

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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2003 JUL 31 PM 10

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

APPLICATION FOR PERMIT TO DRILL OR REENTER

070 Farmington, NM

5. Lease Designation and Serial No.

NMSF078480

6. If Indian, Allottee or Tribe Name

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

8. Lease Name and Well No.

FEDERAL E #1R

9. API Well No.

3004531816

10. Field and Pool, or Exploratory

BLANCO MESAVERDE

11. Sec., T., R., M., or Blk. and Survey or Area

SEC 25, T-27N, R-8W

12. County or Parish,

SAN JUAN

13. State

New Mexico

17. Spacing Unit dedicated to this well

320 W/2

20. BLM/BIA Bond No. on file

BLM NM2887

23. Estimated duration

8 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 an 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

Size of Hole	Grade, Size of Casing	Weight per Foot	Setting Depth	Quantity of Cement
11"	8-5/8"	24#	230'	100 sks Halliburton Class"B", cir to surf
7-7/8"	4-1/2"	10.5#	4730'	1235 sks Halliburton Class"A", w/2%CaC12, circ to surf

SEE ATTACHED APD INFORMATION

25. Signature 	Name(Printed/Typed) GREGORY F BAIANO	Date 7-28-03
Title ENGINEER		
Approved by (Signature) Original Signed: Stephen Mason	Name(Printed/Typed)	Date SEP 17 2003
Title	Office	

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

NMOC

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

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

070 Farmington, NM

Form C-102
Revised October 18, 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

AP# Number 30-045-31816		Pool Code 72319	Pool Name Blanco Mesaverde
Property Code 26849	Property Name Federal		Well Number E 1R
OGRID No. 188483	Operator Name Phoenix Hydrocarbons Operating Corp.		Elevation 5961

