NOS: 7-30-09
APDP: —
MP: 9-18-09
SMA: BLM
BOND: NW
CAPA: —

Form 3160-3
(August 2007)

RECEIVED
SEP 1 8 2009
Bureau of Land Management
Farmington Field Office

FORM APPROVED
OMB No 1004-0136
Expires July 31, 2010

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.
NMSF080245B

6. If Indian, Allottee or Tribe Name

1a Type of Work ☒ DRILL ☐ REENTER

7 If Unit or CA Agreement, Name and No

1b. Type of Well. ☐ Oil Well ☒ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone

8. Lease Name and Well No.
A. B. GEREN 6C

2 Name of Operator
KOCH EXPLORATION COMPANY, LLC
Contact. DON JOHNSON
E-Mail johnso4d@kochind com

9. API Well No
30045 35023

3a. Address
PO BOX 489
AZTEC, NM 87410

3b. Phone No (include area code)
Ph: 505-334-9111
Fx: 505-334-1688

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 NWSE 2282FSL 1833FEL 36.69580 N Lat, 107.80060 W Lon

At proposed prod zone NWSE 2282FSL 1833FEL 36.69580 N Lat, 107.80060 W Lon

11. Sec , T , R., M , or Blk and Survey or Area
Sec 29 T29N R9W Mer
J

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

12 County or Parish
SAN JUAN

13 State
NM

15 Distance from proposed location to nearest property or lease line, ft (Also to nearest drig unit line, if any)

16. No. of Acres in Lease
640.00

17. Spacing Unit dedicated to this well
320.00 E/2

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

19 Proposed Depth
2303 MD

20 BLM/BIA Bond No on file
~~104128366~~ COB000033

21. Elevations (Show whether DF, KB, RT, GL, etc
5843 GL

22. Approximate date work will start
11/01/2009

23. Estimated duration
30 DAYS

RCVD OCT 15 '09
OIL CONS. DIV.
DIST. 3

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

25. Signature	Name (Printed/Typed)	Date
(Electronic Submission)	DARLENE TADLOCK Ph: 505-334-9111	09/17/2009

Title
FIELD ADMINISTRATIVE TECH

Approved by (Signature)	Name (Printed/Typed)	Date
[signature]		10/5/09
Title: AFM	Office: FFO	

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.

Electronic Submission #74480 verified by the BLM Well Information System
For KOCH EXPLORATION COMPANY, LLC, sent to the Farmington

OCT 1 9 2009

NOTIFY AZTEC OCD 24 HRS.
NMOCD PRIOR TO CASING & CEMENT

** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED **

7/30/09

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

State of New Mexico
Energy, Minerals & Natural Resources Department

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

Form C-102
Revised October 12, 2005
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
30045-35023	71629	BASIN FRUITLAND COAL

