

Form 3160-3
(August 1999)

2007 MAY 24 PM 2:22

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

RECEIVED
BLM
210 FARMINGTON
Lease Serial No
NMNM-033046

1a TYPE OF WORK <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		7 If Unit or CA Agreement, Name and No
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		8 Lease Name and Well No Federal Coal 34 #43
2 Name of Operator Coleman Oil & Gas, Inc.		9 API Well No 30-045-34332
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 2075' FSL, 660' FEL Latitude 36.530198° N, Longitude 108.199756° W At proposed prod. zone		11 Sec., T., R., M., or Blk. And Survey or Area I, Section 34, T27N, R13W
14 DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* South of Farmington New Mexico approximately 20 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 drilg unit line, if any) 660'	16 No. of Acres in lease 320	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 Max D Web Federal 34 #2A - 200'	19 Proposed Depth 1475'	20 BLM/ BIA Bond No. on file NM-2817 BLM Blanket Bond #08540642
21 ELEVATIONS (Show whether DF RT, GR, etc.) 6089' GR	22 Approximate date work will start* October-07	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 authorized officer |

25 Signature <i>Michael T. Hanson</i>	Name (Printed/ Typed) Michael T. Hanson	DATE 22-May-07
Title Operations Engineer		
Approved By (Signature) <i>[Signature]</i>	Name (Printed/ Typed) AFM	DATE 3/24/08
Title Office FFU		

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

NOTIFY AZTEC OCD 24 HRS.
PRIOR TO CASING & CEMENT

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

APR 01 2008
AV

NMOCD B

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

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

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

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, N.M. 87505

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, N.M. 87505

Revised October 12, 2005

Submit to Appropriate District Office

257 MAY 24 PM 2:22 State Lease: -24 Copies

Free Lease - 3 Copies

RECEIVED

210 523 AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-34332	² Pool Code 71629	³ Pool Name BASIN (FRUITLAND COAL)
⁴ Property Code 37083	⁵ Property Name FEDERAL COAL 34	⁶ Well Number 43
⁷ GRID No. 4838	⁸ Operator Name COLEMAN OIL & GAS, INC.	⁹ Elevation 6089

¹⁰ Surface Location

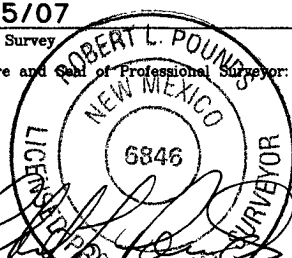
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	34	27 N	13 W		2075	SOUTH	660	EAST	SAN JUAN

¹¹Bottom 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
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¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
320 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

16	S 89°46'50" E	5281.14'		17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature _____ Date _____ Printed Name _____
5279.82'				SECTION 34
N 0°10'10" E		NAD 83 LAT: 36.530198° N LONG: 108.199756° W	660'	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 3/15/07 Signature and Seal of Professional Surveyor:  Certificate Number 6846
N 89°47'50" W	2639.91'	N 89°44'24" W	2640.19'	

Submit 3 Copies To Appropriate District
Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
May 27, 2004

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

WELL API NO.
30-045- 34332
5. Indicate Type of Lease
STATE ☐ FEE ☐
6. ~~State~~ Oil & Gas Lease No.
NMNM-033046

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A
DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH
PROPOSALS.)

1. Type of Well: Oil Well ☐ Gas Well ☒ Other

2. Name of Operator
COLEMAN OIL & GAS, INC.

3. Address of Operator
P. O. DRAWER 3337, FARMINGTON, NM 87499

4. Well Location
Unit Letter: I 2075' FNL & 660' FEL
Section 34 Township 27 N Range 13 W NMPM SAN JUAN County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
6,089' GL

Pit or Below-grade Tank Application ☒ or Closure ☐

Pit type: DRILLING Depth to Groundwater: >300' Distance from nearest fresh water well: >1,000' Distance from nearest surface water: >200'

Pit Liner Thickness: 12 mil Below-Grade Tank: Volume bbls; Construction Material

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

OTHER: DRILLING PIT ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Reserve pit will be lined with 12 mil reinforced plastic.

