Form 3160-3
(August 1999)

2005 APR 25 PM 4 34

RECEIVED
070 FARMINGTON NM

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

5. Lease Serial No.: NO-G-9910-1364

6. If Indian, Allottee or Tribe Name: Navajo Allotted

1a. TYPE OF WORK: [X] DRILL [ ] REENTER

7. If Unit or CA Agreement, Name and No.:

b. TYPE OF WELL: [ ] OIL [X] GAS WELL [ ] OTHER [ ] SINGLE ZONE [ ] MULTIPLE ZONE

8. Lease Name and Well No.: Juniper Com 7 #34

2. Name of Operator: Coleman Oil & Gas, Inc.

9. API Well No.: 30-045-33033

3a. Address: P.O. Drawer 3337, Farmington N.M. 87499

3b. Phone No. *(include area code)*: (505) 327-0356

10. Field and Pool, or Exploratory: Basin Fruitland Coal

4. Location of well *(Report location clearly and In accordance with any State requirements.*)*

At surface: 1190' FSL, 1645' FEL Latitude 36° 19' 25", Longitude 107° 55' 57"

At proposed prod. zone

11. Sec., T., R., M., or Blk. And Survey or Area: O Section 7, T24N, R10W

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: South East of Farmington New Mexico on County RD. 7515 approximately 40 miles.

12. County or Parish: San Juan

13. State: NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drlg unit line, if any): 980'

16. No. of Acres in lease: 160

17. Spacing Unit dedicated to this well: 320 ACRES E/2

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.: NA

19. Proposed Depth: 1480'

20. BLM/ BIA Bond No. on file: BIA Blanket Bond #08510607

21. ELEVATIONS (Show whether DF. RT, GR, etc.): 6660'

22. Aproximate date work will start*: July-05

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.
2. A Drilling Plan.
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).
4. Bond to cover the operations unless covered by existing bond on file(see item 20 above).
5. Operator certification.
6. Such other site specific information and/ or plans as may be required by the a authorized officer.

25. Signature: Michael T. Hanson — Name *(Printed/ Typed)*: Michael T. Hanson — DATE: 18-Apr-05

Title: Operations Engineer

Approved By *(Signature)*: /s/ Matthew J. Kresse — Name *(Printed/ Typed)*: — DATE: 6/22/06

Title: AFM — Office: FFO

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

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

NMOCD

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
PO Drawer DD, Artesia, NM 88211-0719

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO 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	[2] Pool Code	[3] Pool Name
30-045-33033	71629	BASIN FRUITLAND COAL

[4] Property Code	[5] Property Name	[6] Well Number
32979	JUNIPER COM 7	34

[7] OGRID No.	[8] Operator Name	[9] Elevation
4838	COLEMAN OIL & GAS, INC.	6660'

