

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

1a. Type of Work: ☒ DRILL ☐ REENTER

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

2. Name of Operator

Coleman Oil and Gas Company

3a. Address

c/o Walsh Engineering, 7415 E. Main, Farmington, NM 87402

3b. Phone No. (include area code)

505-327-4892

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

At surface 1980' FNL and 660' FEL

At proposed prod. Zone

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

15 miles south of Farmington, NM

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

660'

16. No. of Acres in lease

160

17. Spacing Unit dedicated to this well

160 acres NE/4

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

1975'

19. Proposed Depth

1350'

20. BLM/BIA Bond No. on file

013002853

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

6125' GL

22. Approximate date work will start\*

August 2001

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.
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 office.

25. Signature

Paul C. Thompson

Name (Printed/Typed)

Paul C. Thompson, P.E.

Date

6/5/01

Title

Agent

Approved by (Signature)

Name (Printed/Typed)

Date

9/10/01

Title

Office

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 document is subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4.

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED EXCEPT WHERE SHOWN OTHERWISE WITH ATTACHED "LEGAL REQUIREMENTS"

District I  
PO Box 1980, Hobbs, NM 88241-1980

District II  
PO Drawer DD, Artesia, NM 88211-0719

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

District IV  
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
PO Box 2088  
Santa Fe, NM 87504-2088

Form C-102  
Revised February 21, 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

*API Number <b>30-045-30692</b>	*Pool Code <b>87190</b>	*Pool Name <b>WAW FRUITLAND SAND PICTURED CLIFFS</b>
*Property Code <b>28997</b>	*Property Name <b>JOHN</b>	*Well Number <b>1</b>
*GRID No. <b>004838</b>	*Operator Name <b>COLEMAN OIL &amp; GAS, INC.</b>	*Elevation <b>6125'</b>

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	25	26N	12W		1980	NORTH	660	EAST	SAN JUAN

<sup>11</sup> Bottom Hole Location If Different From Surface

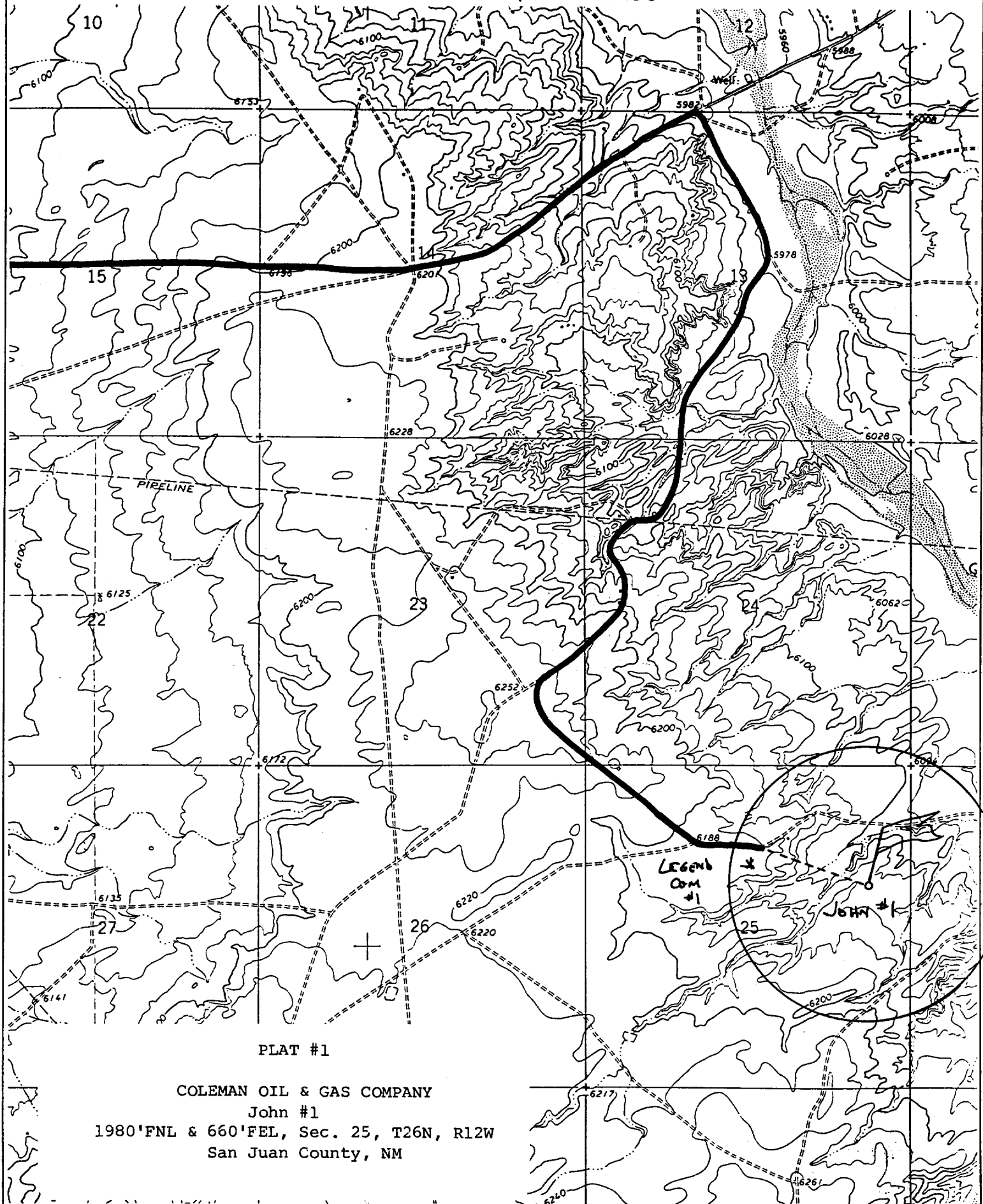
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

