

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK
DRILL ☐ DEEPEN ☐ RECOMPLETE ☐

b. TYPE OF WELL
OIL WELL ☐ GAS WELL ☒ OTHER ☐
SINGLE ZONE ☒ MULTIPLE ZONE ☐

2. NAME OF OPERATOR
KERNS OIL & GAS, INC.

3. ADDRESS AND TELEPHONE NO.
8700 Crownhill Suite 705 San Antonio, TX 78209

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
At surface
790' FSL and 1850' FEL of Section 34

At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
20 Miles NNW of Cuba, NM

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT.
(Also to nearest drilg. unit line, if any) 790'

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 800'

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
7376 DF 7579 GL

23. PROPOSED CASING AND CEMENTING PROGRAM

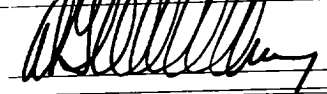
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT

" SEE ATTACHED PROCEDURE"

RECEIVED
DEC 09 1991
OIL CON. DIV.
DIST. 3

RECEIVED
ELM
DEC 22 1991
OIL CON. DIV. N.M.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on surface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED  TITLE Consultant
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

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:

APPROVED BY _____ TITLE _____ DATE _____

Hold C-104 for NSE *See Instructions On Reverse Side
Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false statement or to omit any matter within its jurisdiction.

1943-1944
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OFFICE OF THE
DIRECTOR

**RECOMMENDED REWORK PROCEDURE
COALBED METHANE TESTING
THREE WELL PROGRAM
SOUTH BLANCO FIELD
RIO ARriba AND SANDOVAL COUNTIES, NEW MEXICO**

I. WELL INFORMATION:

INDIVIDUAL WELL INFORMATION WILL BE ENTERED WHEN THE
WELLS FOR TESTING ARE SELECTED.

II. RECOMMENDED PROCEDURE:

1. MI & RU Well Service Unit. Check tubing and casing pressure. Blow down both sides if there is pressure on both. Load back side with FSW, (if well has no packer continue pumping FSW until well is dead.
2. ND Tree, NU BOP's, RU to pull tubing, POOH with tubing and downhole equipment. SLM tubing out of the hole. MU & GIH with bit and casing scraper on tubing to top of perforations. POOH LD bit and scraper.
3. MI & RU wireline, MU & GIH with GR-JB to top of perforations. POOH with same. MU & GIH with CIBP (or retrievable bridge plug which ever is determined to be the best procedure for each individual well) locate and set CIPB. POOH with wireline. RD Wireline (If a Rt. B.P. is utilized pour sand down the casing to cover the retrieving prong.) Test Csg to 500 psi. If OK go to step number 4.
4. MU & GIH with CCI+ GR+ CNL and run cased hole correlation log. POOH with same. If original or a correlation log is available skip this step. MU & GIH with casing gun and perforate 6 JSPF with large diameter (sand control) shots over the Fruitland Coal interval POOH with perf. gun. RD and Release wireline truck.
5. MU & GIH with tubing and packer set approximately 50' above the top perforation. Test backside to 500 psi, If OK ND BOPE & NU Tree.
6. MI & RU swabbing unit, swab well down to see if well will flow gas natural. Flow and clean up well or RU & displace the tubing with 500 gal 7 1/2% HCl in an alcohol base, displace acid through the perforations, with 2% KCl water, attempt to flow well back or swab back the acid water. Get pressured gas and liquid samples from the wellbore for analytical testing. Conduct injection/falloff test with pump truck utilizing 2% KCl water. RD & Release pump truck.

7. MI & RU Slickline unit and run constant flow rate BHP then Shut well in for 24 - 36 Hour buildup. When wellhead pressure is static POOH with BHP bombs and check for stable BHP. If well is still building, run bomb back in hole and continue test for additional 24 hours. POOH with the bomb, RD & Release slickline unit. Get pressure data ASAP for analysis.
8. MI & RU service unit, kill well with FSW, ND tree and NU BOPE, RU to pull tubing, release packer, reverse well around and POOH with tubing and packer. MU & GIH with Hydrostatic bailer on tubing and activate bailer above the perforations to get samples of coal for analysis. POOH with the Bailer.
9. Temporarily Abandon the wellbore until all of the data that has been gathered is analyzed and the COMET II Reservoir Analysis for Coalbed Methane has been completed and a final determination as to the potential for commercial production has been ascertained in the final report.