[10] Surface Location

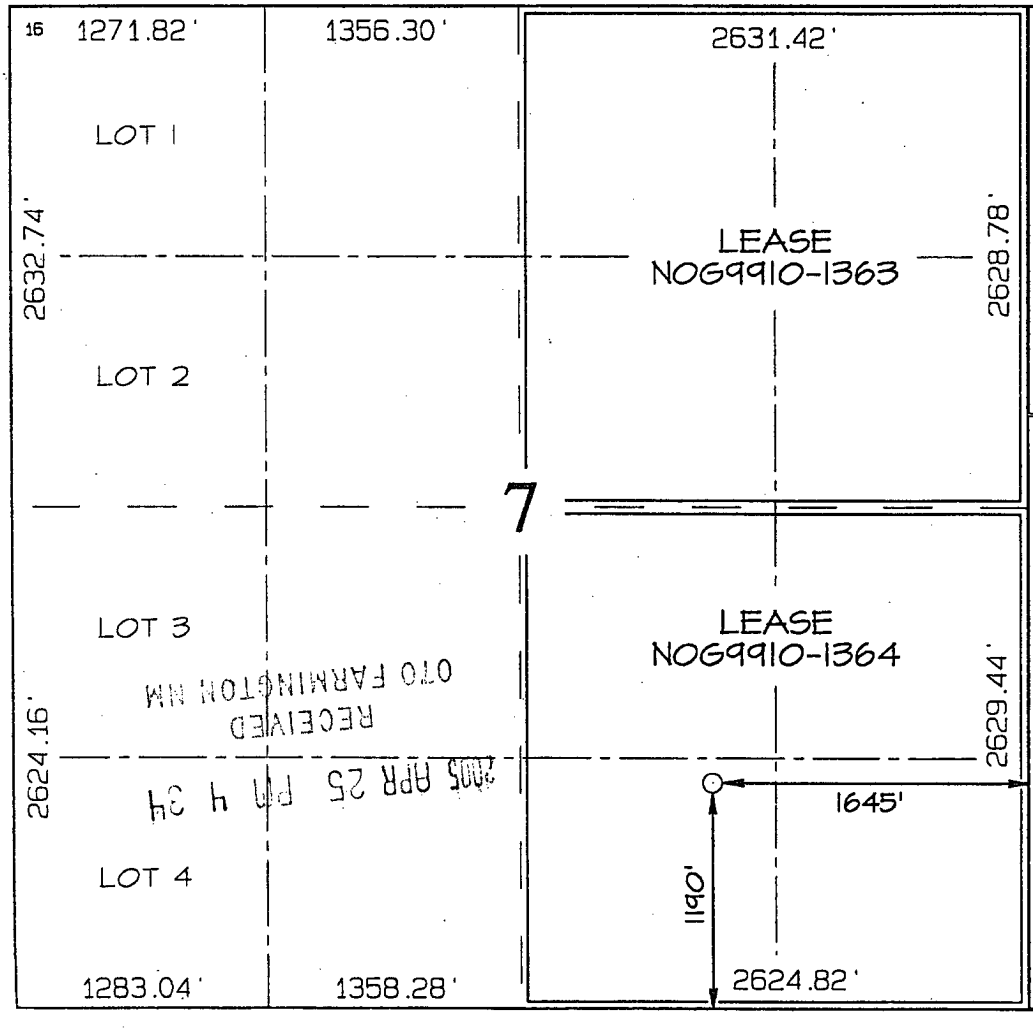
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	7	24N	10W		1190	SOUTH	1645	EAST	SAN JUAN

[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

[12] Dedicated Acres	[13] Joint or Infill	[14] Consolidation Code	[15] Order No.
320.0 Acres - (E/2)			

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



[17] OPERATOR CERTIFICATION

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

Signature: Michael T. Hanson

Printed Name: Michael T. Hanson

Title: Engineer

Date: 4/20/05

[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.

