

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

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

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER			5. Lease Serial No. NM - 03549	
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well Gas <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 BP AMERICA PRODUCTION COMPANY			7. If Unit or CA Agreement, Name and No	
3a. Address P.O. BOX 3092 HOUSTON, TX 77079-2064		3b. Phone No. (include area code) 281-366-4081	8. Lease Name and Well No. Florance Federal C 1	
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 1715' FSL & 1820' FEL NWSE At proposed prod. Zone			9. API Well No. 30-045-33225	
14. Distance in miles and direction from nearest town or post office* 24.9 MILES EAST FROM BLOOMFIELD, NM			10. Field and Pool, or Exploratory Basin Fruitland Coal	
15. Distance from proposed* Location to nearest Property or lease line, ft. (Also to nearest drig. Ujnit line, if any) 820'			11. Sec., T., R., M., or Blk. and survey or Area SECTION 19 T28N & R08W	
16. No. of Acres in lease 320			12. County or Parish SAN JUAN	
17. Spacing Unit dedicated to this well 320 AC E/2			13. State NEW MEXICO	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.			19. Proposed Depth 2273' MD 2336	
20. BLM/BIA Bond No. on file WY2924			21. Elevations (show whether DF, KDB., RT, GL, etc.) 5853' GL	
22. Approximate date work will start* 07/25/05			23. Estimated duration 3 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:

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| 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 <i>Cherry Hlava</i>	Name (Printed/typed) Cherry Hlava	Date 07/01/2005
Title Regulatory Analyst		
Approved by (Signature) <i>[Signature]</i>	Name (Printed/Typed) AFM	Date 7/7/05
Title AFM		
Office FPO		

Application approval does not warrant or certify 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.

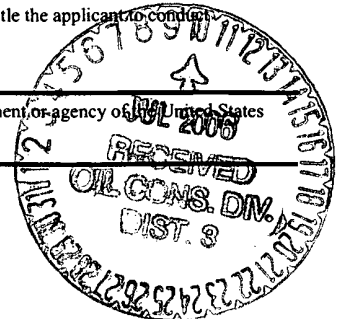
Title 18 U.S.C. Section 1001 and title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(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
PO Box 1980, Hobbs NM 88241-1980
District II
PO Drawer KK, Artesia, NM 87211-0719
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 30-045-33225	² Pool Code 71629	³ Pool Name Basin Fruitland Coal
⁴ Property Code 35833	⁵ Property Name Florance Federal C	⁶ Well Number #1
⁷ OGRID No. 000778	⁸ Operator Name BP AMERICA PRODUCTION COMPANY	⁹ Elevation 5853

¹⁰ Surface Location

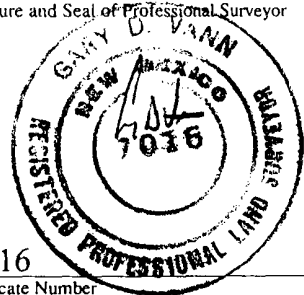
UL or Lot No. J	Section 19	Township 28 N	Range 8 W	Lot Idn	Feet from the 1715	North/South line SOUTH	Feet from the 1820	East/West line EAST	County SAN JUAN
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¹¹ Bottom Hole Location If Different From Surface

¹² UL or lot no.	¹³ Section	¹⁴ Township	¹⁵ Range	¹⁶ Lot Idn	¹⁷ Feet from the	¹⁸ North/South line	¹⁹ Feet from the	²⁰ East/West line	²¹ County
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²² Dedicated Acres 320	²³ Joint or Infill	²⁴ Consolidation Code	²⁵ Order No.
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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 Lot 1	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature: <i>Cherry Hlava</i> Printed Name: Cherry Hlava Title: Regulatory Analyst Date: 7-1-05
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. Date of Survey: May 11, 2005 Signature and Seal of Professional Surveyor: <i>GARY D. VANN</i>  Certificate Number: 7016	

(R) - GLO Record

DRILLING AND COMPLETION PROGRAM

Lease: Florance Federal C

Well Name & No. Florance Federal C #1

Field: Basin Fruitland Coal

County: San Juan, New Mexico

Surface Location: SE 1/4, S 19, T28N, R8W : 1715' FSL, 1820' FEL

Minerals:

Surface: Lat: 36.6442457 Long: -107.7189412

Rig :	Coil Tubing
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BH Location: SE 1/4, S 19, T28N, R8W : 1715' FSL, 1820' FEL

OBJECTIVE:	Drill to TD, set 4.5" casing, perf and frac the Fruitland Coal interval.
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Requested BOP Pressure Test Exception = 750 psi			** Note: Determined using the following formula: ABHP - (.22*TVD) = ASP		
Form 46 Reviewed by:		Logging program reviewed by:			
PREPARED BY:		APPROVED:		DATE:	
ONH/JMP/DDR BGA/TT/HGJ		electronic		6-Feb-06	
Form 46 7-84bw		For Drilling Dept.		For Production Dept.	