Will reclaim pit as soon as practical. Free liquids will be pumped off and disposed. Liner will be cut off at mud line. Excess liner will be hauled to county landfill. Pit will then be back filled when dry and reclaimed.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Brian Wood TITLE: CONSULTANT

DATE: MAY 11, 2007

Type or print name: BRIAN WOOD

E-mail address: brian@permitswest.com

Telephone No.: (505) 466-8120

For State Use Only

APPROVED BY: [Signature] TITLE: Deputy Oil & Gas Inspector

DATE: APR 01 2008

Conditions of Approval (if any):

OPERATIONS PLAN

Well Name: Federal Coal 34 #43
Location: 2075' FSL, 660' FEL Section 34, T-27-N, R-13-W, NMPM
 San Juan County, NM
Formation: Basin Fruitland Coal
Elevation: 6089' GL

Formation:	Top	Bottom	Contents
Nacimiento	Surface	30'	
Ojo Alamo	30'	130'	
Kirtland	130'	800'	
Fruitland	800'	1300'	gas
Basal Coal	1300'	1313'	gas
Pictured Cliffs	1325'	1475'	gas
Total Depth	1475'		

Drilling Contractor: Availability

Mud Program:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Vis.</u>	<u>Fluid Loss</u>
0' - 120'	Spud	8.4 - 9.0	40 - 50	no control
120' - 1475'	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:

<u>Hole Size</u>	<u>Depth Interval</u>	<u>Csg. Size</u>	<u>Wt.</u>	<u>Grade</u>
8 3/4"	0' - 120'	7"	20#	J-55 or K-55
6 1/4"	120' - 1475'	4 1/2"	10.5#	J-55 or K-55

Tubing Program:

0' - 1350'	2 3/8"	4.70#	J-55
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Float Equipment:

7" surface casing - saw tooth guide shoe. One Centralizer.

4 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 three centralizers every other joint below surface pipe.

Wellhead Equipment: 7" x 4 1/2" Braiden Head and 4 1/2" x 2 3/8" Tubing Head.
 Independent Well Head assembly with a minimum rated working pressure of 1000 psig.

Cementing:

47.2

7" Surface Casing -

Cement with 40 sacks type five cement with 1/4# celloflake/sx and 2% calcium chloride (63 cu. ft. of slurry), 100% excess to circulate to surface (Yield = 1.18 cu. ft. /sk; slurry weight = 15.6 PPG). Wait on cement 12 hrs. Test casing to 600 psi/30 minutes.

4 1/2" Production Casing -

Before cementing circulate hole with at least 1 1/2 hole volume of mud. Precede cement with 20 barrels of fresh water. Lead with 90 sacks (234.90 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 "B" with "G" 50/50 POZ 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 297.90 cu. ft. (100% excess on open hole, calculated on cement volumes). Wait on cement 12 hrs. Test casing to 600 psi/30 minutes.

BOP and Tests:

Surface to surface TD – None

Surface TD to Total Depth – Annular or Double Ram type 2000 psi (minimum) double gate BOP equipment (Reference Figure #1, #2 and #3). Prior to drilling out surface casing, test blind rams and casing to 600 psig for 30 minutes; all pipe rams and choke assembly to 600 psig for 30 minutes each.

From surface pipe to TD – 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 Basin Fruitland Coal formation will be completed.
- Anticipated pore pressure for the Basin Fruitland Coal is 80 psi.
- New casing will be utilized.
- Pipe movement (either rotation or reciprocation) will be done if hole conditions permit.

Date: May 23, 2007 Drilling Engineer: Michael T. Lane

Cementing Usage Plan

Federal Coal 34 #43

Enter Surface Casing Depth	120	FT
Enter capacity between Surf casin/ hole	0.1503	cu ft per ft
Enter Surface Casing Shoe Joint Length	44	FT
Enter Surface Casing Capacity	0.2273	cu ft per ft
Enter Yield for surface cement job	1.18	cu ft per sack
Enter capacity between Prod/Surface Casings	0.1169	cu ft per ft
Enter Total Depth	1475	FT
Enter Shoe Joint Length	44	FT
Enter PBTD	1431	FT
Enter Capacity between Production/Hole	0.1026	cu ft. per ft
Enter Lead Cement Yield	2.61	cu ft per sack
Enter Tail Cement Yield	1.26	cu ft per sack
Enter Production Casing Capacity	0.0895	bbl per ft
Enter Amount of Tail Cement Required	50	Sacks