10 Surface Location

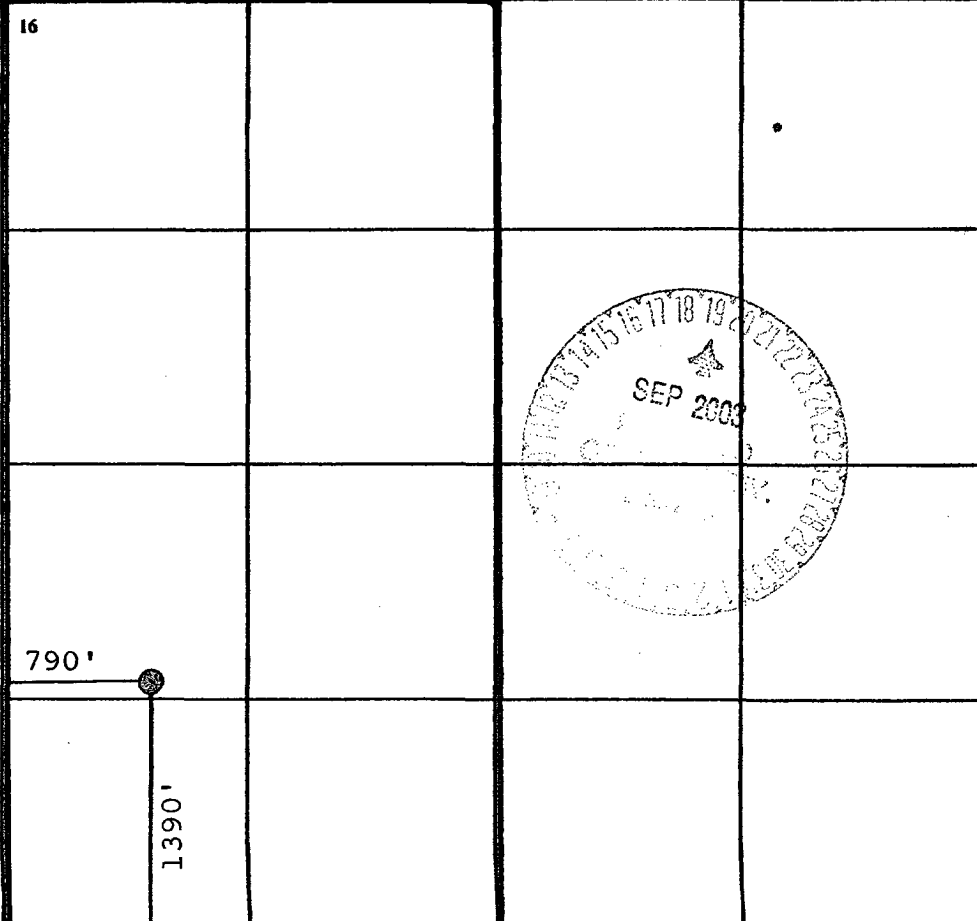

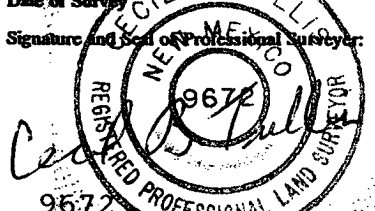
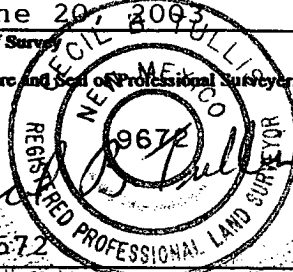
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	25	27N	8W		1390	South	790	West	San Juan

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

<div>16</div> 	<div>17 OPERATOR CERTIFICATION</div> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p> Signature Gregg Baiano Printed Name Engineer Title 7-28-03 Date</p>	
	<div>18 SURVEYOR CERTIFICATION</div> <p>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.</p> <p>June 20, 2003 Date of Survey</p> <p> Signature and Seal of Professional Surveyor</p> <p> Certificate Number</p>	

PHOENIX HYDROCARBONS OPERATING CORP.
OPERATIONS PLAN
Federal E #1R

I. 1390' from North Line
790' from West Line
Section 25-27N-8W San Juan County, N.M.

II. Field: Blanco Mesaverde Elevation 5961' GR
Geology:

A. Formation Tops:

San Jose	surface	(fresh water)
Nacimiento	191'	(fresh usable water)
Ojo Alamo	1280'	(fresh water)
Kirtland	1463'	
Fruitland	1877'	(coal)
Pictured Cliffs	2103'	(gas)
Lewis	2244'	
Chacra	3017'	(gas)
Cliff House	3755'	(gas)
Menefee	3783'	(coal)
Point Lookout	4360'	(gas)
Mancos	4723'	
TOTAL DEPTH	4730'	

DO NOT ANTICIPATE ANY ABNORMAL PRESSURE OR H2A

B. Logging Program: IES and GR-NDL & CBL

C. Coring Program: None

D. Natural Gauges: Will record all gauges in daily drilling report.

III. Drilling:

A. Mud Program: Mud from surface to TD. Will use native mud.
Mud weight 8.8-8.9 pp. w/LCM (cedar chips)
when drilling across Mesaverde.

B. Blow Out Preventer System: A series 900 double gate BOP will be used
with a 2M choke manifold system.
(SEE ATTACHED DIAGRAMS 1 & 2)
The system will include the following items:

- Blind rams
- 1 Kill line (2" min.)
- 1 Choke line valve
- Upper Kelly cock valve w/handle
- Safety valves and subs to fit drill string
- Pressure gauge on choke manifold
- 2" min. choke line
- Fill-up line above uppermost preventer
- Pipe rams
- Choke line valve (2" min.)
- 2 Chokes

IV. Materials:

A. Casing Program:

<u>Hole Size</u>	<u>Depth</u>	<u>Casing Size</u>	<u>Weight</u>
11"	230'	8-5/8"	24#
7-7/8"	4730'	4-1/2"	10.50#

B. Float Equipment: 8-5/8 surface casing – Larkin Guide Shoe

C. Wellhead Equipment: Casing head rector type "R" Nom 8' body x 8-5/8" od. Femal

V. Cementing:

8-5/8" surface casing – use 58 ft3 (100 sks) of Halliburton Standard Class B Portland cement with 2% CaC12 and circulate to surface.

4-1/2" production casing – centralizers will be placed across fresh water zones (1 per joint). The cement will be pumped (1235 sks) in two stages with a DV tool set at 2290 ft. Before pumping cement, a 25 bbl mud spaced will be pumped.

1st Stage: Pump calculated volume from caliper log plus 25% excess of Class A Portland cement with fluid loss and lost circulation additives. Drop plug, pressure up on multiple stage cementer and circulate upper part of hole for four hours.

2nd Stage: Pump calculated volume from caliper log plus 25% excess of light cement and circulate out to clean up hole. Then pump calculated volume from caliper log of Class A Portland cement with 2% CaC12 and LCM. Circulate cement to surface.

***A CHRONOLOGICAL LOG WILL BE KEPT.**

This will include recorded pump rate, pump pressure, slurry density and slurry volume.