

Submit 1 Copy To Appropriate District
Office
District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised August 1, 2011

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

WELL API NO. 30-045-35386
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. NM VO-8293-0000
7. Lease Name or Unit Agreement Name Bisti 2
8. Well Number 1
9. OGRID Number 12807
10. Pool name or Wildcat Fruitland coal

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 checked="" type="checkbox"/> Other	
2. Name of Operator Koch Exploration Company, LLC	
3. Address of Operator PO Box 489, Aztec, NM 87410	
4. Well Location Unit Letter <u>A</u> : <u>660</u> feet from the <u>North</u> line and <u>660</u> feet from the <u>East</u> line Section <u>2</u> Township <u>24N</u> Range <u>13W</u> NMPM San Juan County	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 6296' GR	

12. 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"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
OTHER: <input type="checkbox"/>		OTHER: Proof of Surface Owner Notification <input checked="" type="checkbox"/>	

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 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Koch Exploration Company, LLC in accordance with the approved Application For Permit To Drill (APD) is providing proof of notice to the surface owner, and their agreement to our conditions to construct and drill this proposed well. Please see attached.

RCVD MAY 14 '13
OIL CONS. DIV.
DIST. 3

Spud Date:

Rig Release Date:

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

SIGNATURE Donald Johnson TITLE Sr. Operations Manager DATE 05/13/2013
Type or print name Donald Johnson E-mail address: johnso4d@kochind.com PHONE: 505-334-9111
For State Use Only
APPROVED BY: Charles TITLE SUPERVISOR DISTRICT # 3 DATE JUN 04 2013
Conditions of Approval (if any): AV



**United States Department of the Interior
Bureau of Indian Affairs
Navajo Region
Branch of Real Estate Services
P.O. Box 1060
Gallup, New Mexico 87305-1060**

RECEIVED
APR 26 2013

IN REPLY REFER TO
N425/Leases/Permits (Minerals)

APR 24 2013

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

State of New Mexico
Energy Minerals and Natural Resources
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Dear Sir:

An administrative review has been conducted on the following proposed Application for Permit to Drill (APD) submitted by **Koch Exploration Company, LLC**.

Bisti 2-1, State Lease No: ST NM VO-8293-0000. The proposed well is described as 660'FNL/660'FEL, located in Section 2, T24N, R13W, San Juan County, New Mexico. Included in the approved disturbance is a well pad containing 1.05 acres, more or less. This location is on the Navajo Nation Trust Lands and within the Navajo Indian Irrigation Projects (NIIP) designated boundaries.

Amended Resolution of the Resources Committee of the Navajo Nation Council No: **RDCJN-05-11** passed on **June 14, 2011**, authorized the Navajo Nation Land Department to issue consent letters for APD's and Construction of Associated Ancillary Facilities. Consent letter dated April 5, 2013, approves the enclosed **Koch Exploration Company, LLC's APD**. Please note that the Resources Committee set certain terms and conditions which must be followed. The Navajo Nation Environmental Protection Agency also set specific terms and conditions which must be followed. Other required clearances from the Navajo Nation have been obtained and are on file.

NOTE: Navajo Nation Department of Fish and Wildlife set out specific conditional approval regarding this project. Project construction must avoid the Burrowing Owl (*athene cunicularis*) breeding season of 1 MAR – 15 AUG or a pre-construction survey will be required. The survey must include a buffer of 0.4 km (1/4 mi) from the edge of disturbance; (2) Project construction must avoid the Mountain Plover (*charadrius montanus*) breeding season of 1 APR – 15 JUL or a pre-construction survey will be required. The survey must include a buffer of 0.2 km (1/8 mi) from the edge of the disturbance.

We concur with approval of the above referenced application, provided enclosed Bureau of Indian Affairs and the Navajo Nation stipulations are adhered to and made a part of the drilling plan.

Any questions regarding this application may be directed to Ms. Bertha Spencer, Supervisory Realty Specialist, Branch of Leases/Permits Section (Minerals) at (505) 863-8336.

Sincerely,

/s/ Sharon A. Pinto

Regional Director, Navajo

Enclosures

cc: Koch Exploration Company, LLC, P.O. Box 489, Aztec, NM 87410
Navajo Nation, Attn: Minerals Department, P.O. Box 1910, Window Rock, AZ
Navajo Nation, Division of Natural Resources, Attn: Project Review Office
BLM, Farmington District Office, 6251 College Blvd., Ste A, Farmington, NM

THE NAVAJO NATION



BEN SHELLY PRESIDENT
REX LEE JIM VICE PRESIDENT

April 5, 2013

Ms. Sharon Pinto, Regional Director
Bureau of Indian Affairs
Navajo Region
Post Office Box 1060
Gallup, New Mexico 87305

RE: Application for Permit to Drill (APD) from Koch Exploration Company LLC on Navajo Nation Trust Land.

Dear Ms. Pinto:

Pursuant to Resolution RDCJN-05-11, approved by the Resources and Development Committee of the Navajo Nation Council, the Navajo Land Department hereby approves an Application for Permit to Drill (APD) to drill, construct, operate and maintain "Bisti 2-1" well and associated ancillary facilities submitted by Koch Exploration Company LLC on Lease No. NM VO-8293-0000 across Navajo Nation Trusts Lands, San Juan County, Navajo Nation (New Mexico), attached hereto as Exhibits "A through D".

The Navajo Nation hereby approves the APD to Koch Exploration Company LLC subject to, but not limited to, the terms and condition contained in Exhibit "D". Please be advised that the Navajo Nation's approval of this APD is also conditioned upon the Bureau of Indian Affairs ensuring that the oil and gas lessee or operator will properly plug and abandoned all oil, gas, injection, disposal, and dry hole wells and that their associated ancillary equipment and facilities are removed from the affected Navajo Nation land and that the land will be properly reclaimed when exploration and/or production ceases. If you have questions please call (928) 871-6447.

Sincerely,

THE NAVAJO NATION


W. Mike Hazona, Program Director
Navajo Land Department, DNR

ENCLOSURES

cc: Akhtar Zaman, Director, Minerals Department

