

RECEIVED

FORM APPROVED
OMB NO. 1004-0136
Expires: November 30, 2000

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

2004 MAY -7 PM 2:51

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM 94827
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
2. Name of Operator Redwolf Production, Inc.		7. If Unit or CA Agreement, Name and No.
3a. Address P. O. Box 1915 Farmington, NM 87499		8. Lease Name and Well No. Sandy No. 1
3b. Phone No. (include area code) (505) 326-4125		9. API Well No. 3004532347
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 670' FSL, 1045' FEL At proposed prod. zone Same		10. Field and Pool, or Exploratory Basin Fruitland Coal
11. Sec., T., R., M., or Blk. and Survey or Area P Sec. 32, T 27 N, R 12 W		12. County or Parish San Juan
14. Distance in miles and direction from nearest town or post office* Twenty miles south east of Farmington, New Mexico		13. State New Mexico
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drlg. unit line, if any) 670'	16. No. of Acres in lease 480	17. Spacing Unit dedicated to this well S/L 320
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 385'	19. Proposed Depth 1425'	20. BLM/BIA Bond No. on file 2048
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5922' GL	22. Approximate date work will start* As soon as permitted	23. Estimated duration 15 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 Dana L. Delventhal	Name (Printed/Typed) Dana L. Delventhal	Date 7-May-04
Title Vice President		
Approved by (Signature) Original Signed: Stephen Mason	Name (Printed/Typed)	Date JUN 1 2 2006
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.

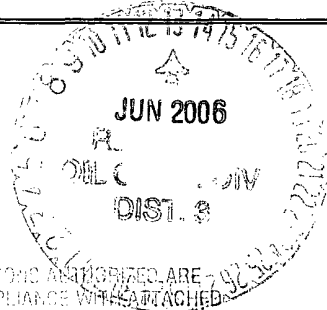
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on reverse)

This action is subject to technical and procedural review pursuant to 43 CFR 3160.4 and appeal pursuant to 43 CFR 3165.4

NMOC

ALL DRILLING OPERATIONS AND REPAIRS 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

Form C-102

Revised June 10, 2003

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

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

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

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 20-045-32347		*Pool Code 71629	*Pool Name Basin Fruitland Coal	
*Property Code 35742	*Property Name SANDY			*Well Number 1
*OGRID No. 018973	*Operator Name REDWOLF PRODUCTION CO.			*Elevation 5922'

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
P	32	27-N	12-W		670	SOUTH	1045'	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
¹³ Dedicated Acres			¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁴ Order No.		
320			N						

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

			FD 2 1/2" G.L.O. BC 1911
32			5282.4' (M)
LAT. 36°31'35" N (NAD 83) LONG. 108°07'46" W (NAD 83)			N 00-02-44 W
	NMNM 94827		
CALC'D CORNER SINGLE PROP.	N 89-56-27 W	5283.0' (C)	<div style="display: flex; align-items: center;"> <div style="margin-right: 10px;">670'</div> <div style="border: 1px solid black; padding: 5px;"> <div style="display: flex; justify-content: space-between;"> 1045' </div> <div style="text-align: center;"> FD 2 1/2" G.L.O. BC 1911 </div> </div> </div>

17 OPERATOR CERTIFICATION

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

Dana J. Delventhal
 Signature

Dana L. Delventhal
 Printed Name

Vice President
 Title

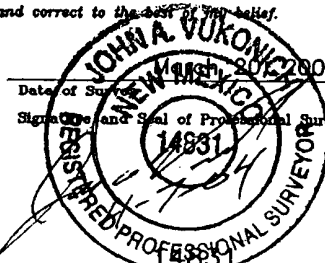
5/7/04
 Date

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.

March 20, 2004
 Date of Survey

John A. Kukonick
 Signature and Seal of Professional Surveyor:

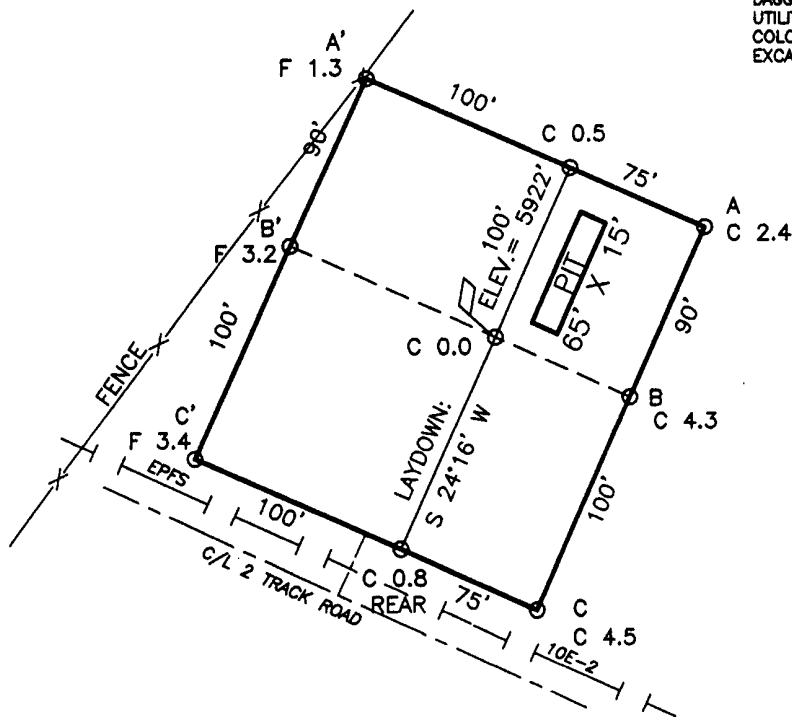


14831
 Certificate Number



COMPANY: RED WOLF
LEASE: SANDY No. 1
FOOTAGE: 670 FSL 1045 FEL
SEC.: 32, TWN: 27-N, RNG: 12-W, NMPM
ELEVATION: 5922'

NOTE:
DAGGETT ENTERPRISES, INC. IS NOT LIABLE FOR UNDERGROUND UTILITIES OR PIPELINES. UTILITY NOTIFICATION CENTER OF COLORADO TO BE NOTIFIED 48 HOURS PRIOR TO EXCAVATION OR CONSTRUCTION.




ELEV. A-A'		C/L			
5950					
5940					
5930					
5920					
5910					
5900					
5890					

ELEV. B-B'		C/L			
5950					
5940					
5930					
5920					
5910					
5900					
5890					

ELEV. C-C'		C/L			
5950					
5940					
5930					
5920					
5910					
5900					
5890					

REVISION: DATE: REVISED BY:



Daggett Enterprises, Inc.
Surveying and Oil Field Services
P. O. Box 15068 • Farmington, NM 87401
Phone (505) 326-1772 • Fax (505) 326-8019
NEW MEXICO L.S. No. 14831
DRAWN BY: B.L.
CHECKED: RW015C78
DATE: 03/30/04
ROW#: RW015

Drilling Program

1. Formation Tops

The estimated tops of important geologic markers are:

<u>Formation Name</u>	<u>GL Depth</u>	<u>KB Depth</u>	<u>SS Elev.</u>
Fruitland Coal	1214'	1218'	4708'
Pictured Cliffs	1231'	1235'	4691'
Total Depth (TD)	1421'	1425'	4501'

*All elevations reflect the ungraded ground level of 5922'.

2. Notable Zones

Oil and Gas Zones

Fruitland Coal (1218')
Pictured Cliffs (1235')

The primary objective is the Basin Fruitland Coal formation. Completion may require fracturing. The entire wellbore will be cased. Water zones will be protected with casing, cement, and weighted mud. Oil and gas shows will be tested for commercial potential based on the well site geologist's recommendations.

3. Pressure Control

BOP systems will follow Onshore Order No. 2. The drilling contract has not yet been awarded, thus the exact BOP model to be used is not yet known. A typical model is shown on the attached page.

Once out from under the surface casing, a minimum 2000 psi BOP and choke manifold system will be used. BOP controls will be installed before drilling the surface casing plug and used until the well is completed or abandoned.

Pressure tests to 1,500 psi will be conducted with a BOP tester. All BOP mechanical and pressure tests will be recorded on the driller's log. BOPs will be inspected and operated at least daily to assure good mechanical working order. The inspection will be recorded on the daily drilling report.

4. Casing and Cement

<u>Hole Size</u>	<u>OD</u>	<u>Weight (lb/ft)</u>	<u>Grade</u>	<u>Depth</u>
8 3/4"	7"	20.00	J-55	120'
6 1/4"	4 1/2"	10.50	J-55	1425'

Surface casing will be cemented to surface with 50 sx (59 cf) of Class B cement containing 2% CaCl and 1/4 #/sk cello flakes. Production casing will be cemented to surface in one stage using 80 sx (165 cf) of Class B cement containing 2% Sodium Metasilicate and 1/4 #/sk cello flakes followed by 100 sx (118 cf) of Class B cement containing 2% CaCl and 1/4 #/sk cello flakes. The entire wellbore will be cased. Water zones will be protected with casing, cement, and weighted mud.

5. Mud Program

The proposed mud program is:

<u>Depth</u>	<u>Type</u>	<u>ppg</u>	<u>Vis(cp)</u>	<u>F1(cc)</u>
0-120'	Spud mud and Gel Lime	8.8	50	N/A
120'-TD	LSND	9.0	45	10

6. Coring, Testing, and Logging

No cores are planned. The following logs are likely to be run:

Dual Induction, Formation Density,
Compensated Neutron, SP, Gamma Ray