Survey Date: JANUARY 6, 2004

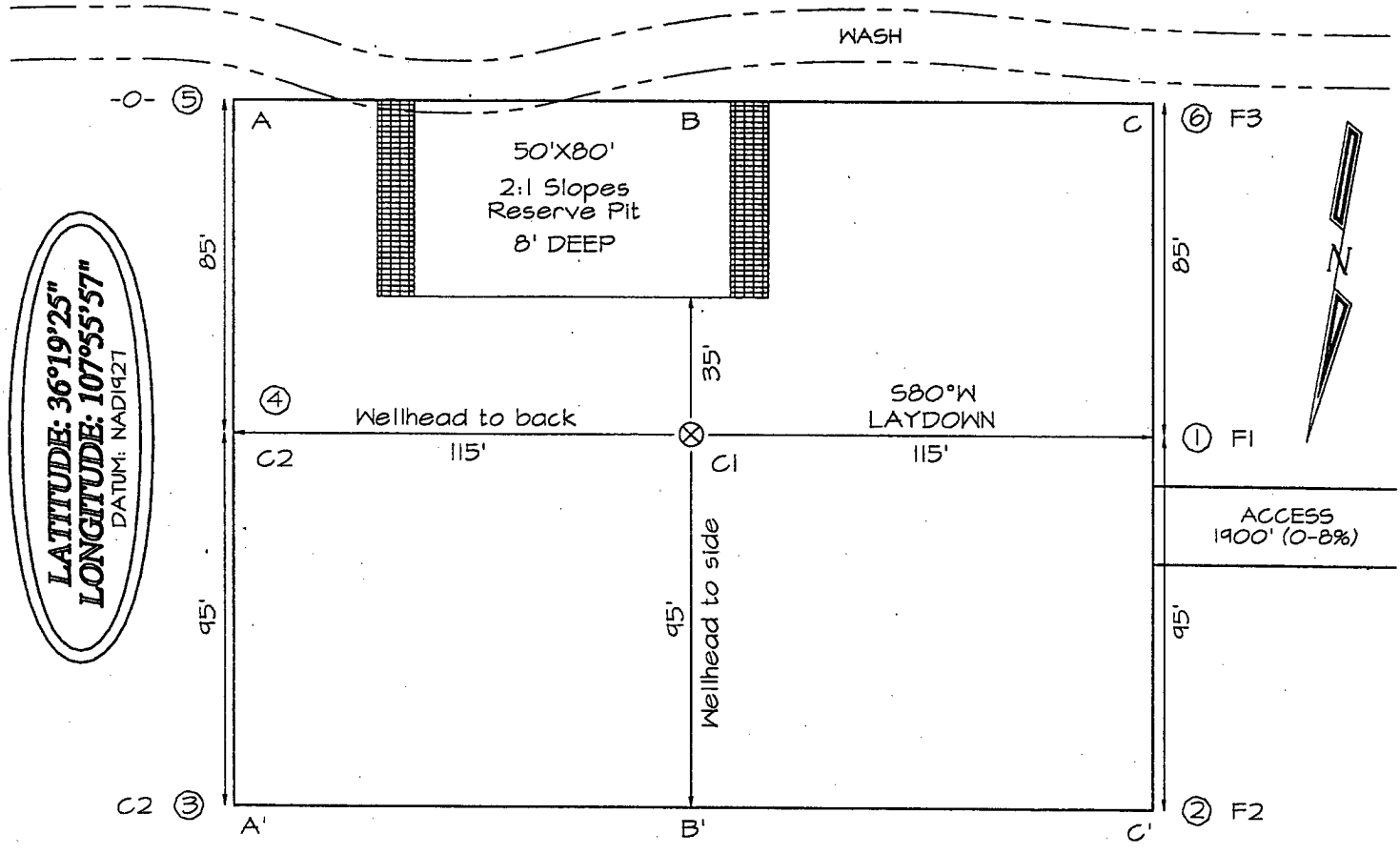
Signature and Seal of Professional Surveyor

