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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. TYPE OF WORK <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM NM-104609
b. TYPE OF WELL <input type="checkbox"/> OIL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE		6. If Indian, Allottee or Tribe Name
2. Name of Operator Coleman Oil & Gas, Inc.		7. If Unit or CA Agreement, Name and No.
3a. Address P.O. Drawer 3337, Farmington N.M. 87499	3b. Phone No. (include area code) (505) 327-0356	8. Lease Name and Well No. Juniper West SWD #1
4. Location of well (Report location clearly and in accordance with any State requirements.) At surface 700' FSL, 1715' FWL Latitude 36° 17' 36.7", Longitude 107° 57' 27.7" At proposed prod. zone		9. API Well No. 30-045-33771
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* Southeast of Farmington New Mexico on County Road 7610 approximately 50 miles.		10. Field and Pool, or Exploratory SWD; Blanco Mesa Verde
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drlg unit line, if any) 700'		11. Sec., T., R., M., or Blk. And Survey or Area N Section 24, T24N, R11W
16. No. of Acres in lease 1120		12. County or Parish San Juan
17. Spacing Unit dedicated to this well SWD - No dedication		13. State NM
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 100'		19. Proposed Depth 3640'
20. BLM/ BIA Bond No. on file BLM Blanket Bond #08510612		21. ELEVATIONS (Show whether DF, RT, GR, etc.) 6436
22. Approximate date work will start* August-06		23. Estimated Duration 2 Weeks

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 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 a authorized officer. |

25. Signature <i>Michael T. Hanson</i>	Name (Printed/ Typed) Michael T. Hanson	DATE 30-May-06
Title Operations Engineer		
Approved By (Signature) <i>D. Mankiewicz</i>	Name (Printed/ Typed)	DATE 6/15/06
Title AFSM		
Office PFO		

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.

*See Instructions On Reverse Side

HOLD COPY FOR SWD order

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

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

NMOCDD

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., Aztec, 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

¹ API Number 30-049-33771	² Pool Code 96160	³ Pool Name SWN; McSavvnde
⁴ Property Code 35774	⁵ Property Name JUNIPER WEST SWD	
⁷ GRID No. 4838	⁸ Operator Name COLEMAN OIL & GAS, INC.	
		⁶ Well Number 1
		⁹ Elevation 6436

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
N	24	24 N	11 W		700	SOUTH	1715	WEST	SAN JUAN

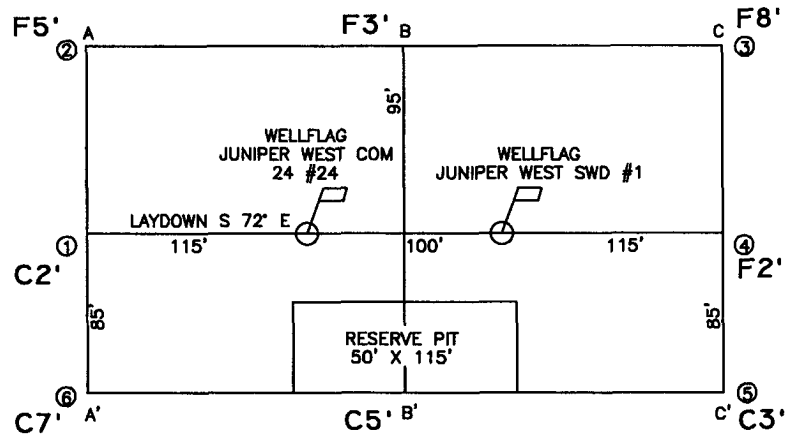
¹¹ Bottom Hole Location If Different From Surface

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	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.

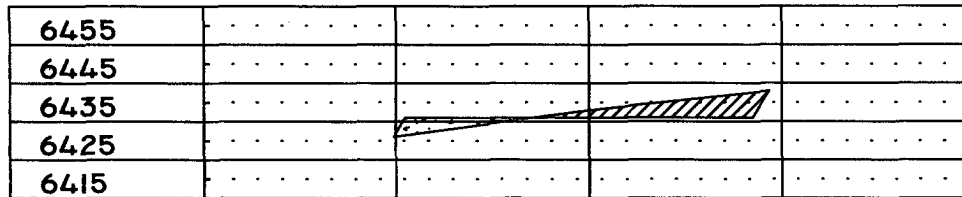
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16 N 89°37'23" W 2625.30' N 0°19'44" E 2635.01' N 0°15'26" E N 89°32'40" W	SECTION 24	700'	5232.32'	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief Michael T. Hanson Signature Michael T. HANSON Printed Name OPERATIONS Engineer Title 5/29/06 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. 5/24/05 Date of Survey Signature and Seal of Professional Surveyor MARSHALL W. LINDEEN NEW MEXICO LICENSED PROFESSIONAL SURVEYOR 7-25-05 17078 Certificate Number



