

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

Lease Serial No. **NOG-9309-1250**
NOO-C-14-20-3004

1a. Type of Work:

☒ DRILL

☐ REENTER

1b. Type of Well:

☐ Oil Well

☒ Gas Well

☐ Other

☒ Single Zone

☐ Multiple Zone

2. Name of Operator

Pro NM Energy, Inc.

3a. Address

460 St. Michael's Drive, Suite 300 Santa Fe, NM 87505

4. Location of Well (Report location clearly and in accordance with any State requirements.)

At surface

1275' FNL, 16200' FWL

1620'

At proposed prod. zone

Same

14. Distance in miles and direction from nearest town or post office*

Twenty-five miles southeast of Farmington, NM

15. Distance from proposed* location to nearest

property or lease line, ft.
(Also to nearest orig. unit line, if any)

1020'

18. Distance from proposed location*

to nearest well, drilling, completed,
applied for, on this lease, ft.

N/A

21. Elevations (Show whether DF, KDB, RT, GL, etc.)

6316' GL

22. Approximate date work will start*

As soon as permitted

23. Estimated duration

30 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.
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 and 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 authorized officer.

25. Signature

Dana L. Delventhal

Name (Printed/Typed)

Dana L. Delventhal

Date

5-Dec-05

Title

Agent

Approved by (Signature)

[Signature]

Name (Printed/Typed)

Date

7/18/06

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.

*(Instructions on reverse)

This action is subject to technical and procedural review and subject 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

[Signature]

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240

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

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

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

State of New Mexico
Energy, Minerals & Natural Resources Department

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

Form C-102

Revised June 10, 2003

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

2005 DEC 6 AM 9 10

☐ AMENDED REPORT

RECEIVED

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-33471	*Pool Code 71629	*Pool Name Basin Fruitland Coal
*Property Code 13446	*Property Name GRACIA NAVAJO 5K	*Well Number 2S
*OGRID No. 018118	*Operator Name PRO NEW MEXICO ENERGY	*Elevation 6316

10 Surface Location

UL or lot no. C	Section 5	Township 25-N	Range 11-W	Lot Idn 3	Feet from the 1275	North/South line NORTH	Feet from the 1620	East/West line WEST	County SAN JUAN
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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 320.48 1/2					13 Joint or Infill Y		14 Consolidation Code C		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

FD 2 1/2" GLO BC. 1930 LOT 4 1620'	S 89-39-46 E 2616.7' (M) LOT 3 1275'	FD 2 1/2" GLO BC. 1930 LOT 2 LAT. 36°26'01.8" N. (NAD 83) LONG. 108°01'50.5" W. (NAD 83)	LOT 1
S 00-01-03 E 2643.1' (M) NOO-C-14-20-3604			
FD 2 1/2" GLO BC. 1930 SF 078062			

17 OPERATOR CERTIFICATION

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

Dana L. Delventhal
Signature

Dana L. Delventhal
Printed Name

Agent
Agent

Title
Title

12/5/05
Date

Date
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.

OCTOBER 12 2005
Date of Survey

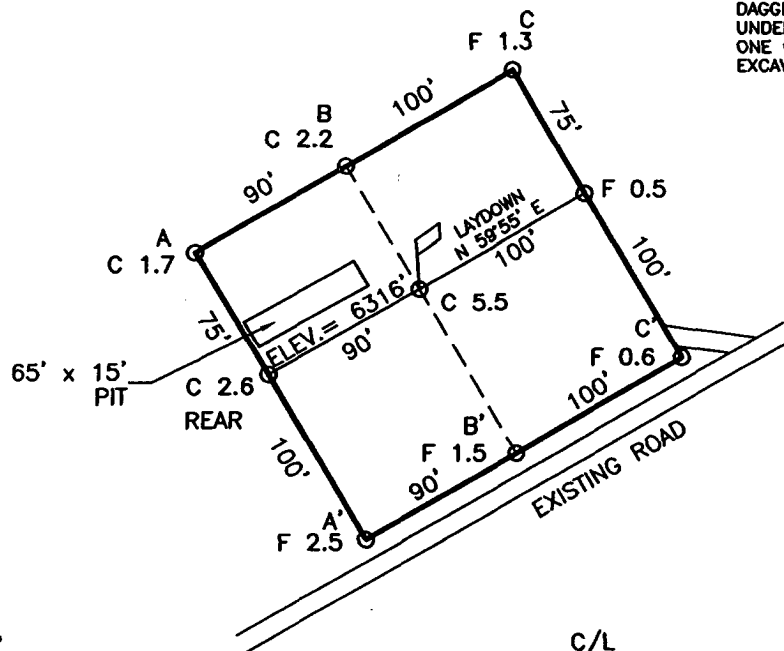
Signature
Signature of Professional Surveyor