Cementing Program

Well Name:	Florance Federal C #1		
Location:	Sec 19 - 28N - 08W, 1715' FSL, 1820' FEL	API No.	
County:	San Juan	Well Flac	
State:	New Mexico	Formation:	Fruitland Coal
		KB Elev (est)	5864
		GL Elev. (est)	5853

Casing Program:

Casing String	Est. Depth (ft.)	Hole Size (in.)	Casing Size (in.)	Thread	TOC (ft.)
Surface	210	8.75	7	8rd	Surface
Production -	2336	6.25	4 1/2	8rd	Surface

Casing Properties:

(No Safety Factor Included)

Casing String	Size (in.)	Weight (lb/ft)	Grade
Surface	7	20	H-40
Production -	4 1/2	10.5	J-55

Mud Program

Apx. Interval (ft.)	Mud Type	Mud Weight	<u>Recommended Mud Properties Prio Cementing:</u>	
			PV	<20
			YP	<10
0 - SCP	Water/Spud	8.6-9.2	Fluid Loss	<6
SCP - TD	Water/LSND	8.6-9.2		

Cementing Program:

	Surface	Production
Excess %, Lead	100	40
Excess %, Tail	NA	40
BHST (est deg. F)	75	120
Special Instructions	1,6	2,4,6

1. Do not wash pumps and lines.
2. Wash pumps and lines.
3. Reverse out
4. Run Blend Test on Cement
5. Record Rate, Pressure, and Density on 3.5" disk
6. Confirm densitometer with pressurized mud scales

Surface:

Preflush	20 bbl.	FreshWater	
Slurry 1	50 sx Class C Cement		63 cuft
TOC@Surface	+ 2% CaCl2 (accelerator)		
			0.1503 cuft/ft OH

Slurry Properties:

	Density (lb/gal)	Yield (ft3/sk)	Water (gal/sk)
Slurry 1	15.2	1.27	5.8

Casing Equipment:

7", 8R, ST&C
 1 Guide Shoe
 1 Top Wooden Plug
 1 Autofill insert float valve
 Centralizers, as needed
 1 Stop Ring
 1 Thread Lock Compound

Cementing Program

Production:

Fresh Water 10 bbl CW100

Lead 99 sx Class "G" Cement 258 cuft
Slurry 1 + 3% D79 extender
TOC@Surface + 2% S1 Calcium Chloride

+ 1/4 #/sk. Cellophane Flake
+ 0.1% D46 antifoam'

Tail 57 sx 50/50 Class "G"/Poz 72 cuft
Slurry 2 + 2% gel (extender)

500 ft fill

0.1% D46 antifoam
+ 1/4 #/sk. Cellophane Flake
+ 2% CaCl2 (accelerator)

0.1026 cuft/ft OH
0.1169 cuft/ft csg ann

Slurry Properties:

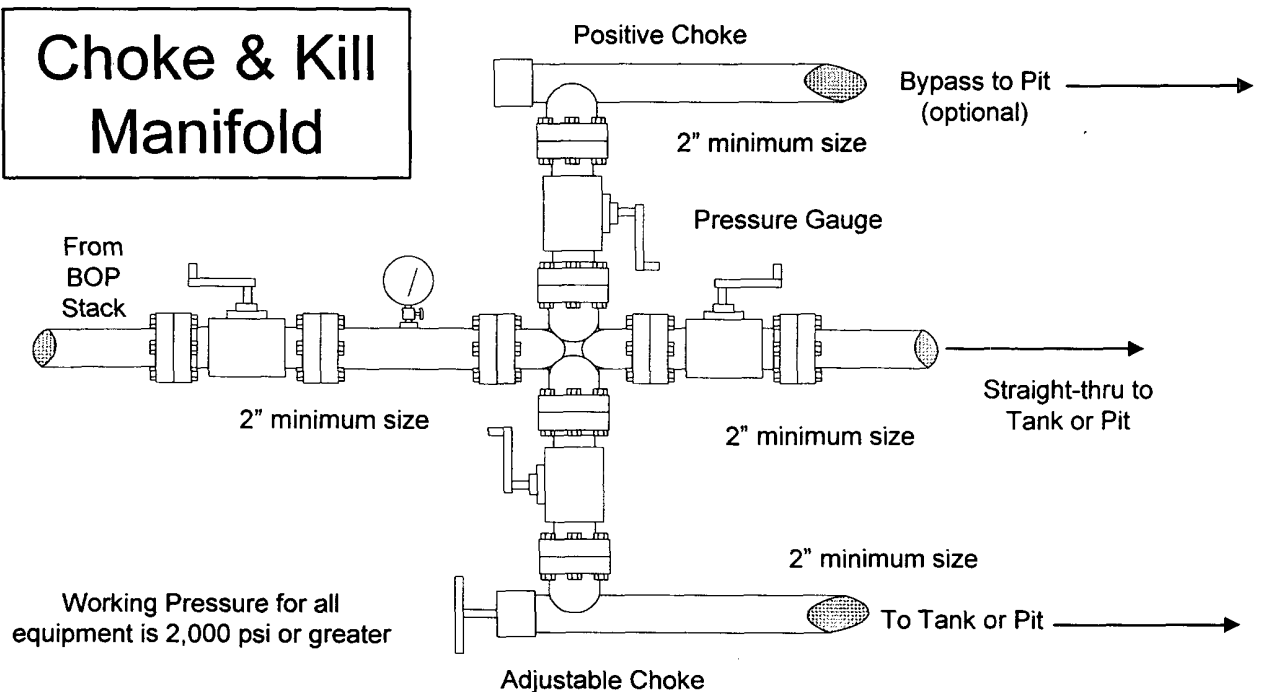
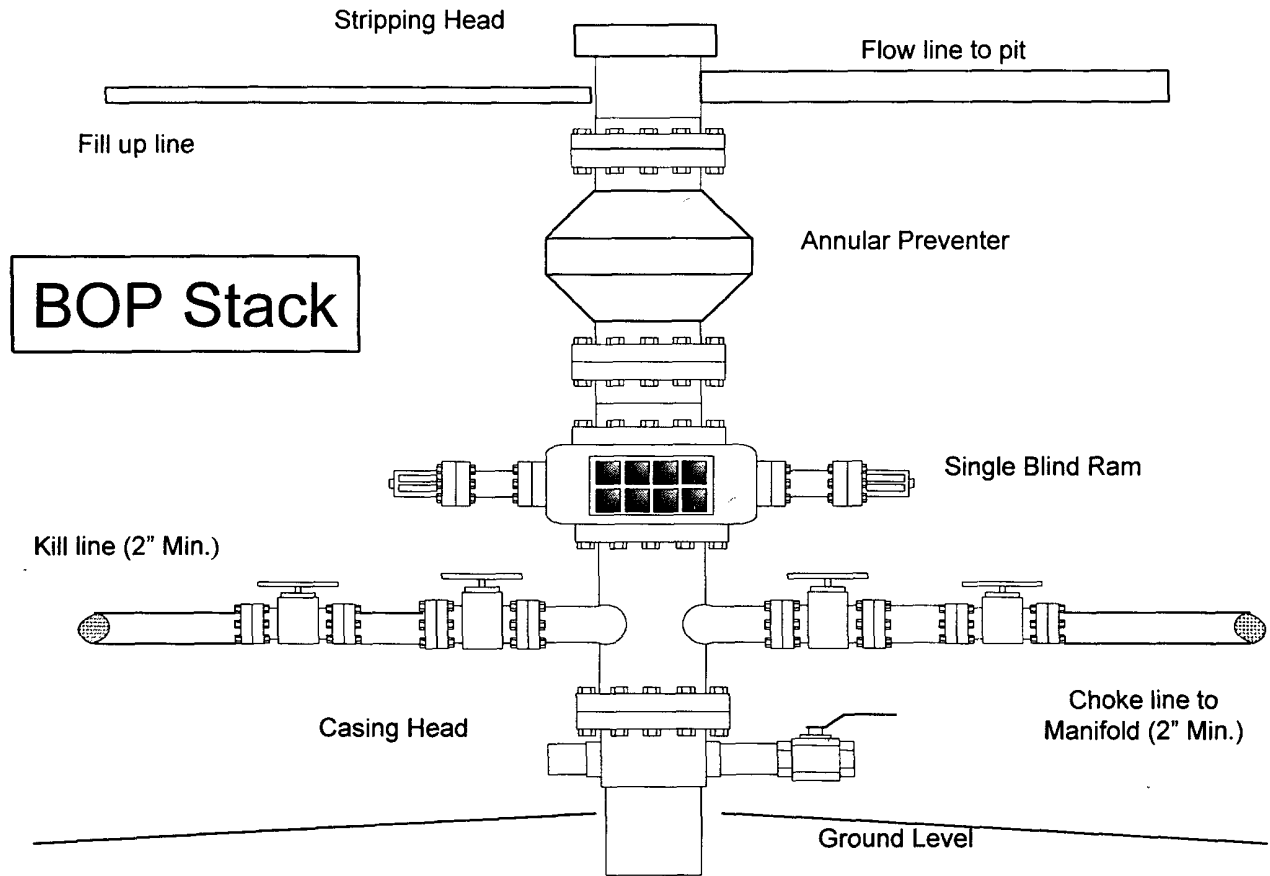
	Density (lb/gal)	Yield (ft3/sk)	Water (gal/sk)
Slurry 1	11.4	2.61	17.77
Slurry 2	13.5	1.27	5.72