[4] Property Code	[5] Property Name	[6] Well Number
18432	A.B. GEREN	6C

[7] OGRID No	[8] Operator Name	[9] Elevation
12807	KOCH EXPLORATION	5843

[10] Surface Location

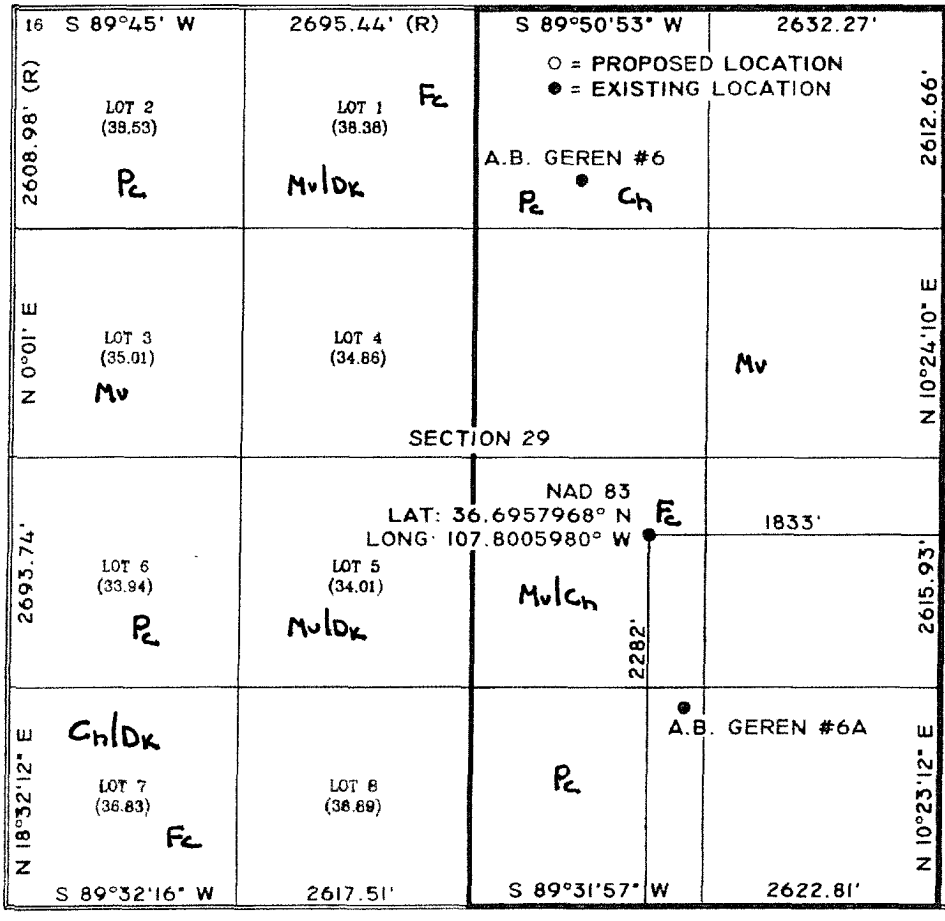
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	29	29 N	9 W		2282	SOUTH	1833	EAST	SAN JUAN

[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 E/2	Y		R-13132

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, 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: 7/8/09

Donald L. Johnson
Printed Name

[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.

6/25/09
Date of Survey

Signature and Seal of Professional Surveyor:

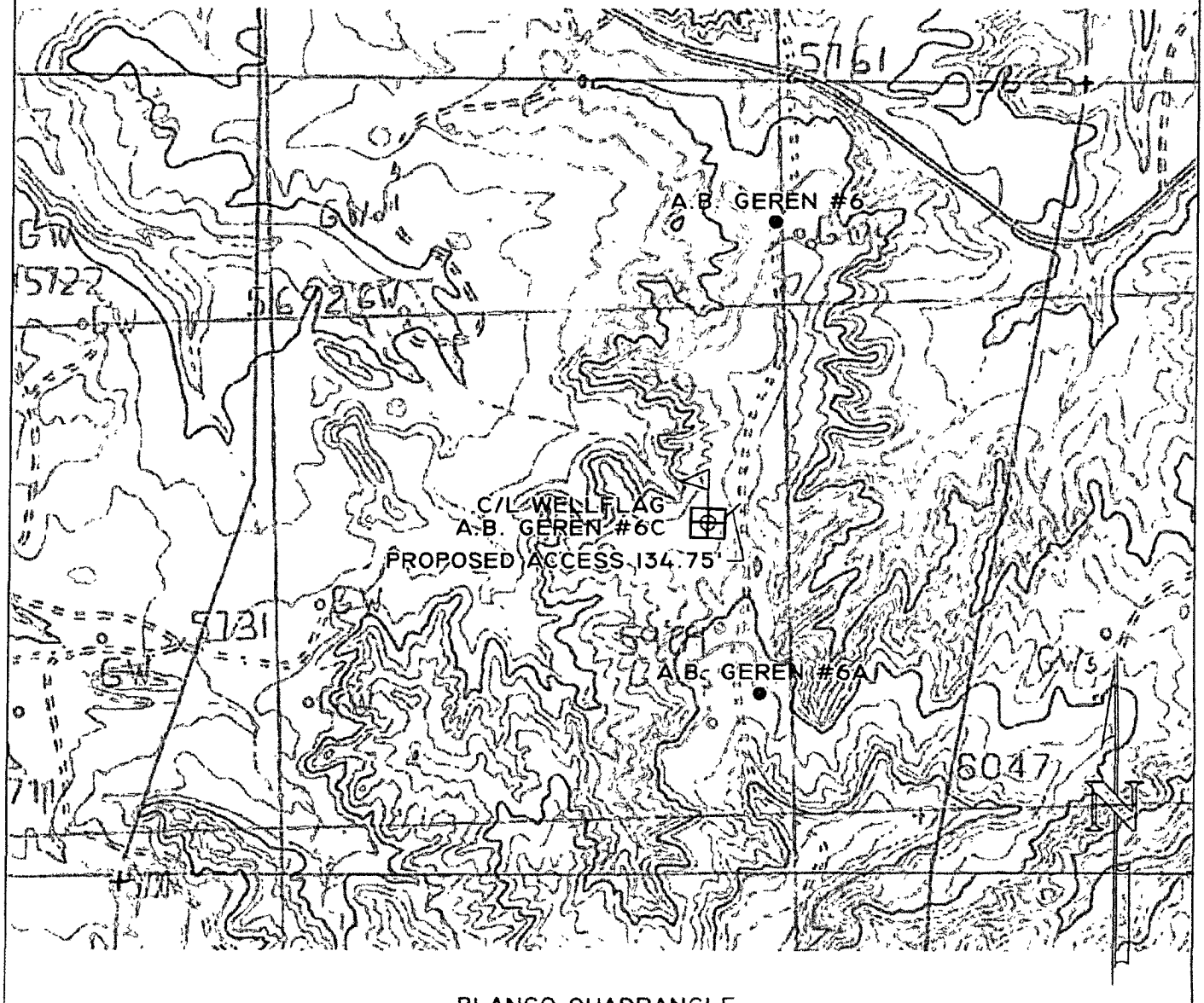
MARSHALL W. LINDEEN
NEW MEXICO
7-8-09
17078
LICENSED PROFESSIONAL SURVEYOR

17078
Certificate Number

KOCH EXPLORATION

A.B. GEREN #6C

SE/4 SEC. 29, T-29-N, R-9-W, N.M.P.M.,
SAN JUAN COUNTY, NEW MEXICO



BLANCO QUADRANGLE

= PROPOSED LOCATION
● = EXISTING LOCATION

0 500 1000
SCALE: 1"=1000'

LEASE: A.B. GEREN #6C

FOOTAGE: 2282' FSL, 1833' FEL

SEC. 29 TWN. 29 N RNG. 9 W N.M.P.M.

LATITUDE: 36.6957968°N LONGITUDE: 107.8005980°W

ELEVATION: 5843

KOCH EXPLORATION
AZTEC, NEW MEXICO

SURVEYED: 6/25/09	REV. DATE:	APP. BY M.W.L.
DRAWN BY: H.S.	DATE DRAWN: 6/30/09	FILE NAME: 9349T01

UNITED FIELD SERVICES INC.

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

A. B. Geren 6C
Surface: S29 T29N R09W, 2282' FSL & 1833' FEL
San Juan Co., New Mexico
Lease #SF-080245-B

Drilling Program

1) **Geological name of surface formation -**
Estimated tops of important geological markers:

San Jose	Surface
Ojo	1108'
Kirtland Shale	1213'
Fruitland Coal	1853'
Pictured Cliffs	2203'
TD	2303'

2) **Estimated depths at which oil, gas, water, and mineral bearing formation will be found:**

Useable Water	0' to 1213'
Salt Water	1213' to 1853'
Oil and Gas	1853' to 2303'

