wt./ppg.</u>	<u>Vis.</u>	<u>Fluid Loss</u>	<u>PH</u>
0'-320'	FW gel/lime spud mud	8.4-8.7	30-50	NC	10
320'-2500'	FW gel/Polymer	8.3-8.6	30-35	<20cc's	9.5
2500'-5360'	FW gel/Polymer	8.3-8.6	30-35	<20cc's	9.5

Lost circulation and absorption material will be on location.

6. CORING, TESTING, & LOGGING

No cores or drill stem tests are planned. Open hole logs will include GR, Neutron-Density, Caliper, Induction, and SP from TD to the intermediate casing shoe.

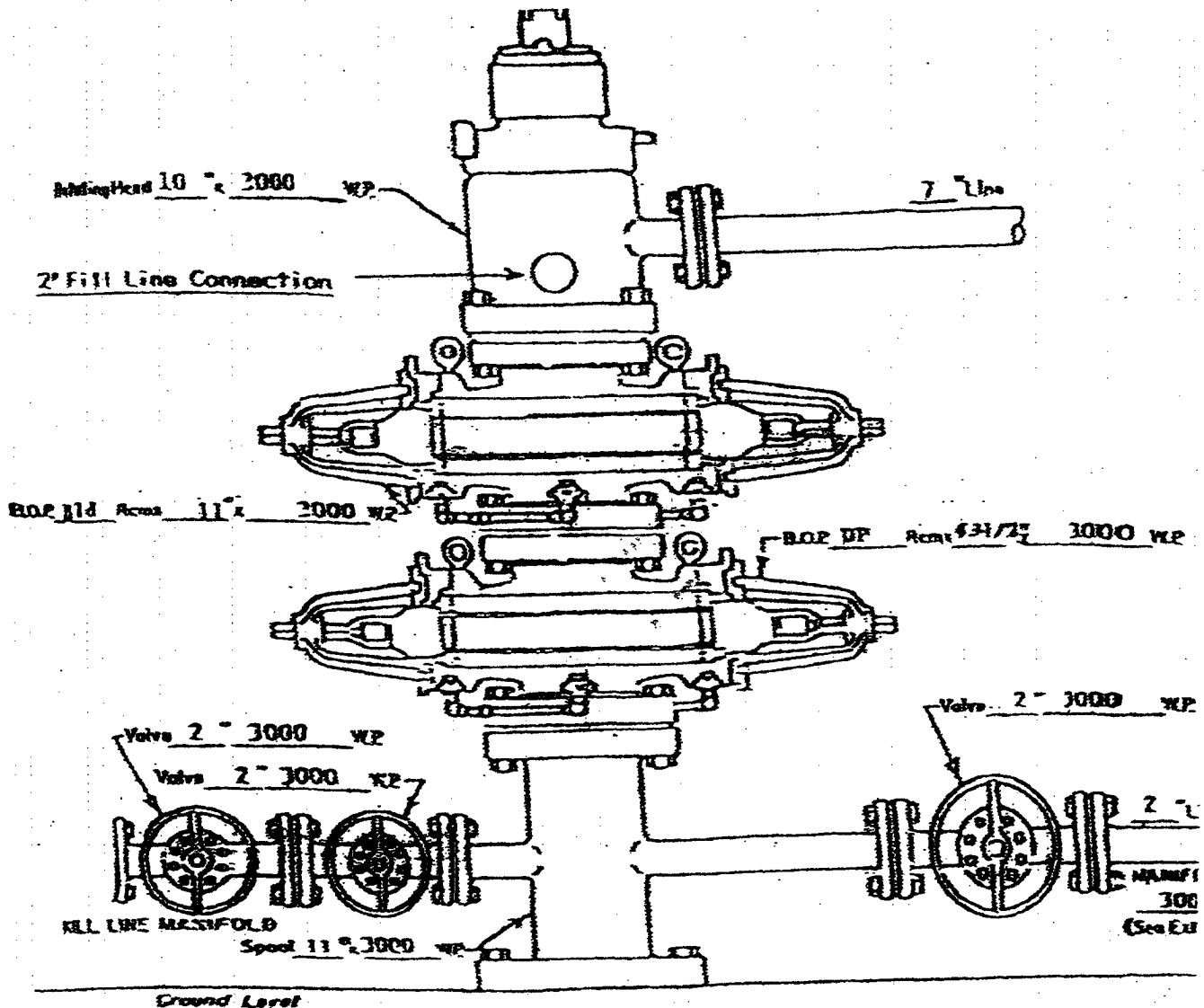
7. DOWN HOLE CONDITIONS

No abnormal pressures, temperatures, nor hydrogen sulfide are expected. Maximum pressure will be ~800 psi.