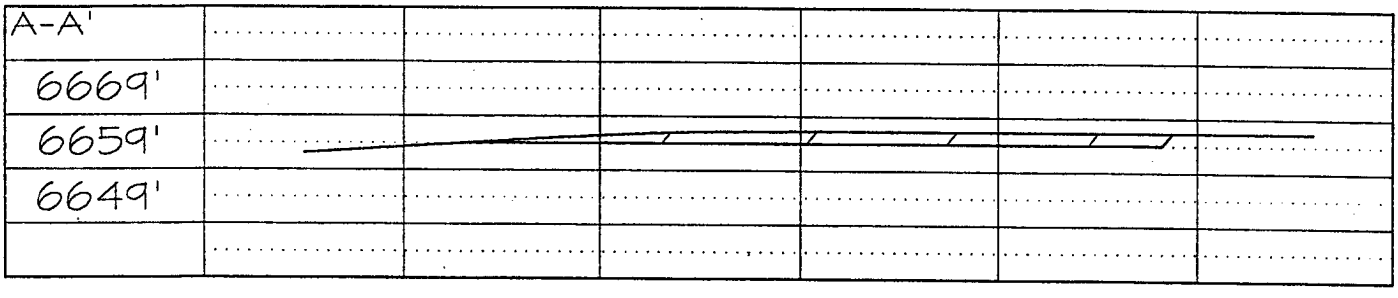
JASON C. EDWARDS
NEW MEXICO
15269
REGISTERED PROFESSIONAL SURVEYOR

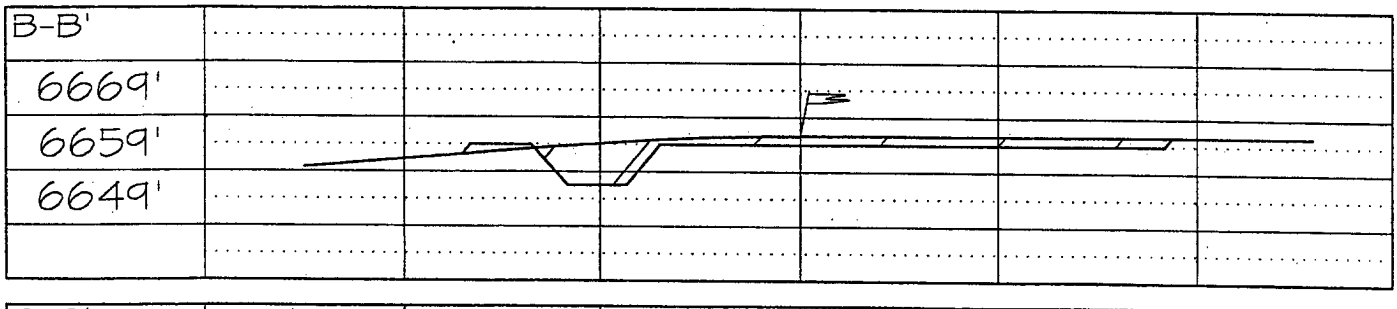
JASON C. EDWARDS

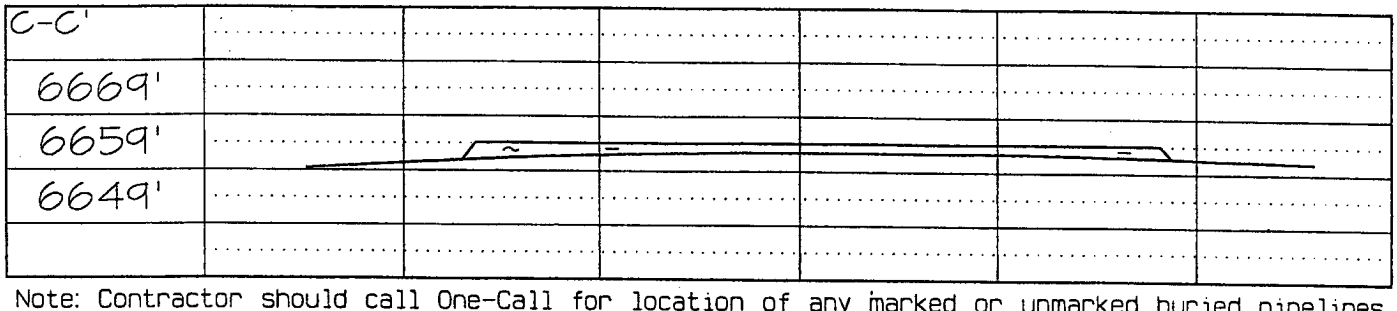
Certificate Number 15269

COLEMAN OIL & GAS, INC. JUNIPER COM 7 #34
1190' FSL & 1645' FEL, SECTION 7, T24N, R10W
NMPM, SAN JUAN COUNTY, NEW MEXICO
GROUND ELEVATION: 6660'









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

Monday, April 18, 2005

OPERATIONS PLAN

Well Name: Juniper Com 7 #34
Location: 1190' FSL, 1645' FEL Section 7, T-24-N, R-10-W, NMPM
San Juan County, NM
Formation: Basin Fruitland Coal
Elevation: 6660' GL