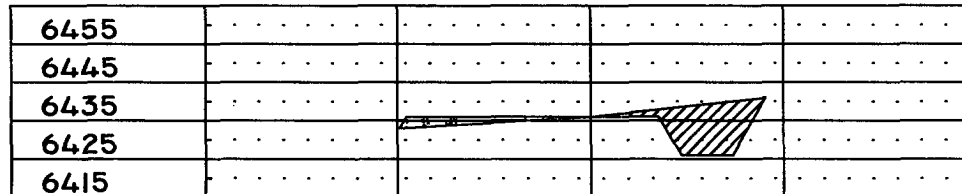
ELEVATION A-A'

℄



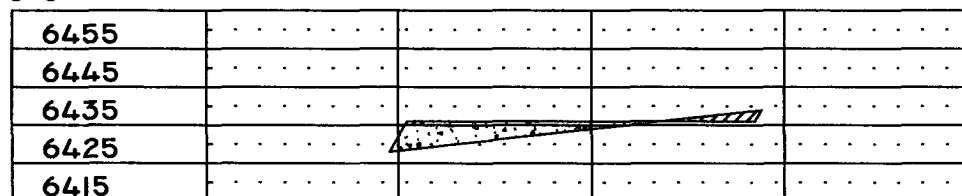
B-B'

℄



C-C'

℄



LEASE: JUNIPER WEST SWD #1

FOOTAGE: 700' FSL, 1715' FWL

SEC. 24 TWN. 24-N RNG. II-W N.M.P.M.

LATITUDE: 36°17'36.7" LONGITUDE: 107°57'27.7"

ELEVATION: 6436

COLEMAN OIL & GAS, INC.
FARMINGTON, NEW MEXICO

SURVEYED: 5/24/05

REV. DATE:

APP. BY M.L.

DRAWN BY: T.G.

DATE DRAWN: 5/31/05

FILE NAME: 5821C01

UNITED
FIELD SERVICES INC.

P.O. BOX 3651
FARMINGTON, NM 87499
OFFICE: (505) 334-0408

Monday, May 29, 2006

OPERATIONS PLAN

Well Name: Juniper West SWD #1
Location: 700' FSL, 1715' FWL Section 24, T-24-N, R-~~10~~¹¹-W, NMPM
San Juan County, NM
Formation: SWD; Blanco Mesa Verde
Elevation: 6436' GL

Formation:	Top	Bottom	Contents
Nacimiento	Surface	145'	aquifer
Ojo Alamo	145'	255'	aquifer
Kirtland	255'	665'	
Fruitland	955'	955'	gas
Pictured Cliffs	955'	1155'	gas
Lewis Shale	1155'	1360'	
Cliff House	1360'	1760'	
La Ventana Tounge	1760	2310	
Menefee	2310	3360	
Point Lookout	3360	3565	
Mancos	3565	3640	
Total Depth	3640		

Drilling Contractor: Availability

Mud Program:

Interval	Type	Weight	Vis.	Fluid Loss
0' - 200'	Spud	8.4 - 9.0	40 - 50	no control
200' - 3640'	Non-dispersed	8.4 - 9.0	30 - 60	6cc or less

Logging Program: Porosity Log - Triple Litho Density W/ GR and CAL.
Induction Log - Array Induction W/ GR and SP

Coring Program: None

Casing Program:

Hole Size	Depth Interval	Csg. Size	Wt.	Grade
12 1/4"	0' - 200'	8 5/8"	24#	J-55 or K-55
7 7/8"	200' - 3640'	5 1/2"	15.5#	J-55 or K-55

Tubing Program:

0' - 1660'	2 7/8"	6.50#	J-55 Coated
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Float Equipment:

8 5/8" surface casing - saw tooth guide shoe. Three centralizers.

5 1/2" production casing - Cement guide shoe and self fill insert float collar. Place float one joint above shoe. Five centralizers spaced every other joint above shoe, three centralizers across stage collar (1255 Ft.) and five centralizers spaced evenly across Ojo Alamo.

Wellhead Equipment:

8 5/8" x 5 1/2" Braiden Head and 5 1/2" x 2 7/8" Tubing Head. Independent Well Head assembly with a minimum rated working pressure of 2000 psig.

Cementing:

8 5/8" Surface Casing -

Cement with 165 sacks Class "B" cement with 1/4# celloflake/sx and 2% calcium chloride (194.70 cu. ft. of slurry, 100% excess to circulate to surface). WOC 12 hrs. Test casing to 750 psi/30 minutes.

