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Form 3160-3  
(September 2001)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

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

070 FARMINGTON, NM

|  |  |  |
|--|--|--|
| 1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER   |  | 5. Lease Serial No.<br>NM-013642                                       |
| 1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone |  | 6. If Indian, Allottee or Tribe Name<br>NA                             |
| 2. Name of Operator<br>Koch Exploration Company, LLC   |  | 7. If Unit or CA Agreement, Name and No.<br>NA                         |
| 3a. Address<br>20 East Greenway Plaza<br>Houston, Texas 77046  | 3b. Phone No. (include area code)<br>713-544-4318      | 8. Lease Name and Well No.<br>Federal Blancett Com C 1A                |
| 4. Location of Well (Report location clearly and in accordance with any State requirements:*)<br>At surface SE/4, Sec. 27, T32N, R9W, 1745' FSL & 1170' FEL<br>At proposed prod. zone (Same)                           |  | 9. API Well No.<br>3004531389  |
| 10. Field and Pool, or Exploratory<br>Basin Fruitland Coal   |  | 11. Sec., T., R., M., or Blk. and Survey or Area<br>Sec. 27, T32N, R9W |
| 14. Distance in miles and direction from nearest town or post office*<br>17 miles NE of Aztec, NM  |  | 12. County or Parish<br>San Juan                                       |
| 13. State<br>NM  |  |  |
| 15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)<br>1170'   | 16. No. of Acres in lease<br>625                       | 17. Spacing Unit dedicated to this well<br>312.49 E/2                  |
| 18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.<br>2000'  | 19. Proposed Depth<br>3450'                            | 20. BLM/BIA Bond No. on file<br>400 GH. 0471                           |
| 21. Elevations (Show whether DF, KDB, RT, GL, etc.)<br>6631' GR  | 22. Approximate date work will start*<br>available rig | 23. Estimated duration<br>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.  | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).    |
| 2. A Drilling Plan.   | 5. Operator certification.   |
| 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). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

|  |  |                     |
|--|--|---------------------|
| 25. Signature<br><i>Roy A. Ornelas</i> | Name (Printed/Typed)<br>Roy A. Ornelas | Date<br>Feb 07, '03 |
| Title<br>SR Engineer                   |  |                     |
| Approved by (Signature)<br><i>J.L.</i> | Name (Printed/Typed)                   | Date<br>5-29-03     |
| Title                                  | Office                                 |                     |

Application approval does not warrant or certify the 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".

NMOCD

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., Artesia, 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

|                                   |  |                           |  |
|-----------------------------------|--|---------------------------|--|
| API Number<br><b>30-045-31389</b> |  | Pool Code<br><b>71629</b> | Pool Name<br><b>Basin Fruitland Coal</b> |
| Property Code<br><b>51654</b>     | Property Name<br><b>FEDERAL BLANCETT COM C</b> |                           | Well Number<br><b>1A</b>                 |
| OGHD No.<br><b>12807</b>          | Operator Name<br><b>KOCH EXPLORATION</b>       |                           | Elevation<br><b>6631</b>                 |

#### <sup>10</sup> Surface Location

| UL or lot no. | Section   | Township    | Range      | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County          |
|---------------|-----------|-------------|------------|---------|---------------|------------------|---------------|----------------|-----------------|
| <b>1</b>      | <b>27</b> | <b>32 N</b> | <b>9 W</b> |         | <b>1745</b>   | <b>SOUTH</b>     | <b>1170</b>   | <b>EAST</b>    | <b>SAN JUAN</b> |