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

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OLM

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT
All Distances must be from the outer boundaries of the section

51 DEC -2 AM 10:36

CO. 1, T. 10N, R. 10E, N.M.

Operator Kerns Oil & Gas, Inc.			Lease Gonzalez Federal		Well No. #1
Unit Letter 0	Section 34	Township 24 North	Range 2 West	County Rio Arriba	
Actual Footage Location of Well: 790 feet from the South line and 1850 feet from the East line					
Ground level Elev. 7579	Producing Formation Fruitland Coal		Pool S. Blanco	Dedicated Acreage: 320 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.

2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

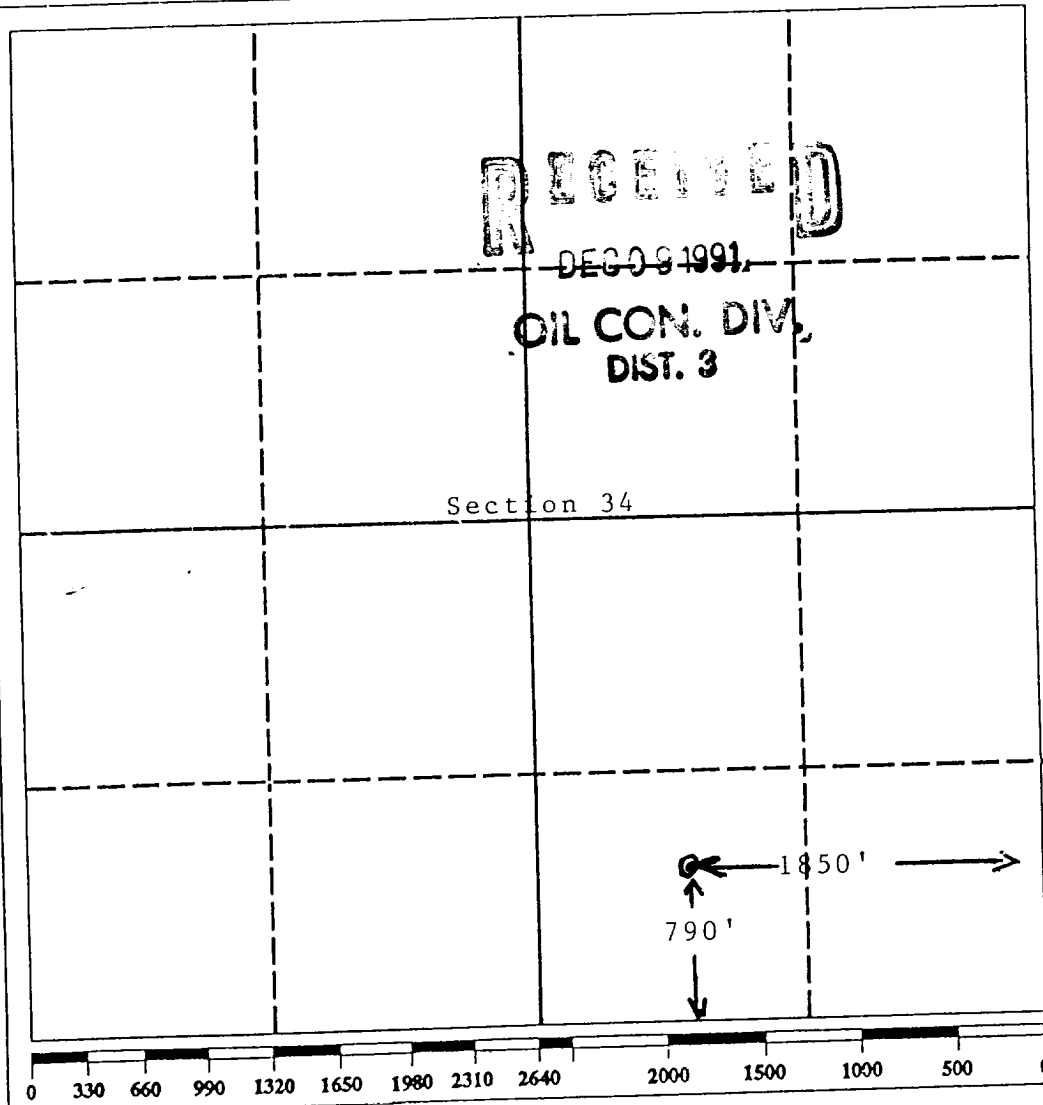
3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?