<sup>12</sup> Dedicated Acres <b>160 Acres (NE/4)</b>	<sup>13</sup> Joint or Infill <b>y</b>	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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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><p><sup>15</sup></p><p>5282.64'</p><p>660'</p><p>1980'</p><p>NO-G-0006-1391</p><p>25</p><p>5280.00'</p></div>	<div><p><sup>17</sup> OPERATOR CERTIFICATION</p><p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p><p><i>Paul C. Thompson</i></p><p>Signature</p><p>Paul C. Thompson</p><p>Printed Name</p><p>Agent</p><p>Title</p><p>6/5/01</p><p>Date</p></div> <div><p><sup>18</sup> SURVEYOR CERTIFICATION</p><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>MAY 18, 2001</p><p>Date of Survey</p><p>Signature and Seal of Professional Surveyor</p><p><i>Neale C. Edwards</i></p><p>NEALE C. EDWARDS</p><p>NEW MEXICO</p><p>6857</p><p>Certificate</p><p>6857</p></div>
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1980' FNL & 660' FEL, SECTION 25, T26N, R12W, N.M.P.M.  
SAN JUAN COUNTY, NEW MEXICO



COLEMAN OIL & GAS COMPANY  
John #1  
1980'FNL & 660'FEL, Sec. 25, T26N, R12W  
San Juan County, NM

**COLEMAN OIL AND GAS  
OPERATIONS PLAN  
John #1**

I. Location: 1980' FNL & 660' FEL  
Sec 25 T26N R12W  
San Juan County, NM

Date: June 4, 2001

Field: Gallegos Fruitland Sand/ PC  
Surface: Navajo Allotted  
Minerals: NO-G-0006-1391

Elev: GL 6125'

II. Geology: Surface formation \_ Nacimiento

<u>A. Formation Tops</u>	<u>Depths</u>
Ojo Alamo	160'
Kirtland	275'
Fruitland	1035'
Fruitland Coal	1205'
Pictured Cliffs	1225'
Total Depth	1350'

Estimated depths of anticipated water, oil, gas, and other mineral bearing formations which are expected to be encountered:

Water and gas - 1035'; gas - 1225'.

B. Logging Program: Induction/GR and density logs at TD.

C. No over pressured zones are expected in this well. No H<sub>2</sub>S zones will be penetrated in this well. Max. BHP = 500 psig.

III. Drilling

A. Contractor:

B. Mud Program:

The surface hole will be drilled with a fresh water mud.