3) **Pressure Control Equipment:**
   a. 10-inch 900 series or 2,000 psi test double gate hydraulic with 4-1/2" pipe rams and cross spool with flanged outlets. See BOP diagram at **Exhibit F-1** for drawing of choke lines, kill lines and choke manifold. Procedures will include waiting on cement 12 hours, nipple up blowout preventer (BOP) assembly and test to 70% of yield of casing or 600 psi maximum. The production casinghead pressure rating will be 5,000 psi.
   b. Type of BOP rams: Blind rams and pipe rams are used as shown on the BOP diagram at **Exhibit F-1**. Occasionally, the position of the rams is reversed depending on the drilling contractor's methods.
   c. The choke manifold and header will have 2-inch choke outlets, a 2-inch straight through the line with 2-inch adjustable chokes installed. The inlet line will be a 2-inch line. All of the above are rated at 1,500 psi working pressure (WP). The choke manifold and header system will have manual control valves; no hydraulic valves will be installed. Casing testing procedure – Surface casing will be tested at 600 psi maximum for 30 minutes, after cementing in place and before drilling out of shoe. Production casing will be tested to 3,800 psi for 30 minutes, after drilling to the required depth, and after cementing in place.
   d. The BOPS are hydraulic controlled.
   e. BOP testing procedures and frequency:
      BOP tests will be performed using an appropriately sized test plug. The test will be performed and recorded using a test pump, calibrated test gauges, and a properly calibrated strip or chart recorder. The test will be recorded in the driller's log and will include a low pressure test of 250 psi held for five minutes and a high pressure test of 2,000 psi for ten minutes as described in Onshore Order No. 2.
   f. Casinghead connections will be 2-inch; these outlets will usually be bull plugged during drilling operations. No pumping through these connections is allowed except in emergency to keep from wearing out the head.

A. B. Geren 6C
Surface: S29 T29N R09W, 2282' FSL & 1833' FEL
San Juan Co., New Mexico
Lease #SF-080245-B

g. The drilling spool will be a series 900 2,000 psi WP with a 2-inch kill line and a 2-inch outlet.

4) Proposed Casing Program:

Surface Casing Program:	Hole Size				Depth
Surface Casing	12 ¼"	8 5/8"	24.0#	J-55 STC	New @ 160'
Production Casing	6 ¾"	4 ½"	10.5#	J-55 LTC	New @ 2303'

Proposed setting depth, amount and type of cement including additives:
8 5/8" Surface Casing – Surface to 160' – Cement with 112 sks Class B (15.60 ppg, yield 1.18 cf/sk) Cement + 3% Calcium Chloride + 1/4 lbs/sk. Celloflake, volume: 132.16 cf., includes 100% excess or equivalent cement dependent on availability. Centralizers will be run on bottom 3 joints starting at the shoe joint. ✓ Circulate to surface ✓

4 1/2" Production Liner – Surface to 2303' - Lead cement with 250 sks. Premium Lite FM + 3% Calcium Chloride + ¼ lb/sk Cello Flake + 5 lb/sk LCM-1 + 8% Bentonite (wt. 12.1 ppg, yield 2.12) volume: 530.0 cf., includes 50% excess. Tail with 53 sks. Type III cement + ¼ lb/sk Cello Flake + 3 lb sk LCM-1 (wt 14.6 ppg, yield 1.37) volume: 72.61 cf., includes no excess or equivalent cement dependent on availability. Centralizers will be run on the bottom 2 joints, then every 10th joint thereafter or +/- 400', and Centralizers, to impact a swirling action, will be placed just below and into the base of the Ojo Alamo. V_T = 603 Ft³ Circulate to surface ✓

5) Mud Program:
Mud will be used as designed by Mud Company engineer during drilling process. See attached mud program (**Exhibit E**).

6) Testing, Logging, and Coring Program:
No drill stem tests, cores, will be taken, a CBL log will be run if cement does not circulate to surface on ~~intermediate~~ production casing, and an Open hole log will be run before running casing.

7) Expected Pressures –
Fruitland Fm. 200 psi
Bottom Hole 200 psi ✓
No abnormal pressures, temperature or poisonous gas anticipated.

8) Drilling Tools: 2 – 5 3/4" Drill Collars with 3-1/2" IF Connections
3-1/2" Drill Pipe with 3-1/2" IF Connections
Or Contractor Specific

Anticipated Spud Date: November 1, 2009
Anticipated Completion Date: November 30, 2009

A. B. Geren 6C
Surface: S29 T29N R09W, 2282' FSL & 1833' FEL
San Juan Co., New Mexico
Lease #SF-080245-B

Mud Program:

Interval	Type	Weight	Vis.	Fluid Loss
0'- 160'	Spud Mud/Water treated with gel lime	8.4-9.0	40-50	no control
160'- 2303'	Lime mud/Water/Polymer.	8.4-9.0	30-60	no control

Circulating media will be contractor dependent.