Surface Cement Needed (100% excess) 40 Sacks → 47.20 cu ft

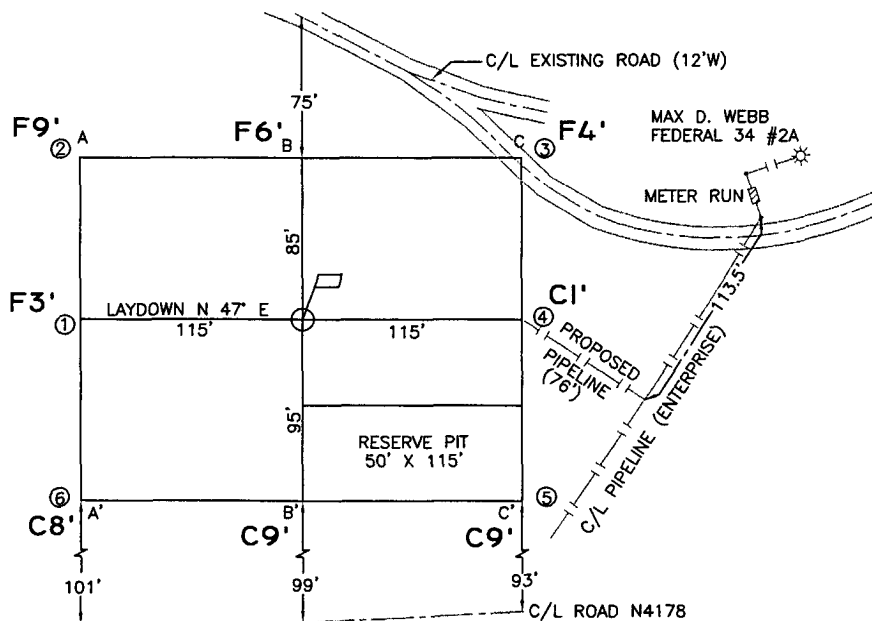
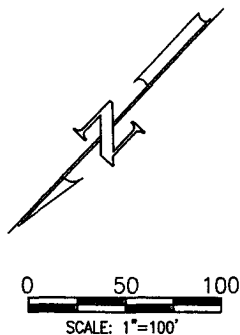
TOTAL HOLE REQUIREMENTS 296.01 cu ft of cement

Lead Cement → 90 Sacks → 234.90 cu ft

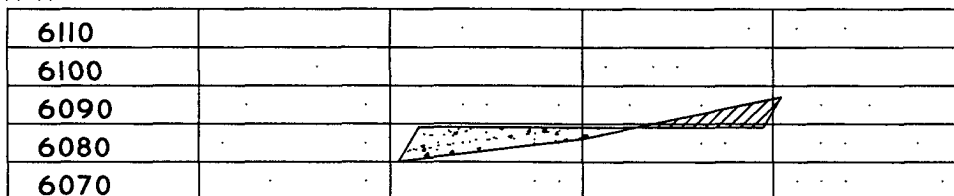
Tail Cement → 50 Sacks → 63.00 cu ft

TOTAL CEMENT VOLUME 297.90 cu ft

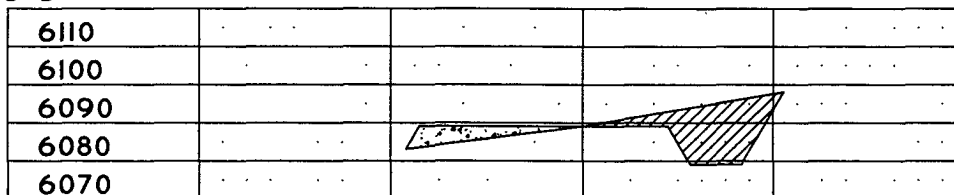
NOTIFY
NEW MEXICO ONE-CALL
BEFORE COMMENCING
EXCAVATION!
(800) 321-2537



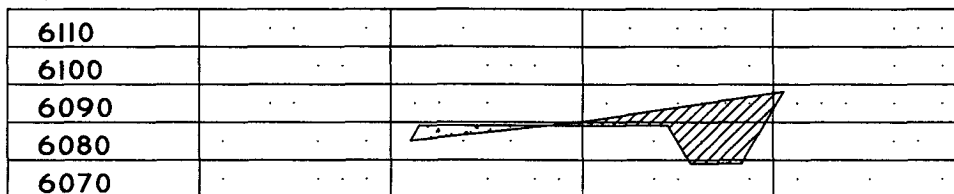
A-A'



B-B'



C-C'



CROSS SECTIONS
HORIZONTAL: 1"=100'
VERTICAL: 1"=50'

LEASE: **FEDERAL COAL 34 #43**

FOOTAGE: **2075' FSL, 660' FEL**

SEC. **34** TWN. **27 N** RNG. **13 W** N.M.P.M.