5 1/2" Production Casing - *Circulate cement to surface*

Stage #1 - Before cementing circulate hole with at least 1 1/2 hole volumes of mud. Precede cement with 20 bbls of fresh water. Lead with 146 sacks (381.06 cu. ft) of Class "G" with 3% D79 and 1/4# Per sack D29. (Yield = 2.61 cu. ft. /sack; slurry weight = 11.7 PPG). Tail with 180 sacks (226.80 cu. ft.) of Class "G" 50/50 POZ with 2% GEL D-20, 5# Per sack Gilsonite, .1% D46, 1% S-1 and 1/4# Per sack D29. (Yield = 1.26 cu. ft./sack; slurry weight = 13.5 PPG). Total cement volume is 607.86 cu. ft. (50% excess on open hole, calculated on cement volumes on Lower Stage).

Stage #2 - Open Stage tool and circulate minimum 4 hours. Before cementing circulate hole with at least 1 1/2 hole volumes of mud. Precede cement with 20 bbls of fresh water. Lead with 133 sacks (347.13 cu. ft) of Class "G" with 3% D79 and 1/4# Per sack D29. (Yield = 2.61 cu. ft. /sack; slurry weight = 11.7 PPG). Tail with 50 sacks (63.00 cu. ft.) of Class "G" 50/50 POZ with 2% GEL D-20, 5# Per sack Gilsonite, .1% D46, 1% S-1 and 1/4# Per sack D29. (Yield = 1.26 cu. ft./sack; slurry weight = 13.5 PPG). Total cement volume is 410.13 cu. ft. (100% excess on open hole, calculated on cement volumes on Upper Stage).

BOP and Tests:

Surface to Surface Total Depth - None

Surface TD to Total Depth - Annular or Double Ram Type 2000 psi (minimum) double gate BOP stack (Reference Figure #1 & #2). Prior to drilling out surface casing, test blind rams and casing to 750 psig for 30 minutes; all pipe rams and choke assembly to 750 psig for 15 minutes each.

From Surface TD to Total Depth - choke manifold (Reference Figure #2).

Pipe rams will be actuated at least once each day and blind rams actuated once each trip to test proper functioning. An upper kelly cock valve with handle and drill string safety valves to fit each drill string will be maintained and available on the rig floor.

Additional information:

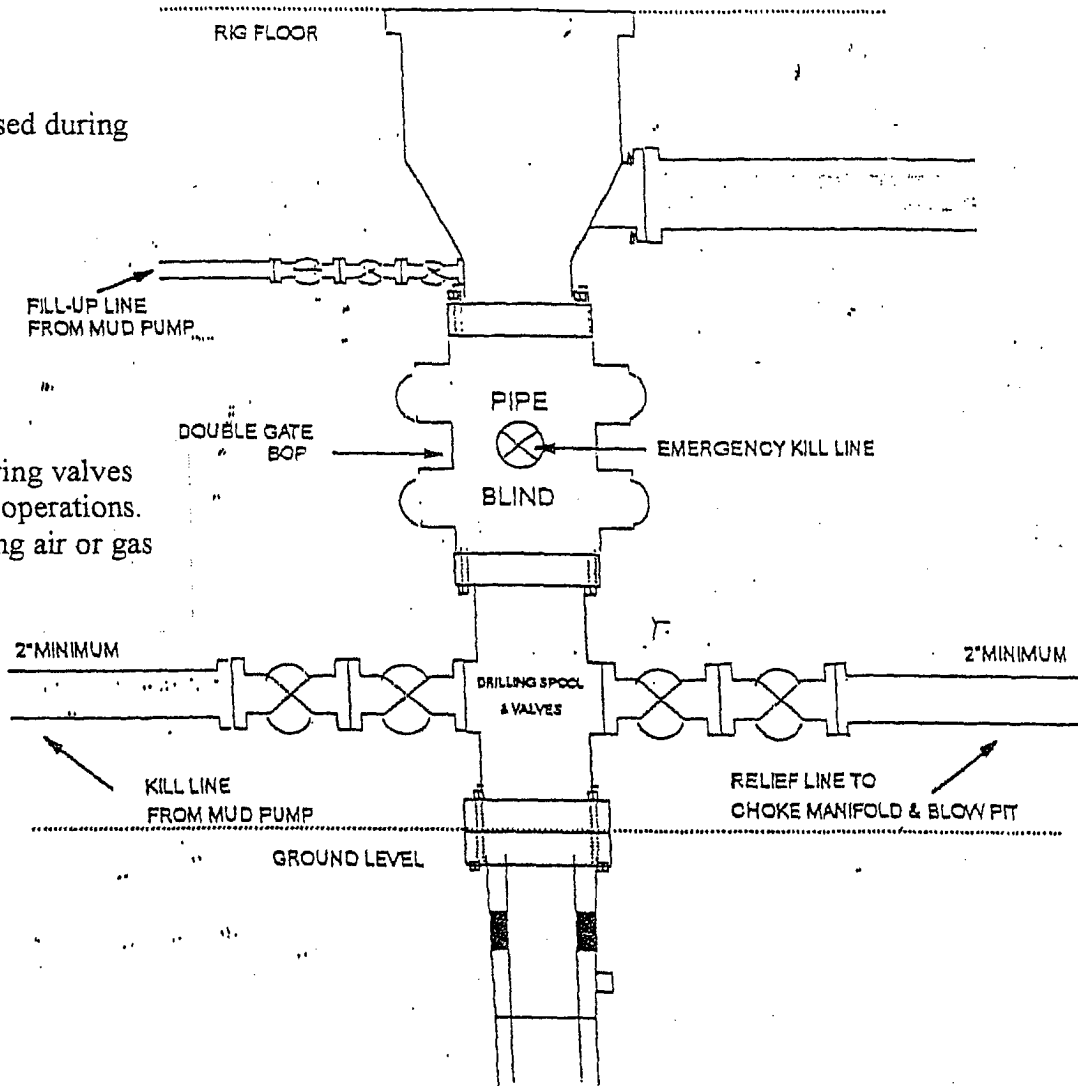
- The Blanco Mesa Verde will be completed for Fruitland Coal produced water disposal.
- Anticipated pore pressure for the Mesa Verde is 500 psi.
- New casing will be utilized.
- Pipe movement (either rotation or reciprocation) will be done if hole conditions permit.