14831
Certificate Number

COMPANY: PRO NEW MEXICO ENERGY
 LEASE: GRACIA NAVAJO 5K No. 2S
 FOOTAGE: 1275' FNL, 1620' FWL
 SEC.: 5, TWN: 25-N, RNG: 11-W, NMPM
 ELEVATION: 6316'

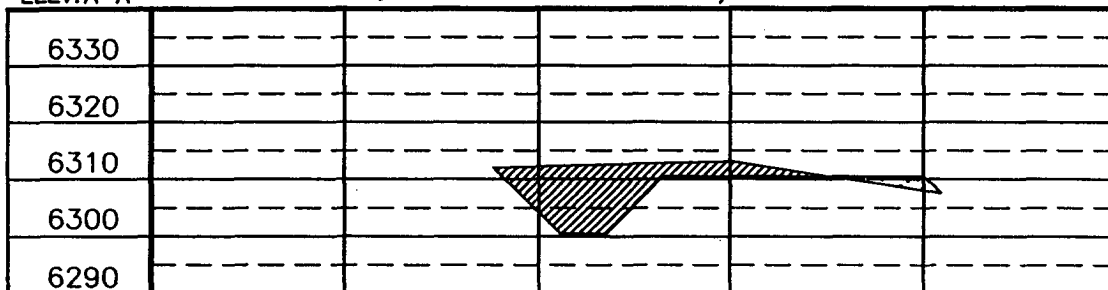
NOTE:

DAGGETT ENTERPRISES, INC. IS NOT LIABLE FOR
 UNDERGROUND UTILITIES OR PIPELINES. NEW MEXICO
 ONE CALL TO BE NOTIFIED 48 HOURS PRIOR TO
 EXCAVATION OR CONSTRUCTION.



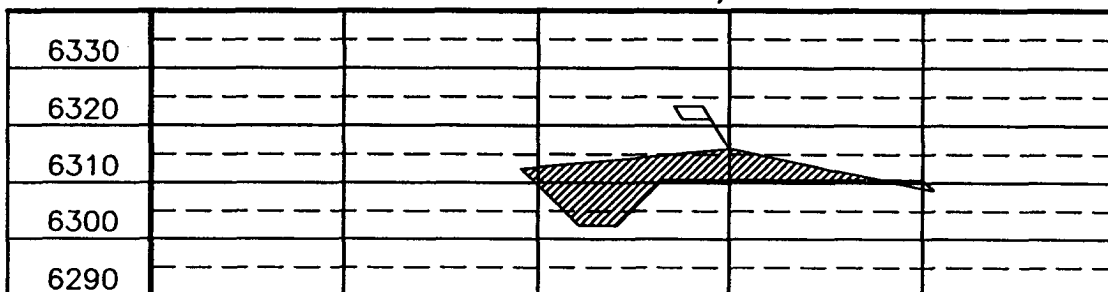
ELEV. A-A'

C/L



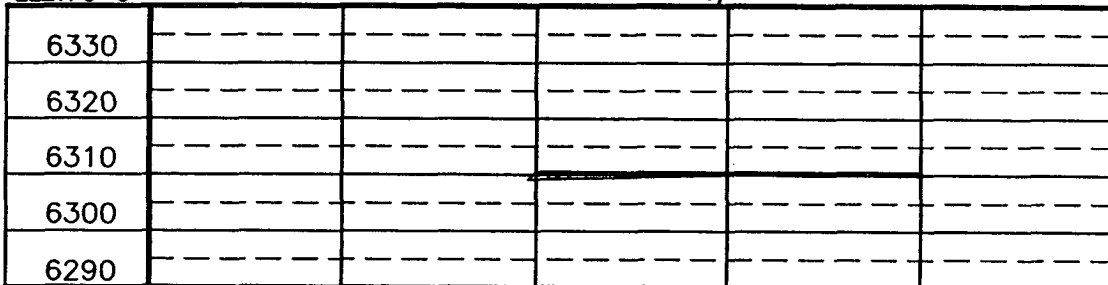
ELEV. B-B'

C/L



ELEV. C-C'

C/L



REVISION:	DATE:	REVISED BY:
<p>Daggett Enterprises, Inc. Surveying and Oil Field Services P. O. Box 15068 • Farmington, NM 87401 Phone (505) 326-1772 • Fax (505) 326-6019 NEW MEXICO L.S. No. 14831 DRAWN BY: A.G. DATE: 11/17/05 ROWF: RW022</p>		

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	1064'	1070'	5243'
Basin Fruitland Coal	1218'	1224'	5089'
Pictured Cliffs	1258'	1264'	5049'
Total Depth (TD)	1387'	1390'	4923'

*All elevations reflect the ungraded ground level of 6316'.