Alternate Mud Program:

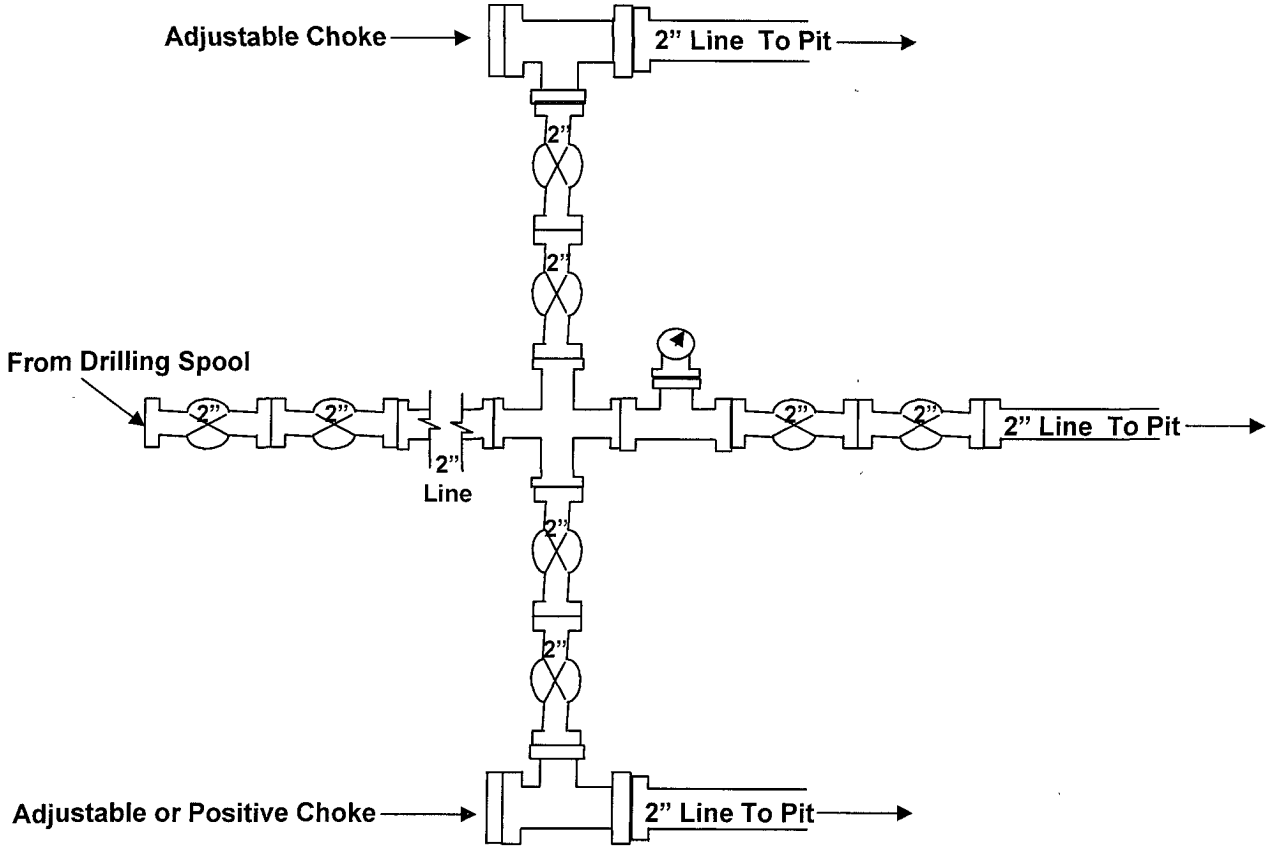
Interval	Type	Weight	Vis.	Fluid Loss
0'- 160'	Spud Mud/Water treated w/ gel lime/Air/Air Mist	8.4-9.0	40-50	no control
160'- 2303'	LSND/Clear Water	8.4-9.0	30-60	no control

Circulating media will be contractor dependent.

Pit levels will be visually monitored to detect gain or loss of fluid control.