The production hole will be drilled with a fresh water polymer mud. The weighting material will be drill solids or if conditions dictate, barite. The maximum mud weight expected is 8.5 ppg.

C. Minimum Blowout Control Specifications:

Double ram type or annular type 2000 psi working pressure BOP with a rotating head. See the attached exhibits (#1 through #3) for details on the BOP equipment. All ram type preventers and related equipment will be hydraulically tested at nipple-up and after any use under pressure to 1000 psi.

C. Cont.

The blind rams will be hydraulically activated and checked for operational readiness each time pipe is pulled out of the hole. All checks of the BOP stack and equipment will be noted on the daily drilling report. The BOP equipment will include a kelly cock, floor safety valve, and choke manifold all rated to 2000 psi.

#### IV. Materials

##### A. Casing Program:

Hole Size	Depth	Casing Size	Wt. & Grade
8-3/4"	120'	7"	20# J-55
6-1/4"	1350'	4-1/2"	10.5# J-55

##### B. Float Equipment:

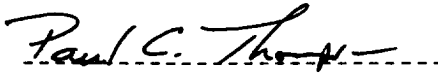
a) Surface Casing: None

b) Production Casing: 4-1/2" cement guide shoe and self fill insert float collar. Place float one joint above shoe. Five centralizers spaced every other joint above shoe and five turbolizers every other joint from the top of the well.

#### V. Cementing:

Surface casing: 7" - Use 30 sx (36 cu. ft.) of Cl "B" with 2% CaCl<sub>2</sub> and ¼ #/sk. celloflake. Yield = 1.18 cu. ft./sk; slurry weight = 15.6 PPG). 100% excess to circulate cement to surface. WOC 12 hours. Pressure test surface casing to 600 psi for 30 min.

Production Casing: 4-1/2" - Before cementing circulate hole with at least 1-1/2 hole volumes of mud. Precede cement with 30 bbls of fresh water. Lead with 110 sx (227 cu.ft) of Cl "B" with 2% metasilicate and ¼ #/sk. celloflake. (Yield = 2.06 cu.ft./sk; slurry weight = 12.5 PPG). Tail with 50 sx (59 cu.ft.) of Cl "B" with 2% CaCl<sub>2</sub> and ¼ #/sk. celloflake (Yield = 1.18 cu. ft./sk; slurry weight = 15.6 PPG). Total cement volume is 286 cu.ft. (100% excess to circulate cement to surface).

  
Paul C. Thompson, P.E.



# United States Department of the Interior

## FARMINGTON INDIAN MINERALS OFFICE

1235 La Plata Highway Suite B  
Farmington, New Mexico 87401-1805

IN REPLY REFER TO:  
FIMO

NOV 14 2000

Mr. Chris Coleman  
Coleman Oil & Gas, Inc.  
Drawer 3337  
Farmington, NM 87499

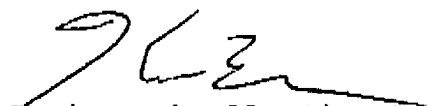
Mr. Coleman:

Enclosed is an approved original copy of Oil and Gas Lease No. NO-G-0006-1391, between your Company and the heirs of Allotment No. 011516. The lease was approved November 6, 2000.

Prior to entry upon leased land or the disturbance of surface, you are required to submit a development plan for surface use and a site specific Environmental Assessment for the well.