Formation:	Top	Bottom	Contents
Nacimiento	Surface	475'	aquifer
Ojo Alamo	475'	560'	aquifer
Kirtland	560'	990'	
Fruitland	990'	1280'	gas
Pictured Cliffs	1280'	1480'	gas
Total Depth	1480'		

Drilling Contractor: Availability

Mud Program:

Interval	Type	Weight	Vis.	Fluid Loss
0' - 120'	Spud	8.4 - 9.0	40 - 50	no control
120' - 1480'	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' - 120'	8 5/8"	24#	J-55 or K-55
7 7/8"	120' - 1480'	5 1/2"	15.5#	J-55 or K-55

Tubing Program:

0' - 1330'	2 7/8"	6.50#	J-55

Float Equipment:
8 5/8" surface casing - saw tooth guide shoe. One Centralizer.

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 and five centralizers every other joint from top of well.

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 1000 psig.

Cementing:

8 5/8" Surface Casing -
Cement with 92 sacks Class "B" cement with 1/4# celloflake/sx and 2% calcium chloride (108.56 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 -
Before cementing circulate hole with at least 1 1/2 hole volumes of mud. Precede cement with 20 bbls of fresh water. Lead with 149 sacks (388.89 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 90 sacks (113.4 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 502.29 cu. ft. (100% excess on open hole, calculated on cement volumes).

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, #3). 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~~ 30 minutes each.

From Surface TD to Total Depth - choke manifold (Reference Figure #3).

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:

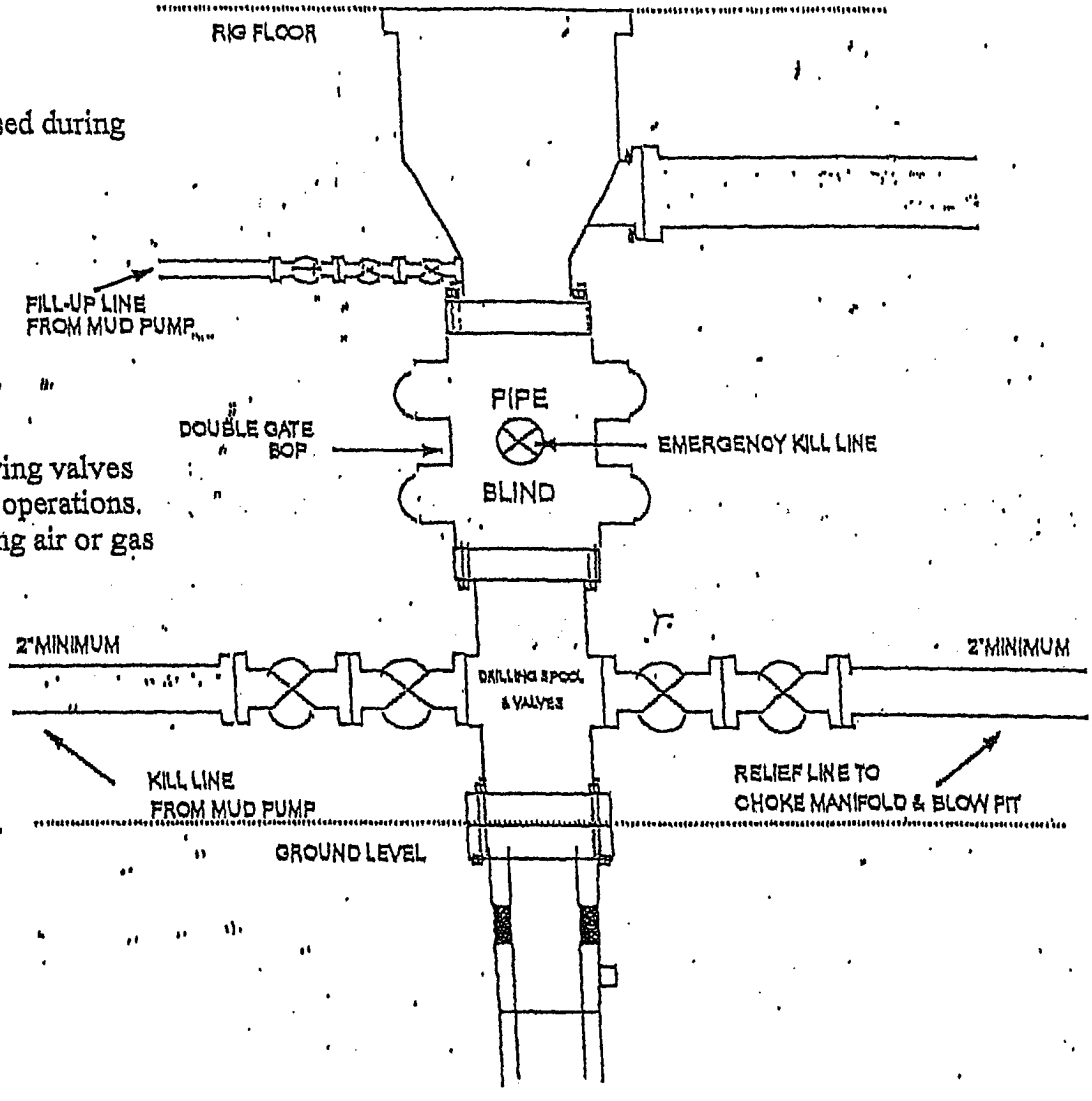
- The Fruitland Coal formation will be completed.
- Anticipated pore pressure for the Fruitland is 250 psi.
- New casing will be utilized.
- Pipe movement (either rotation or reciprocation) will be done if hole conditions permit.