Date: 5/29/06 Drilling Engineer: Mehmet T. Janor

BOP Configuration 2M psi System

Rotating head will be used during
air or gas drilling only.

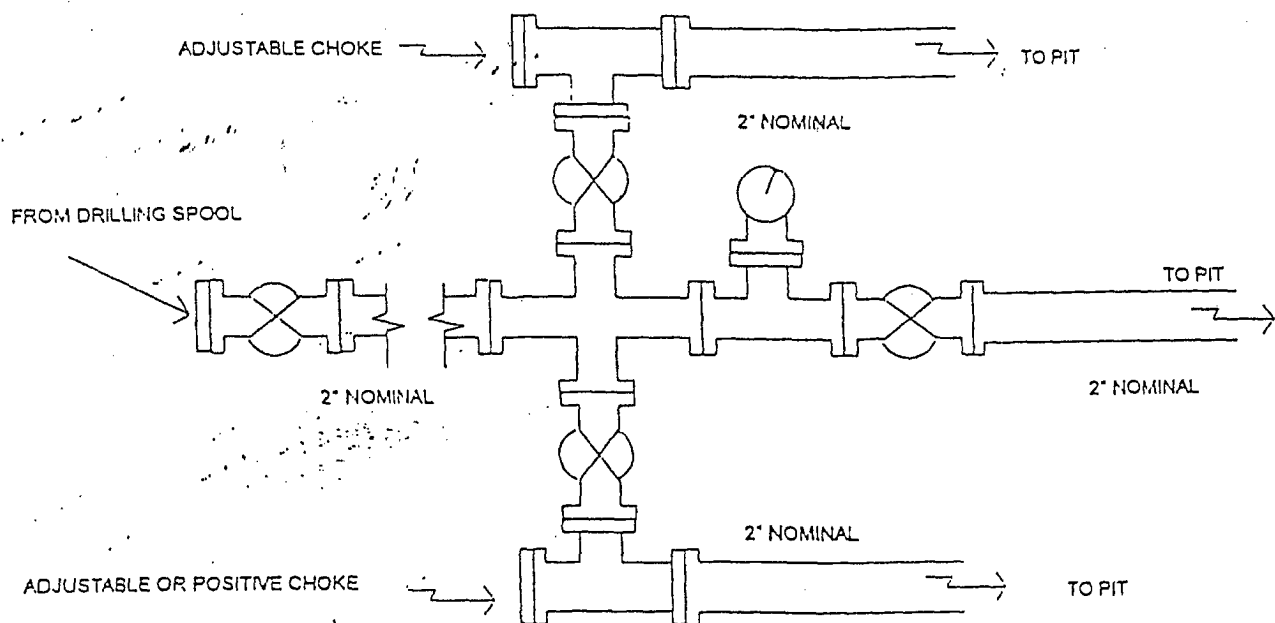
Drilling spool single wing valves
during normal drilling operations.
Dual wing valves during air or gas
drilling.



13 5/8" and 11" Bore, 2000psi minimum working pressure double gate BOP to be equipped with blind and pipe rams: A Schaffer Type 50 or equivalent rotating head to be installed on the top of the BOP. All equipment is 2000psi working pressure/ or greater.

FIGURE #1

Choke Manifold Configuration 2M System



Minimum choke manifold installation from surface to Total Depth.
2" minimum, 2000psi working pressure equipment with two chokes.

FIGURE #2