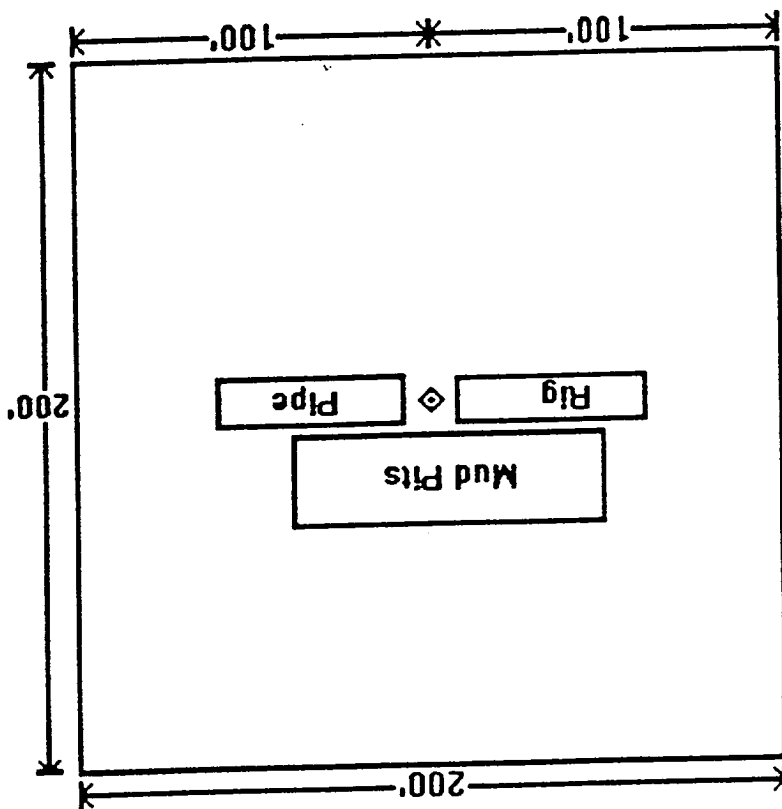
If you have any questions, you may contact Christina Ashley, at (505) 599-8965.

Sincerely,

  
Kevin Gambrell, Director

Enclosures

TYPICAL LOCATION FOR A  
PICTURED CLIFFS WELL



DUGAN PRODUCTION CORP.  
TURK'S TOAST #9  
EXHIBIT C



# United States Department of the Interior

OFFICE OF THE SECRETARY  
Washington, D.C. 20240

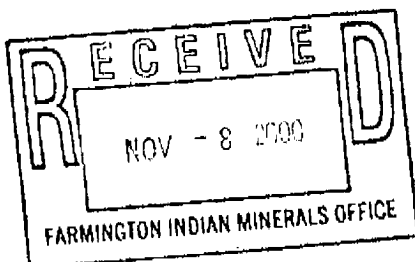
## APPROVAL ORDER

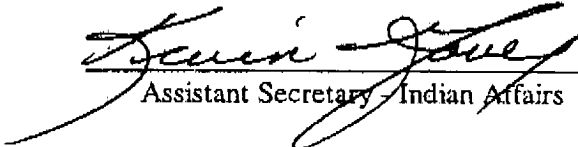
Whereas, it has been determined that Oil and Gas Lease - Navajo Allotted Lands Contract No. 1391 dated February 18, 1998 covering the land described as NE/4 Sec. 25, T. 26 N., R. 12 W., San Juan County, New Mexico containing 160 acres more or less

equals or exceeds the appraised mineral lease value established by the Bureau of Land Management in its appraisal report dated July 21, 1997; that the administrative record reflects the lease was negotiated in good faith between the Farmington Indian Mineral Office (FIMO), the Indian mineral owner(s) and Lessee; that the Indian mineral owner has agreed to the royalty rate; that the lease satisfies the requirements of National Environmental Policy Act (NEPA) and other applicable statutes and regulations; and is in the best interest of the Indian mineral owner(s) pursuant to the economic analysis prepared by FIMO and reviewed and accepted by the Division of Energy and Minerals, Bureau of Indian Affairs, Denver, Colorado on July 17, 1998.

Pursuant to the Secretary of the Interior's re-delegation Order No. 209 DM 8, Release No. 2364, dated November 17, 1981, and the authority set forth at Title 25, Code of Federal Regulations, Part 212.41 (b), I have determined that the above described lease negotiated by FIMO as a result of the oil and gas lease sale conducted by that office on July 16, 1997, meets the standard set forth in the federal regulations and is thus approved, and effective on NOV 8 2000.

