Form 3160-3

#### **UNITED STATES** DEPARTMENT OF THE INTERIOR **BUREAU OF LAND MANAGEMENT**

FORM APPROVED

OMB No. 1004-0136

Expires November 30, 2000

. –					) 5. Lease	Designation and S	enai No.	
	DI ICATION FOR REDI	AIT TO DOUL	OD DEENT	TED.	1	•		
AP	PLICATION FOR PERI	WII TO DRILL	. OK KEEN <sub>,</sub>	<b>55</b> AUG 23	<u> </u>	024907		
			[1	MAN HOO CO	6. If4ndiai	n. Állottee or Tribe	Name	
la. Type of Work	DRILL	REENTER		RECEI	/ E 7) If Unit o	or CA, Agreement,	Name ar	nd No.
	<b>_</b>			070 FARMII	1	<b>1</b> /		
tb. Type of Well:	Oil Well Gas Well	OtherSir	ngle Zone	Multiple Zone		Name and Well N		(41)
2. Name of Operato	NF				9. API We	KLES 11 #3	7	900
HEC Petroleu		N	M OGRID # 00	9812	30-		330	)9
	, , , , , ,					and Pool, or Explo		
	o Mike Pippin, LLC		. Phone Number		Bas	in Fruitland	Coal	71629
	van Ave., Farmington, N		505) 327-45	73	11. Sec.,	T., R., M., or Bik. a	and Surve	ey or Area
	(Footage, Sec, T. R., M, or Survey f				1/500	11, T-31-N,	D 42	۱۸/
At surface:	Unit Letter I, 1660' F	SL, 1120 FEL	•		الم المرا	11, 1-31-N,	K-10-	VV
At proposed prod. Zo	one: s and direction from nearest town o	LM I			12 Count	ty or Parish,	1	3. State
14. Distance in mile:		post onice			1	Juan		lew Mexic
15. Distance from p			16. No of Ac	res in lease	<del> </del>	ng Unit dedicated		
ocation to nearest	1120'				1	-	276	J BAIII.
propety or lease line			313.	.27	Sou	ith 1/2 3/3/	E.	$\leq $
(Also to nearest drig	. Unit line, if any)					<i>fr</i>	<u> </u>	FBD
18. Distance from p	•		19. Propose	d Depth	20. BL	M/BIA Bond No		SCENE
location to nearest w	vell 971'		2100'				- Will	COMS. D
		· · · · · · · · · · · · · · · · · · ·	ļ			<u> </u>	<del>2</del> (	100 10
	underhar DE KDD DT CL etc.)				123 Fe	stimated duration	<b>≈</b> ?	000
21. Elevation (Show			1 ''	nate date work will start*			ردي:	_
21. Elevation (Show 5756' Ground		24. /	3.	/1/06		30 days	(E)	)n> ==
5756' Ground			3. Attachments	/1/06		30 days		9257725C
5756' Ground The following 1. Well plat of	Level  completed in accordance with the certified by a registered surveyor.		3. Attachments	/1/06 Order No. 1, shall be atta 4. Bond to cover the op	ached to this fo	30 days	E.	JC SC TC TO
The following  1. Well plat of 2. A Drilling R	I Level  I, completed in accordance with the certified by a registered surveyor.  Plan	requirements of Ons	Attachments hore Oil and Gas	/1/06 Order No. 1, shall be atta 4. Bond to cover the op (tem 20 above).	ached to this fo	30 days	E.	and on file (see
The following  1. Well plat c  2. A Drilling R  3. A Surface	, completed in accordance with the certified by a registered surveyor. Plan Use Plan (if the location is on Natio	requirements of Ons	Attachments hore Oil and Gas	/1/06  Order No. 1, shall be atta  4. Bond to cover the op (tem 20 above).  5. Operator certification	ached to this for perations unless	30 days om: s covered by an e	xisting bo	
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Title  Application approva  Title 18 U.S.C. Section 19 U.S.C. Sect	grade, Size of Casing 8-5/8" H-40 5-1/2" J-55  ection with Roger Herrera 8/2 A.  Moes hot warrant or dertify the appropriate for the case of the case	onal Forest System Lest Service Office.  Weigl 2/05.  SEE ATTA	3. Attachments hore Oil and Gas ands,the httper Foot 4# 5.5#  ACHED APD If equitable title to the	/1/06 Order No. 1, shall be atta 4. Bond to cover the optem 20 above). 5. Operator certification 6. Such other site speciauthorized officer Setting Depti 200' 2100' NFORMATION Name(Printed/Typed) Mike Pippin  Name(Printed/Typed) Office ose rights in the subject is knowlingly and willfully	ached to this for perations unless in cific information the Long	30 days  orm: s covered by an e  n and/or plans as r  Quantity of C  140 Sxs, 165  266 Sxs, 528  attitude: 36 De gitude: 108 De Date  Date  Date	xisting bo may be re ement ft3 - 10 ft3 - 45 g, 54' 4/g, 10' 02 8/2	ow Excess % Excess 2" N 2.7" W 3/2005