EXHIBIT E

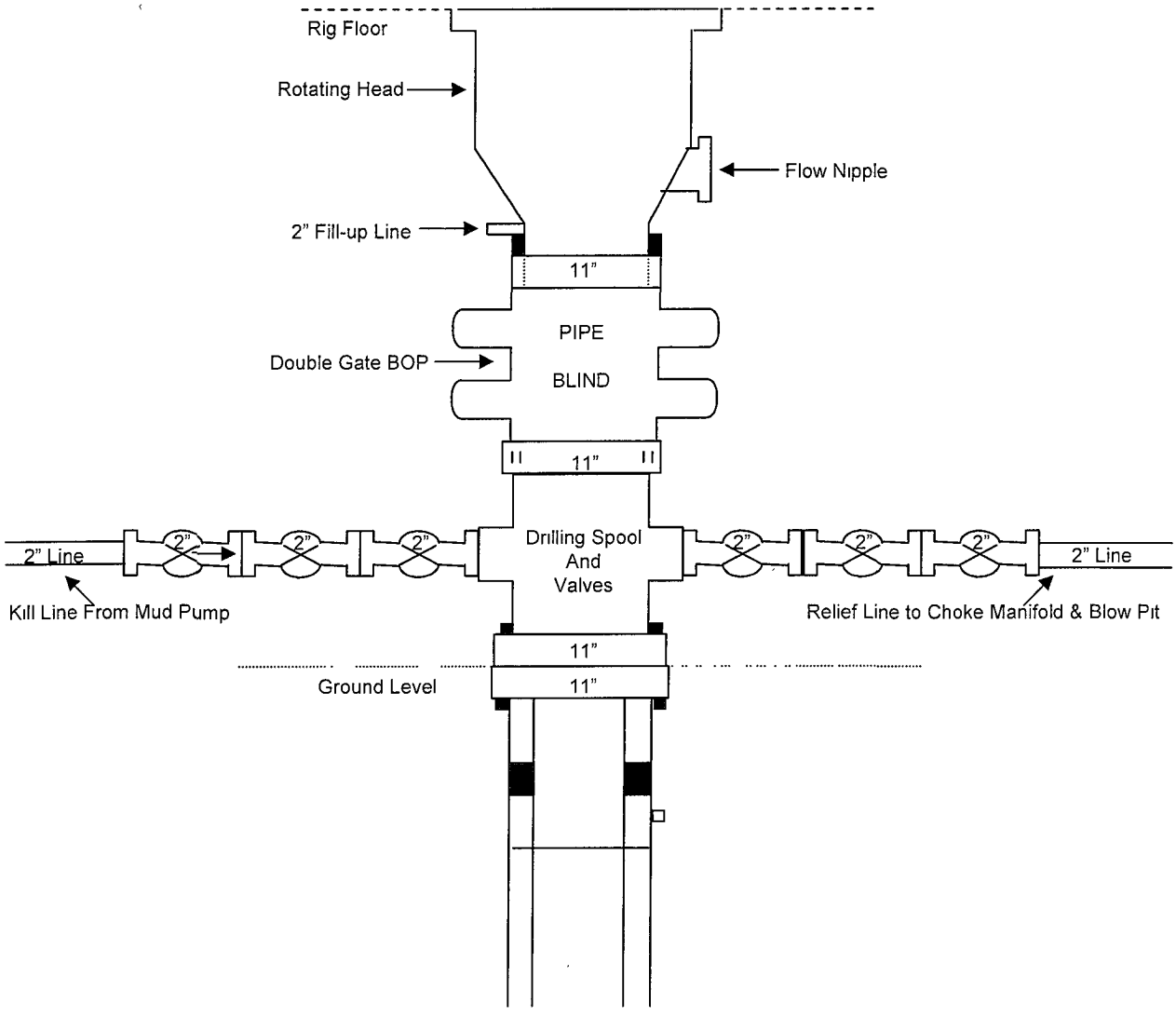
Drilling Rig
Choke Manifold Configuration
2000 psi System



2000 psi working pressure equipment with two chokes.

EXHIBIT F-2

DRILLING RIG
2000 psi System



11" Bore (10" Nominal). 2000 psi working pressure minimum double Gate BOP to be equipped with blind and pipe rams. A rotating head On the top of the rams. All BOP equipment is 2000 psi working pressure.

NOTE: A floor safety valve and upper kelly cock with handle will be available.

EXHIBIT F-1