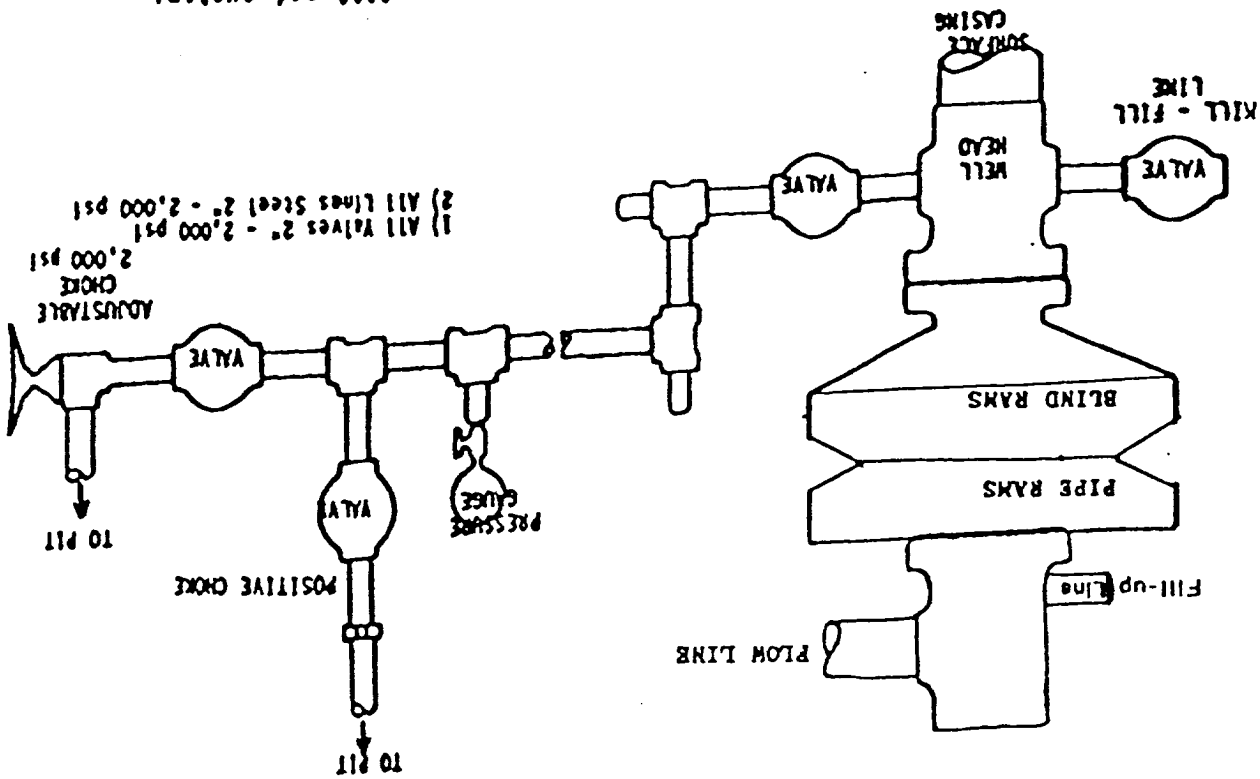
This Approval Order executed by me on APR 20 1999, shall be affixed to the lease document and made a part thereof, which document consists of 71 pages.



  
Assistant Secretary - Indian Affairs



# B.O.P. WITH CHOKE MANIFOLD

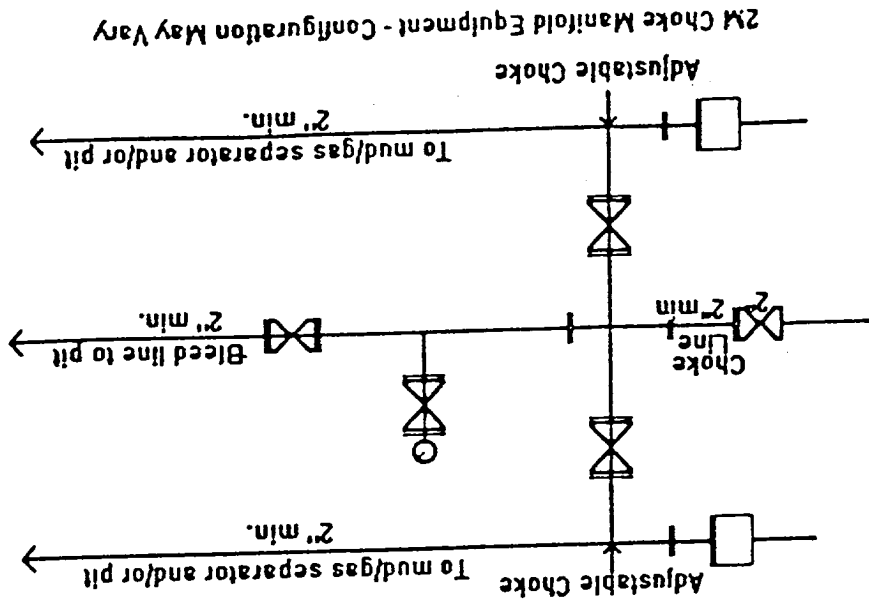


BOP and Related Equipment will include for a 2000 psi system:

2000 PSI DOUBLE RAM BLOWOUT PREVENTER

- 1 Kill line (2" minimum)
- 1 Kill line valve (2" minimum)
- 2 chokes
- 2 chokes
- Upper Kelly cock valve with handle available
- Safety valve and subs to fit all drill string connections in use
- Pressure gauge on choke manifold
- 2" minimum choke line
- Fill-up line above the uppermost preventer

BOP equipment will be tested as required in Section III A.1 of Onshore Order 2, plus a 30% safety factor.



2M Choke Manifold Equipment - Configuration May Vary

DUGAN PRODUCTION CORP.  
TURK'S TOAST #9  
EXHIBIT D

July 1997  
FIMO

Contract No. \_\_\_\_\_  
Allotment No. 011516

## OIL AND GAS LEASE - NAVAJO ALLOTTED LAND

THIS LEASE is made pursuant to the Act of March 3, 1909, as amended, (25 U. S. C. 396), and entered into this 18th day of February, 1998, by and between heirs of Nin Pah (hereinafter referred to as "lessor"), and Coleman Oil & Gas, Inc. a New Mexico corporation (hereinafter referred to as "lessee"), on terms and conditions hereinafter contained.

### 1. PURPOSES

The purposes of this lease are to provide for the exploration, development, production and sale of oil, gas, helium, nitrogen, and other hydrocarbons, and to authorize lessee to conduct all activities which are incidental to and/or necessary for the exploration, development, production and sale of said resources during the duration of this lease.

### 2. CONVEYANCE

The lessor conveys to the lessee the rights to diligently, explore for, develop, manage, service and sell the oil, gas, helium, nitrogen, coal bed methane and other hydrocarbons (the "products"), excluding coal, subject to the terms and conditions in this lease. The lessee is hereby authorized to take all steps necessary and prudent under the circumstances to explore, develop, produce and sell the products situated in the County of San Juan State of New Mexico, and more particularly described as follows:

Township 26 North, Range 12 West, NMPM  
Section 25: NE/4

containing 160.0 acres, more or less.

### 3. DURATION OF THE LEASE

The primary duration of this lease will be for a period of five years from and after the approval by the Secretary of the Interior of the United States, (the "Secretary"), and will continue beyond the primary duration as long as the products are produced in paying quantities from the lease or from the lands which are communitized or unitized with the lease.

### 4. UNIT/AGREEMENT OPERATION

The parties agree to abide by any agreement for the cooperative or unit development of the field or area, affecting the leased lands, when collectively adopted by a majority working interest and approved by the Secretary.

### 5. MINIMUM ROYALTY

The lessee agrees to pay the lessor at the expiration of each year after the date of first production a minimum annual royalty of three dollars (\$3.00) per acre or fraction thereof. If annual royalty exceeds the minimum annual royalty of three dollars (\$3.00) per acre or fraction thereof, this paragraph shall be inapplicable.

### 6. VALUATION

During the period of supervision, "value" for the purpose hereof may, in the discretion of the Secretary, be calculated on the basis of the highest price paid or offered at the time of production for the major portion of products of like qualities produced and sold from the field or area where the leased lands are situated, and the actual volume of the marketable

[\* indicates buried line]

- ④ Water wells
- ⊕ Abandoned wells
- ☆ Temporarily abandoned wells
- ⚡ Disposal wells
- ⚡ Drilling wells
- ⊗ Producing wells
- Shut-in wells
- ⚡ Injection wells

Location of Existing Wells

Exhibit F

Location of Facilities

Exhibit F  
Existing Propose