8. OTHER INFORMATION

The anticipated spud date is April 10, 2006. It is expected it will take ~9 days to drill and ~12 days to complete the well. Completion will start about one month after the spud and will include hydraulic fracturing.

WESTERN MINERALS & OIL
SAN JUAN COUNTY, NEW MEXICO



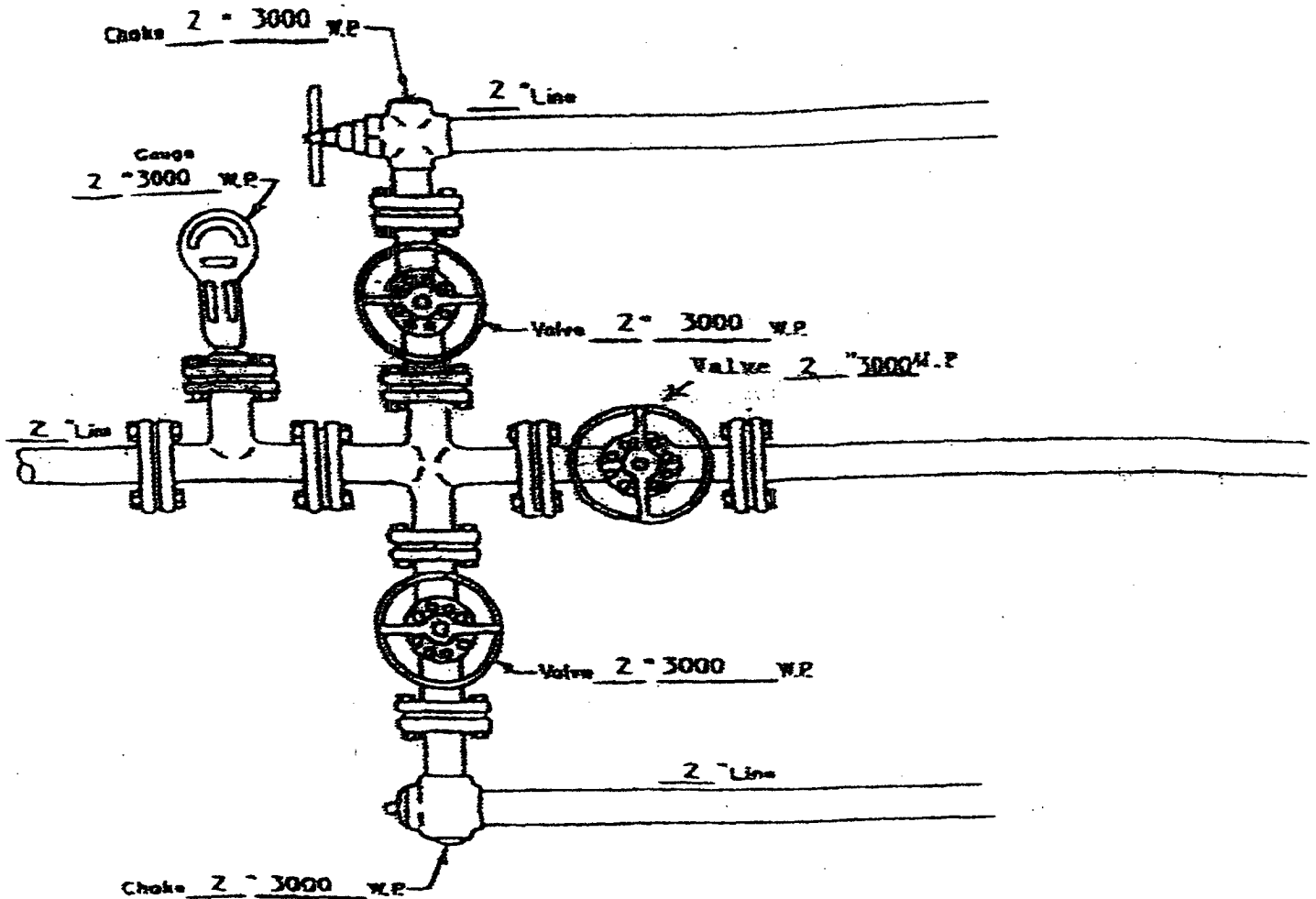
WELL HEAD B.O.P.
3000 #WP

☐ Manual
☒ Hydraulic

NOTE: Although 3000 psi BOP equipment will be used, equipment determination and line sizing are based on the requirements for 2000 psi BOP equipment due to the known drilling and reservoir conditions.

PAGE # 5

WESTERN MINERALS & OIL
SAN JUAN COUNTY, NEW MEXICO



MANIFOLD
3000 #W.P.

☒ Manual
☐ Hydraulic

8-5/8" 23# LS X-42 CASING
0.250" WALL
CALLAPSE = 1016 PSI
INTERNAL YIELD = 1040 PSI

PAGE #6

ATTACHMENT NO. 2