LATITUDE: **36.530198°N** LONGITUDE: **108.199756°W**

ELEVATION: **6089**

COLEMAN OIL & GAS, INC.
FARMINGTON, NEW MEXICO

SURVEYED: 3/15/07

REV. DATE:

APP. BY R.L.P.

DRAWN BY: H.S.

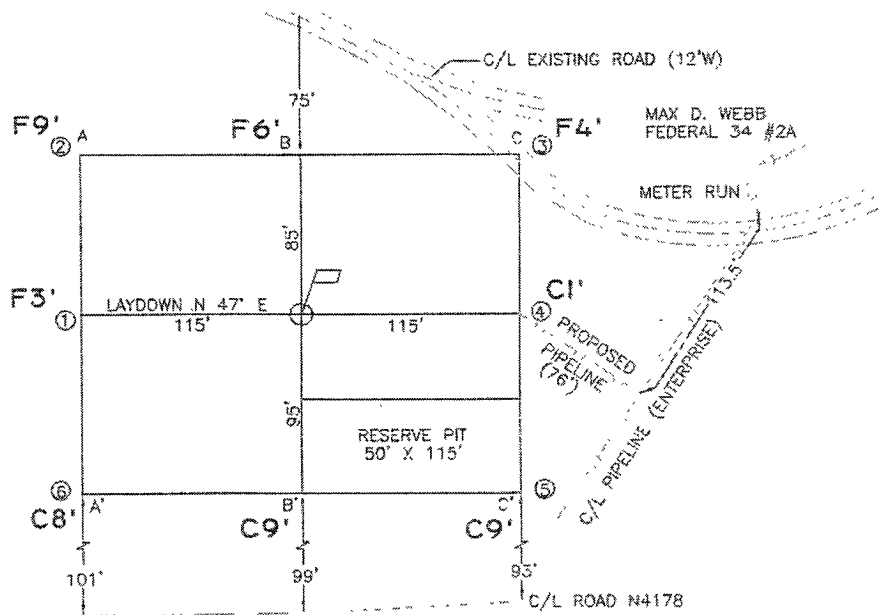
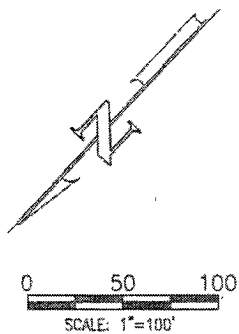
DATE DRAWN: 3/21/07

FILE NAME: 7579C01

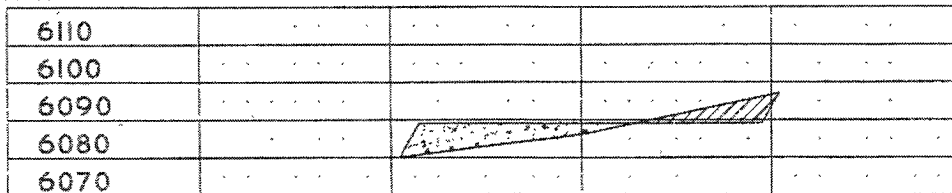


P.O. BOX 3651
FARMINGTON, NM 87499
OFFICE: (505) 334-0408

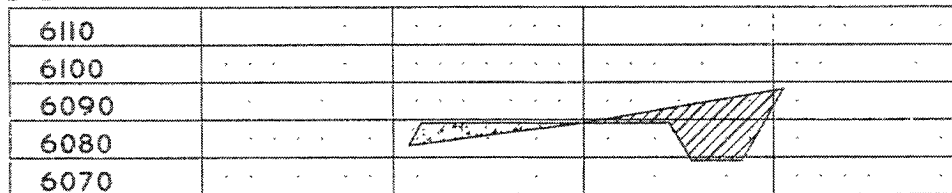
INOTIFY
NEW MEXICO ONE-CALL
BEFORE COMMENCING
EXCAVATION!
(800) 321-2537