This action is subject to technical and procedural review pursuant to 43 CFR 3 25.3 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

State of New Mexico
Energy, Minerals & Natural Resources Department

Revised June 10, 2003 Submit to Appropriate District Office

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

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

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

Submit to Appropriate District Office State Lease - 4 Copies

Fee Lease - 3 Copies

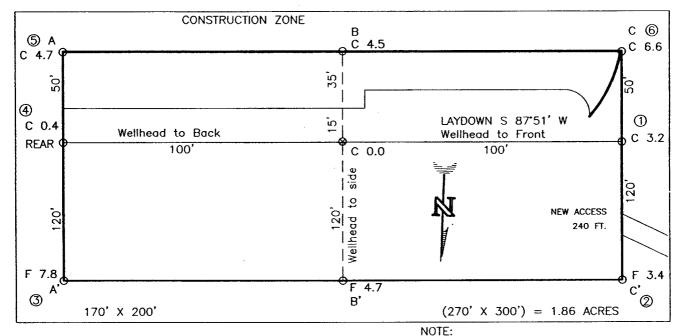
Form C-102

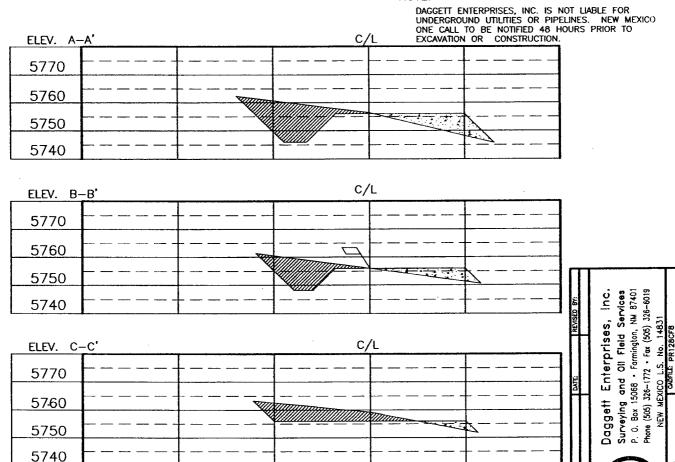
DISTRICT IV 1220 South St. Francis Dr., Santa Fe, NM 87505 2005 AUG 23 PM 2 47 □ AMENDED REPORT