#### <sup>11</sup> 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<br><b>312.49</b> | Joint or Infill | Consolidation Code | 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

|  |   |   |
|--|---|---|
| <div>16<br/>N 88°30' W<br/>5268.12'<br/>5293.2'<br/>N 0°27' E<br/>070° FARMINGTON, NM<br/>N 88°11' W<br/>1170' FEE</div> | <div>Existing Well<br/>Federal Blancett Com C #1<br/>NM-013642<br/>1250' FNL &amp; 955' FEL<br/>API #30-045-28277</div> | <div>17 OPERATOR CERTIFICATION<br/>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.<br/><br/>Signature<br/><b>Lance E. Harmon</b><br/>Printed Name<br/><b>Vice President - Land</b><br/>Title<br/><b>12/11/02</b><br/>Date</div>   |
|  | <div>SECTION 27<br/>NM-013642<br/>1170'<br/>1745'<br/>4975.08'</div>  | <div>18 SURVEYOR CERTIFICATION<br/>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me under my supervision, and that the same is true and correct to the best of my belief.<br/><br/>10/31/02<br/>Date of Survey<br/>Signature<br/><b>HENRY P. BROADBENT</b><br/>Professional Surveyor<br/>NEW MEXICO<br/>11703</div> |

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UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

**SUNDRY NOTICES AND REPORTS ON WELLS**

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.  
Use "APPLICATION FOR PERMIT—" for such proposals

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|   |  |
|---|--|
| FORM APPROVED<br>Budget Bureau No. 1004-0135<br>Expires: March 31, 1993 |  |
| 5. Lease Designation and Serial No.<br>NM013642                         |  |
| 6. If Indian, Allottee or Tribe Name<br>NA                              |  |
| 7. Unit or CA, Agreement Designation<br>NA                              |  |
| 8. Well Name and No.<br>Federal Blancett Com 1A                         |  |
| 9. API Well No.<br>3004531389   |  |
| 10. Field and Pool, or Exploratory Area<br>Basin Fruitland Coal         |  |
| 11. County or Parish, State<br>San Juan County<br>New Mexico            |  |

**SUBMIT IN TRIPLICATE**

|  |  |
|--|--|
| 1. Type of Well<br><input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other |  |
| 2. Name of Operator<br>Koch Exploration Company, LLC   |  |
| 3. Address and Telephone No.<br>20 Greenway Plaza, Houston, Texas 77046 (713) 544-4318   |  |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description)<br>S27, T32N, R9W (I)<br>1745 FSL & 1170 FEL              |  |

**12. CHECK APPROPRIATE BOX(s) 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"/> Abandonment                        | <input type="checkbox"/> Change of Plans         |
| <input type="checkbox"/> Subsequent Report           | <input type="checkbox"/> Recompletion                       | <input type="checkbox"/> New Construction        |
| <input type="checkbox"/> Final Abandonment Notice    | <input type="checkbox"/> Plugging Back                      | <input type="checkbox"/> Non-Routine Fracturing  |
|  | <input type="checkbox"/> Casing Repair                      | <input type="checkbox"/> Water Shut-Off          |
|  | <input type="checkbox"/> Altering Casing                    | <input type="checkbox"/> Conversion to Injection |
|  | <input checked="" type="checkbox"/> Other Supplement to APD | <input type="checkbox"/> Dispose Water           |

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Compelled Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)\*

Additional information to APD Drilling Program (already submitted).

See Attached.

I hereby certify that the foregoing is true and correct

Signed Ray A. O'Neil Title Senior Engineer Date 3-26-03  
(This space for Federal or State office use)

Approved by \_\_\_\_\_ Title \_\_\_\_\_ Date MAY 29 2003  
Conditions of approval, if any:

Title 18 U.S.C. Section 1001, makes 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.

Koch Exploration Company, LLC  
Basin Fruitland Infill Well  
**Federal Blancett Com C-1A**  
S27 - T32N - R9W  
**Sundry Notice APD Supplement**

**Casing Program:**

| Hole Size | Grade, size of Casing | Weight per Foot | Setting Depth    |
|-----------|-----------------------|-----------------|------------------|
| 12 1/4"   | 9 5/8" J-55           | 36.0 #          | 220'             |
| 8 3/4"    | 7" J-55               | 23.0 #          | 3,080'           |
| 6 1/8"    | 5 1/2" J-55           | 15.5 #          | 3,000' to 3,400' |

Circulate 9-5/8" cement to surface - Volumes to be adjusted to new casings depths

Circulate 7" cement to surface - Volumes to be adjusted to new casing depths

No cement on 5-1/2" Production Liner

100% excess on surface casing

50% excess on production casing

**Centralizer Program:**

**Surface Casing:** 3 Centralizers will be ran on the bottom 3 joints, starting at the shoe joint

**Production Casing:** 2 Centralizers will be ran on the bottom 2 joints, then every 10th joint thereafter or +/-400', and Centralizers to impact a swirling action will be placed just below and into the base of the Ojo Alamo.