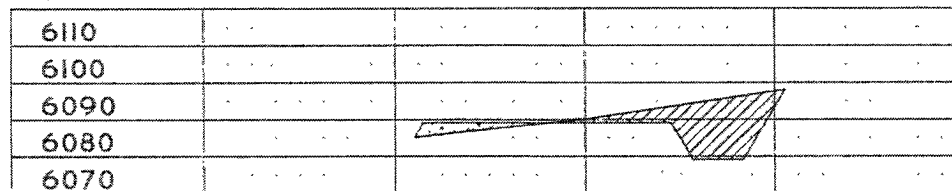
A-A'



B-B'



C-C'



CROSS SECTIONS
HORIZONTAL: 1"=100'
VERTICAL: 1"=50'

LEASE: FEDERAL COAL 34 #43

FOOTAGE: 2075' FSL, 660' FEL

SEC. 34 TWN. 27 N RNG. 13 W N.M.P.M.

LATITUDE: 36.530198°N LONGITUDE: 108.199756°W

ELEVATION: 6089

COLEMAN OIL & GAS, INC.
FARMINGTON, NEW MEXICO

SURVEYED: 3/15/07

REV. DATE:

APP. BY R.L.P.

DRAWN BY: H.S.

DATE DRAWN: 3/21/07

FILE NAME: 7579C01