☐ Yes ☐ No

If answer is "yes" type of consolidation

If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

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

Signature

Printed Name

D. G. Wedding

Position

Consultant

Company

Kerns Oil & Gas

Date

11/24/91

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 knowledge and belief.

Date Surveyed

Signature & Seal of
Professional Surveyor

Copy of Original
attached.

Certificate No.

NEW MEXICO OIL CONSERVATION COMMISSION Well Location and Acreage Dedication Plat

Section A.

Date April 30, 1963

Operator SHAR-ALAN OIL COMPANY Lease GONZALEZ - FEDERAL - NM 070362
 Well No. 1 Unit Letter O Section 34 Township 24 NORTH Range 2 WEST NMPM
 Located 790 Feet From the SOUTH Line, 1850 Feet From the EAST Line
 County RIO ARriba G. L. Elevation 7369' Dedicated Acreage 160 Acres
 Name of Producing Formation Pictured Cliffs Pool La Blanca Pictured Cliffs

1. Is the Operator the only owner in the dedicated acreage outlined on the plat below?
 Yes ☒ No ☐
2. If the answer to question one is "no", have the interests of all the owners been consolidated by communization agreement or otherwise? Yes ☐ No ☐ If answer is "yes", Type of Consolidation, _____
3. If the answer to question two is "no", list all the owners and their respective interests below:

Owner

Land Description

Section B.

Note: All distances must be from outer boundaries of section.

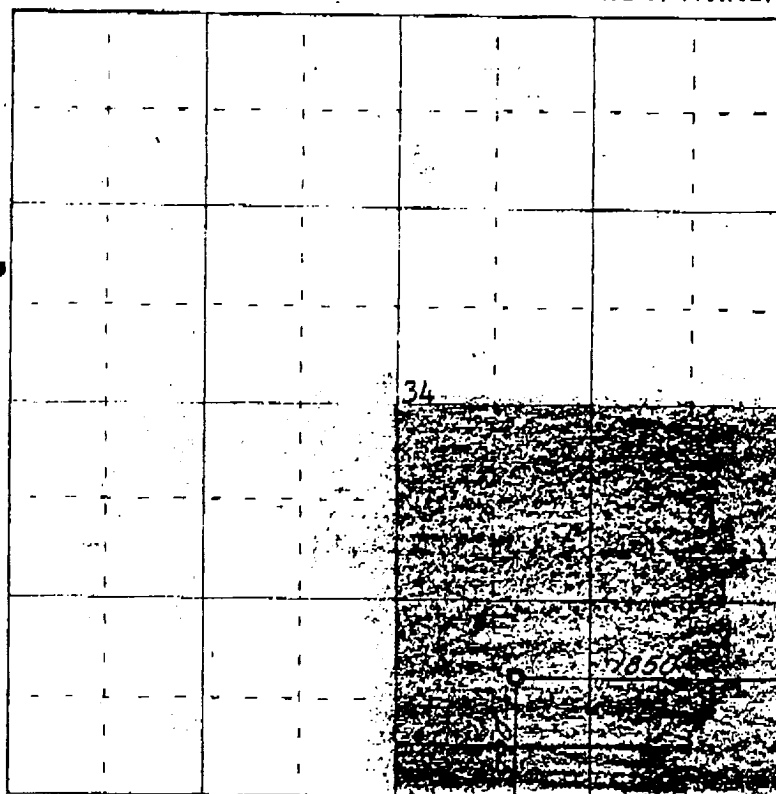
This is to certify that the information in Section A above is true and complete to the best of my knowledge and belief.

Shar-Alan Oil Company ORIGINAL SIGNED BY:
 (Operator) RICHARD S. HUNT

Richard S. Hunt, Mgr. of Lands & Explorations
 (Representative)

1401 Denver U. S. Nat'l Center
 (Address)

Denver, Colorado



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