Date: 4/20/05 Drilling Engineer: Michael T. Hanson

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 dilling.



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

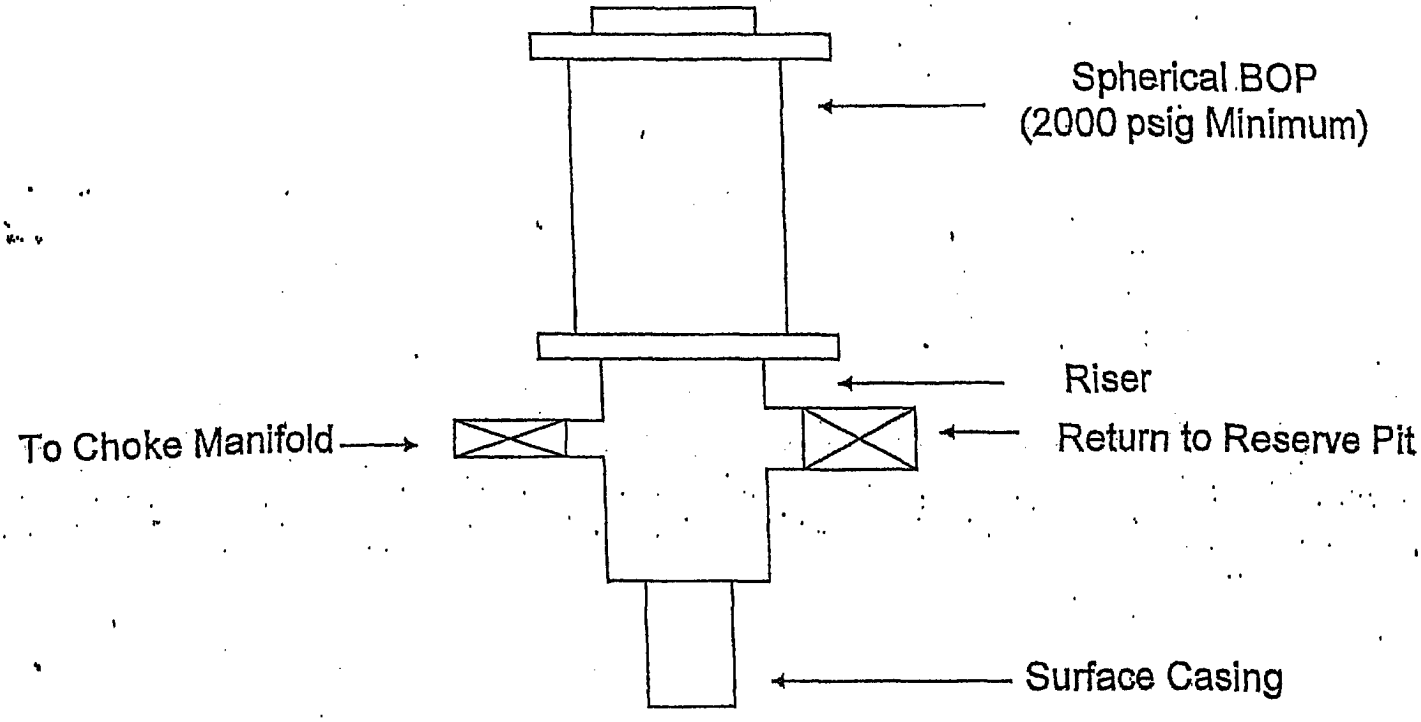