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

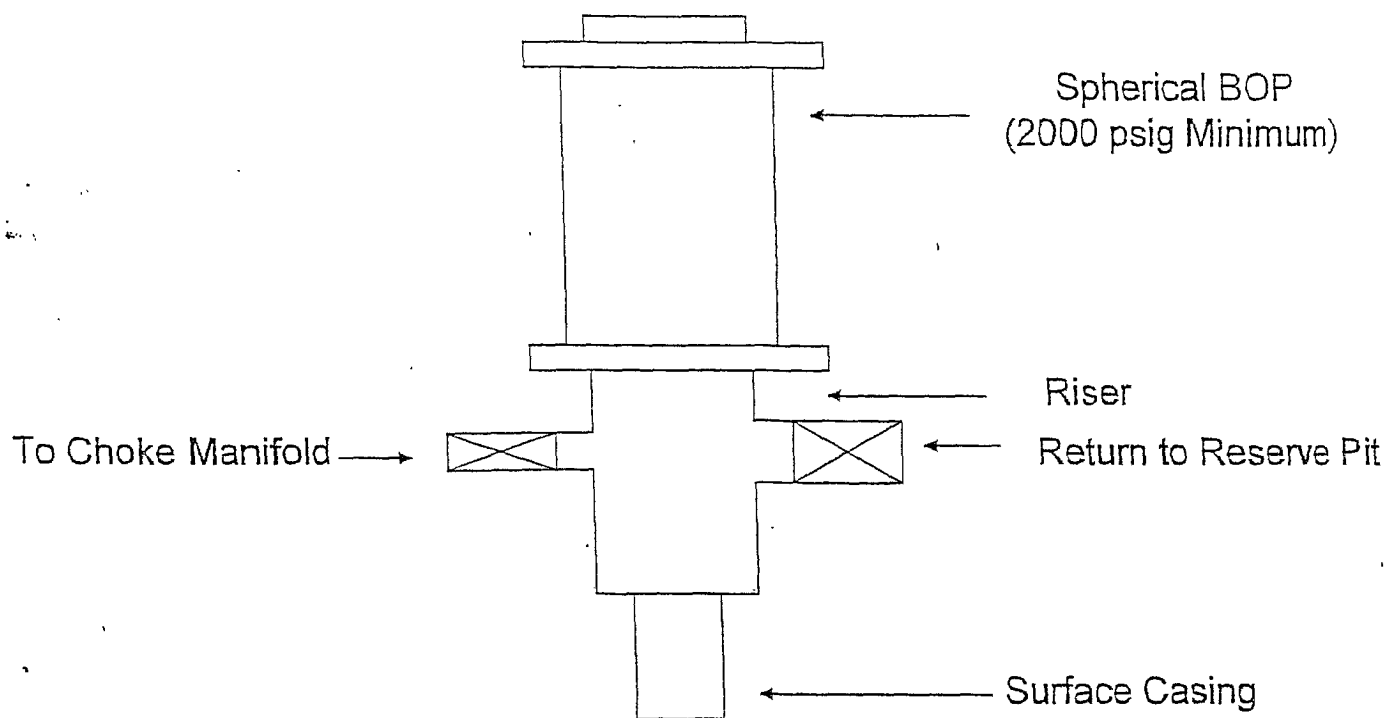
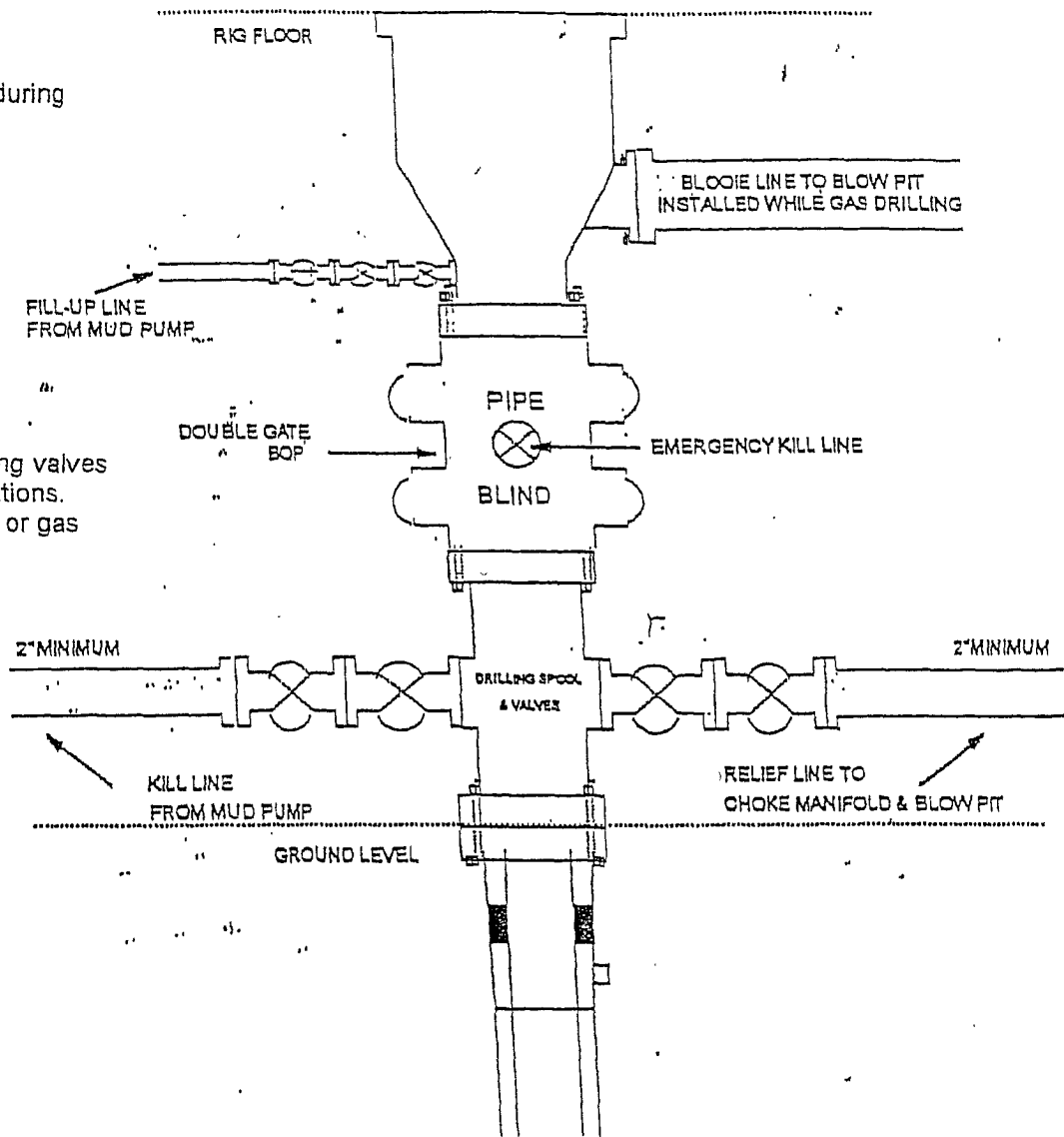


FIGURE #2

BOP Configuration 2M psi System

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

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



Minimum BOP installation for Drilling Operations. 7 1/16" Bore(6" Nominal),
2000 psi minimum working pressure double gate BOP to be equipped with blind
and pipe rams

FIGURE #1