Casing Equipment:

4 1/2", 8R, ST&C
1 Float Shoe (autofill with minimal LCM in mud)
1 Float Collar (autofill with minimal LCM in mud)
Centralizers as needed
1 Top Rubber Plug
1 Thread Lock Compound

BP American Production Company

Well Control Equipment Schematic



SAN JUAN BASIN
Basin Fruitland Coal Formation
Pressure Control Equipment

Background

The objective Fruitland Coal formation maximum surface pressure is anticipated to be less than 1000 psi, based on shut-in surface pressures from adjacent wells. Pressure control equipment working pressure minimum requirements are therefore 2000 psi. Equipment to be used will conform to API RP-53 (Figure 2.C.2) for a 2000 psi system per Federal Onshore Order No. 2. Due to available conventional equipment within the area, 3000 psi rated pressure control equipment will typically be utilized in a single ram type arrangement. Regional drilling rights to be utilized have substructure height limitations which exclude the use of annular preventers; therefore a rotating head will be installed above these rams. This pressure control equipment will be utilized for conventional drilling below conductor to total depth in the Fruitland. No abnormal temperature, pressure, or H₂S anticipated.

Equipment Specification

Interval

BOP Equipment

Below conductor casing to total depth 11" nominal or 7 1/16", 2000 psi Single ram preventer with 3000 psi annular preventer and rotating head.

All ram type and annular preventers as well as related control equipment will be hydraulically tested to 250 psi (low pressure) and 1500 psi (high pressure), upon installation, following any repairs or equipment replacements, or at 30 day intervals. Accessories to BOP equipment will include kelly cock, upper kelly cock with a handle available, floor safety valves and choke manifold which will also be tested to equivalent pressure.

UNITED STATES
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SUNDRY NOTICES AND REPORTS ON WELLS
*Do not use this form for proposals to drill or to re-enter an
Abandoned well. Use Form 3160-3 (APD) for such proposals.*

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

5. Lease Serial No.
NM - 03549
6. If Indian, Allottee or tribe Name
7. If Unit or CA/Agreement, Name and/or No.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other	2. Name of Operator BP AMERICA PRODUCTION COMPANY	3a. Address PO BOX 3092 HOUSTON, TX 77253	3b. Phone No. (include area code) 281-366-4081	8. Well Name and No. Florance Federal C 1
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1715' FSL & 1820' FEL; SEC 19 T28N R08W NWSE Mer				9. API Well No. New Well 30045 33225
10. Field and Pool, or Exploratory Area BASIN FRUITLAND COAL				11. County or Parish, State SAN JUAN, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OR NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Water Disposal
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water shut-Off
			<input type="checkbox"/> Well Integrity
			<input checked="" type="checkbox"/> Other <u>Change Casing Sizes</u>

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.

On 7/1/2005 BP submitted application for permit to drill.

To the best of my knowledge that application has not been approved.

It is now our intent to change the casing sizes and deepen the well by approximately 65'. Please see attached revised drilling plan (Form 46) and cement program.

14. I hereby certify that the foregoing is true and correct Name (Printed/typed) Cherry Hlava		Title Regulatory Analyst
Signature <i>Cherry Hlava</i>		Date 03/21/2006

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by <i>[Signature]</i>	Title <i>AFH</i>	Date <i>7/7/06</i>
Conditions of approval, if any, are attached. Approval of this notice 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.		
Office <i>FFO</i>		

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.

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