3/2-04	Number	3309 7/629					BASING FRUIT LAND GOAL						
<sup>4</sup> Property Co			<sup>6</sup> Property Name							* Well Number			
4900					NICKLES	11	11					3 ~	
OGRID No	١.		<sup>6</sup> Operator Name								• E	levation	
9813	2 ,		HEC PETROLEUM							✓	5	756	
					10 Surface	e Lo	cation						
UL or lot no.	Section	Township	Township Range Lot Idn Feet from the				North/South line				/West line		County
エ	11	31-N	31-N   13-W   1660				SOUTH	1	120	EA:	SI	SAN JU	JAN
			<sup>11</sup> Bottom Hole Location If Diff						Surface				
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the		North/South line	Fe	et from the	East	./West line	(	County
12 Dedicated Acre	<u> </u>	J ,	18 Joint or	Infili	14 Consolidation	Code	e	16 Ord	er No.		l		
313,27	7 ACR	ES-5/2	Y	,									
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NO ALLOW	ABLE W						UNTIL ALL APPROVEI				EEN CO	NOOLIDA	AILD
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										l complete	to the best of	my knowle	edge and
									belief.		^ .		
									al	1		•	
									14.	HO	upp	n _	
						-			Signatur	e	DIP	Dist	
							VIIVE Printed Name			PIP	MIN		
				LAT 70	5°54′42.0" I		NAD 93)				DETR	E-KI	60
		•		LONG.	108°10'02.7	'" W	(NAD 83)	ŀ	Title	W/	PETR	1 2 /4	0-1/1
						8-2				2-0	15		
						FD 3 1/4" BC. Date							
				11 4			B.L.M. 195	2					
				1					18 SI	IRVEV	OR CER	ייודיר א	TION
					LOT 2	LOT 1 I hereby certify that							
	ļ				LUI Z	was plotted from field notes of actua							
							4 1		me or under	my super	vision, and th	at the same	is true
							1120 <b>'</b>		and correct i		VUKA.		
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								0°14'42" 643.3 (M	Sign	and skal	of Profession	St. PAOL	:
						,		0°14 643.	长			iği	
					LOT 3	099	LOT 4	26.0 26.0	5		205	<b>\$</b>	
									X	Z PROI	<b>EGSIONAL</b>		
		FD 3 1 B.L.M.	1/4" BC. 1952	N 89	°26'50" W 9.2' (M)				- C-AMPILLA	N	40.11		
		<b></b>	,,,,,,	-251	9.2' (M)				Certificate	number			
	On the section of the		******	A Second of the last		a			<del>,</del>	·	-		

Submit 3 Copies To Appropriate District	State of New Me	exico	Form C-103		
Office District I	Energy, Minerals and Natu	ral Resources	May 27. 2004		
1625 N. French Dr., Hobbs, NM 88240 District II	OIL CONGERNATION	DIVICION	WEIL APINO 45-33309		
1301 W. Grand Ave., Artesia, NM 88210	OIL CONSERVATION		5. Indicate Type of Lease: FEDERAL		
<u>District III</u> 1000 Rio Brazos Rd., Aztec, NM 87410	1220 South St. Fran		STATE FEE		
District IV	Santa Fe, NM 87	/505	6. State Oil & Gas Lease No.		
1220 S. St. Francis Dr., Santa Fe, NM 87505			FEDERAL: SF 024907		
SUNDRY NOT (DO NOT USE THIS FORM FOR PROPO DIFFERENT RESERVOIR. USE "APPLIC	G BACK TO A	7. Lease Name or Unit Agreement Name NICKLES 11			
PROPOSALS.)  1. Type of Well: Oil Well	Gas Well 🔯 Other		8. Well Number: #3		
2. Name of Operator	Gas Wen Zg Other		9. OGRID Number: 009812		
HEC PETROLEUM INC.					
3. Address of Operator: c/o Age			10. Pool name or Wildcat		
3104 N. Sullivan, Farmington, N.	A 87401 505-327-4573		Basin Fruitland Coal		
4. Well Location					
Unit Letter I : 1660	_feet from the <u>South</u> line and	1120 feet from the	<u>East</u> line		
Section 11	Township 31N		MPM San Juan County		
	11. Elevation (Show whether DR 5756' GL	, RKB, RT, GR, etc.,			
Pit or Below-grade Tank Application 🛛 o					
	>100' Distance from nearest fresh water	well_>1000' Distance fi	rom nearest surface water 200'-1000'		
Pit Liner Thickness: 12 m	il Below-Grade Tank: Volume	bbls; Construction	n Material		
12. Check A	Appropriate Box to Indicate N	ature of Notice,	Report or Other Data		
		,			
	ITENTION TO:	·	SEQUENT REPORT OF:		
NOTICE OF IN	PLUG AND ABANDON	SUB:	SEQUENT REPORT OF:  K		
NOTICE OF IN PERFORM REMEDIAL WORK TEMPORARILY ABANDON	PLUG AND ABANDON 🗍 CHANGE PLANS	SUBS REMEDIAL WORL COMMENCE DRI	SEQUENT REPORT OF:  K		
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HEC PETROLEUM NICKLES 11 No. 3, 1660 FSL 1120 FEL SECTION 11, T31N, R13W, N.M.P.M., SAN JUAN COUNTY, N. M. GROUND ELEVATION: 5756, DATE: JUNE 7, 2005