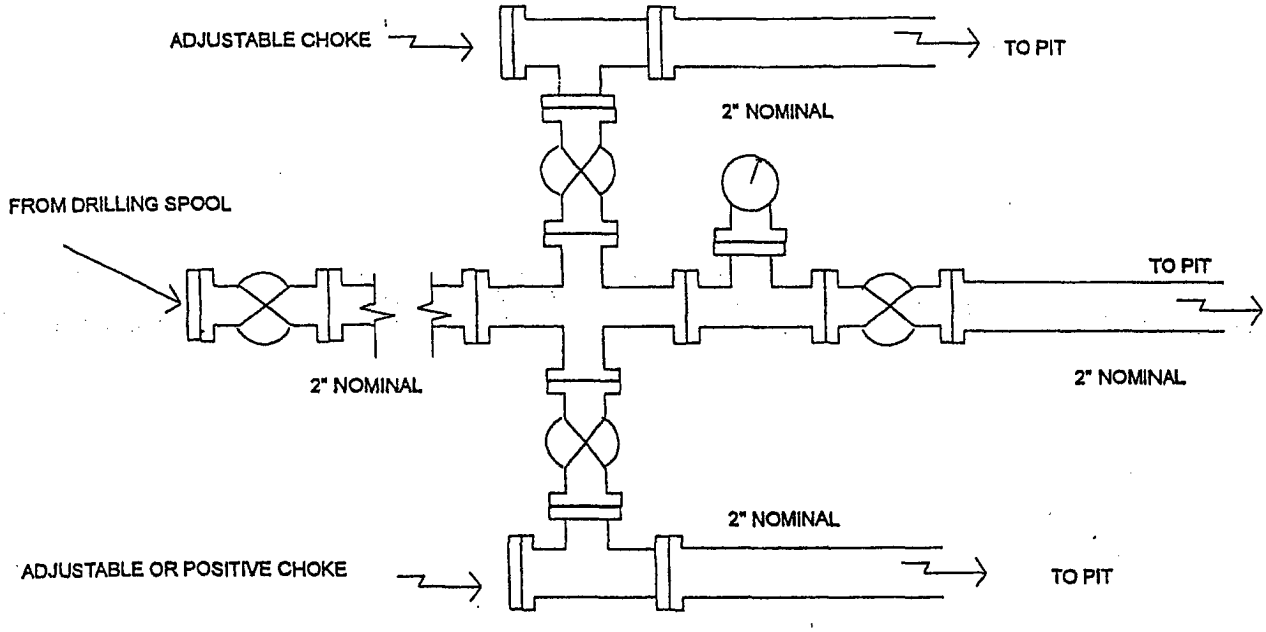

Spherical BOP
(2000 psig Minimum)
Riser
To Choke Manifold
Return to Reserve Pit
Surface Casing

FIGURE #2

Choke Manifold Configuration
2M System



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

Figure #3