2. Notable Zones

Oil and Gas Zones

Fruitland (1070')
Basin Fruitland Coal (1224')
Pictured Cliffs (1264')

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	1390'

Surface casing will be cemented to surface with 65 sx (77 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 100 sx (206 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

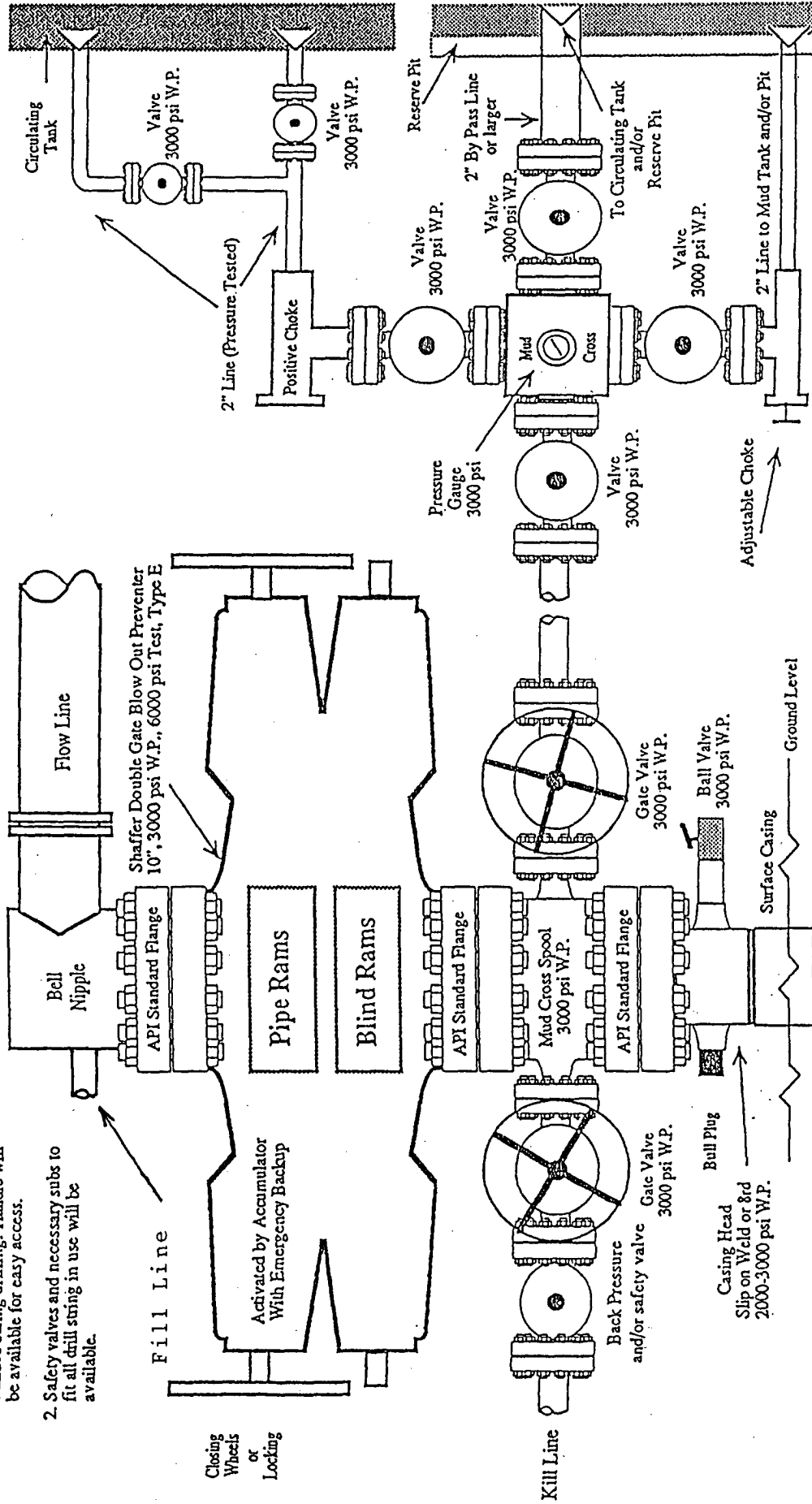
6. Coring, Testing, and Logging

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

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

Pressure Control Equipment

- Note: 1. An upper Kelly cock valve will be utilized during drilling. Handle will be available for easy access.
2. Safety valves and necessary subs to fit all drill string in use will be available.



Note: This equipment is designed to meet requirements for a 2-M rating standard per 43 CFR part 3160 (amended). Proper operation and testing of equipment will be carried out per standard. 2,000 psi equipment can be substituted in the drawing to meet minimum requirements per standard.

Pro NM Energy, Inc.
Gracia Navajo 5K No. 2S
1275' FNL, 1620' FWL
Sec. 5, T25N, R11W