NOTE: CONTRACTOR SHOULD CALL ONE—CALL FOR LOCATION OF ANY MARKED OR UNMARKED BURIED PIPELINES OR CABLES ON WELL PAD AND OR ACCESS ROAD AT LEAST TWO (2) WORKING DAYS PRIOR TO CONSTRUCTION.

#### HEC PETROLEUM INC.

#### **NICKLES 11 #3 FRTC**

1660' FSL, 1120' FEL Unit I Sec. 11 T31N R13W San Juan County, NM

#### **Drilling Program**

#### 1. ESTIMATED FORMATION TOPS (KB)

Formation Name	<u>Depth</u>
Ojo Alamo	1028'
Kirtland	1227'
Fruitland	1619'
Pictured Cliffs	2024'
TD (4-1/2")	2100'

#### 2. NOTABLE ZONES

Gas or Oil Zones	Water Zones	Coal Zone
Fruitland		Fruitland
Pictured Cliffs	Ojo Alamo	
	Kirtland	

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 ~1000 psi. The drilling contract has not yet been awarded, thus the exact BOP model to be used is not yet known. A typical 7-1/16" 3,000 psi annular is on PAGE #5 & #6.

BOP equipment and all accessories will meet or exceed BLM requirements in 43 CFR Part 3160 for a 3000 psi system. A 3000 psi annular 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 an upper Kelly cock with a handle, 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. Tests will be recorded on IADC log.

#### HEC PETROLEUM INC.

#### **NICKLES 11 #3 FRTC**

1660' FSL, 1120' FEL Unit I Sec. 11 T31N R13W San Juan County, NM

#### 4. <u>CASING & CEMENT</u>

Hole Size	O.D. Weigh	nt (lb/ft)	<u>Grade</u>	Age	Connection	<b>GL Setting Depth</b>
12-1/4"	8-5/8"	24#	H-40	New	ST&C	200'
7-7/8"	5-1/2"	15.5#	J-55	New	ST&C	2100'

Surface Casing will be cemented to the surface with ~165 cu. ft. (~140 sx) Class "B" cmt or equivalent (1.18 ft3/sx yield, 15.6 ppg, & 5.2 gps) with 2% CaCl2 and ¼#/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.

**Production Casing** will be cemented to surface with a single stage. Total cement = ~528 cu. ft.(~266sx). 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.

Lead cement will be ~472 cu. ft. (~226 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, ¼#/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>	Wt./ppg.	<u>Vis.</u>	Fluid Loss	<u>PH</u>
0'-200'	FW gel/lime spud mud	8.4-8.7	30-50	NC	10
200'-2100'	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, open hole logs, or drill stem tests are planned. A cased hole neutron log will be run during completion operations.