**Estimated Formation Tops:**

|                |         |
|----------------|---------|
| San Jose       | Surface |
| Ojo            | 1,914'  |
| Kirtland Shale | 2,064'  |
| Fruitland Coal | 3,090'  |
| Pictured Cliff | 3,424'  |
| Est'd TD:      | 3,400'  |

**Estimated Formation Pressures:**

|                |         |
|----------------|---------|
| Fruitland Coal | 600 psi |
| Bottom Hole    | 200 psi |

**Estimated depths of useable water, salt water and oil/gas bearing formations:**

|                     |                |
|---------------------|----------------|
| Fresh/Useable Water | 0' to 2064'    |
| Salt Water          | 2064' to 3090' |
| Oil and Gas         | 3090' to 3400' |

**FEDERAL BLANCETT COM C – 1A**  
Sec. 27-T32N-R9W, 1745' FSL & 1170' 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            | 1914'   |
| Kirtland Shale | 2064'   |
| Fruitland Coal | 3090'   |
| TD             | 3450'   |

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

|             |                |
|-------------|----------------|
| Fresh Water | 0' to 200'     |
| Salt Water  | 201' to 3090'  |
| Oil and Gas | 3090' to 3450' |

### **3) Pressure Control Equipment:**

- a. 10-inch 900 series or 3,000 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 3,000 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 3,000 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 3,000 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.

**FEDERAL BLANCETT COM C – 1A**

Sec. 27-T32N-R9W, 1745' FSL & 1170' FEL

San Juan Co., New Mexico

Lease NM 013642

e. BOP testing procedures and frequency:

1. Hydril (3,000WP) will be tested to 70% of yield of casing or 3,000 psi maximum.
2. Double ram BOPs will be tested to 70% of yield of casing or 3,000 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 3,000 psi WP with a 2-inch kill line and a 2-inch outlet.

**4) Proposed Casing Program:**

Surface Casing Program:

|                     |        |       |          |     |
|---------------------|--------|-------|----------|-----|
| Surface Casing      | 9 5/8" | 36.0# | J-55 STC | New |
| Intermediate Casing | 7"     | 23#   | J-55 LTC | New |
| Production Liner    | 5 1/2" | 15.5# | J-55 LTC | New |

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

9 5/8" Surface Casing – Surface to 220' – Cement with 112 sks type III (14.6 ppg, slurry yield 1.39 cf/sk) Cement + 2% bwoc Calcium Chloride + .25 lbs/sk Cello Flake + 59.2% Fresh Water. Volume: 155.2 cf., includes 100% excess.

7" Intermediate Casing – Surface to 3075' –

Lead with 263 sks Premium Lite FM (12.1 ppg, slurry Yield 2.15 cf/sk) + 3% bwoc Calcium Chloride + .25 lb/sk Cello Flake + .4% bwoc FL-52 + 8% bwoc Bentonite + .4% bwoc Sodium Metasilicate + 3 lb/sk Pheno Seal + 116.1 % Fresh Water. Volume: 564 cf., includes 50% excess.

Tail with 90 sks Type III Cement (14.5 ppg, slurry Yield 1.40 cf/sk) + 1% bwoc Calcium Chloride + .25 lb/sk Cello Flake + .2% bwoc FL-52 + 60.4% Fresh Water. Volume: 126 cf., includes 50% excess

5 1/2" Production Liner 3000' to 3450' – Will not cement liner

**5) Mud Program:**

0' – 220' – Spud mud and water treated with gel lime.

220' – 3080' – Lime mud, water and polymer.

3080' – 3450' – Air-foam