#### HEC PETROLEUM INC. NICKLES 11 #3 FRTC

1660' FSL, 1120' FEL Unit I Sec. 11 T31N R13W San Juan County, NM

#### 7. **DOWN HOLE CONDITIONS**

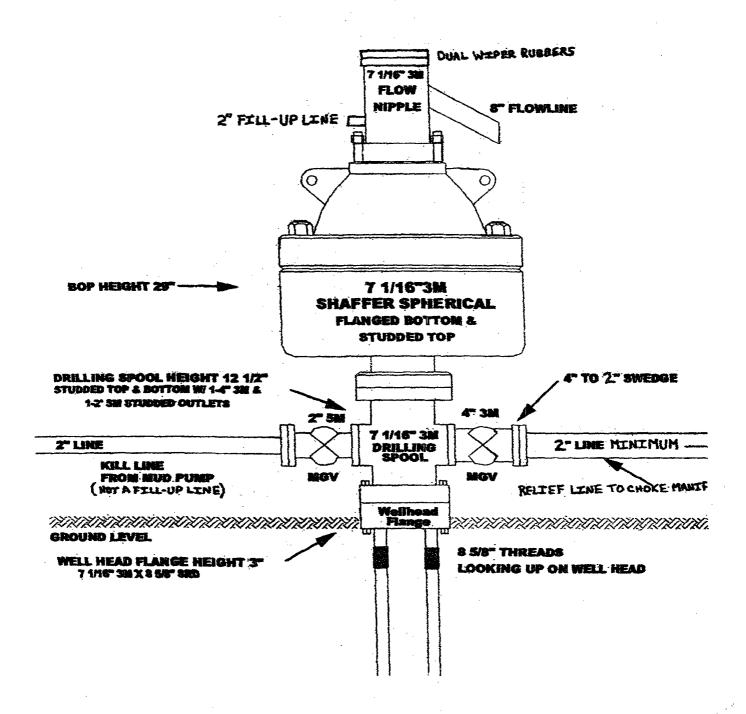
No abnormal pressures, temperatures, nor hydrogen sulfide are expected. Maximum pressure will be ~1000 psi.

#### 8. <u>OTHER INFORMATION</u>

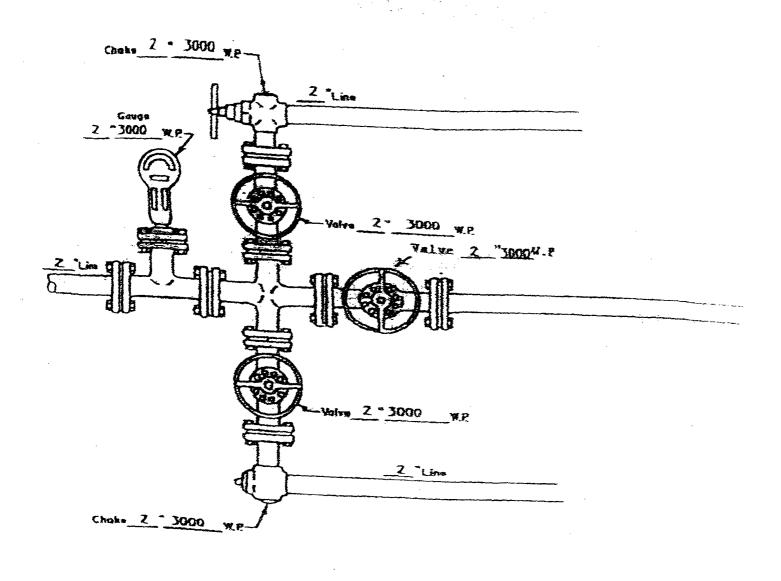
The anticipated spud date is March 1, 2006. It is expected it will take ~7 days to drill and ~7 days to complete the well. Completion will start about one month after the spud and will include hydraulic fracturing.

## **Drilling Rig**

### 3000 psi BOP System



# DRILLING RIG



MANIFOLD Manual

3000 #W.P Hydroulic

PAGE #6