

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK
 DRILL DEEPEN PLUG BACK

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

2. NAME OF OPERATOR
 McKenzie Methane Corporation

3. ADDRESS OF OPERATOR
 1625 Broadway, Suite 2580

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
 At surface 1400' FSL, 1800' FWL
 At proposed prod. zone same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 ±6 miles south, south-east of Bloomfield, New Mexico

15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 1440

16. NO. OF ACRES IN LEASE ±1240 1480

17. NO. OF ACRES ASSIGNED TO THIS WELL 320 W 1/2

18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. ±400'

19. PROPOSED DEPTH 2175'

20. ROTARY OR CABLE TOOLS rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.) 6261'

22. APPROX. DATE WORK WILL START* April 30, 1990

5. LEASE DESIGNATION AND SERIAL NO.
 SF077329

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
 Angel Peak 10K

9. WELL NO.
 3

10. FIELD AND POOL, OR WILDCAT
 Basin Fruitland Coal

11. SEC., T., R., M., OR BLM. AND SURVEY OR AREA
 NE 1/4 SW 1/4
 K Sec. 10-T27N-R10W

12. COUNTY OR PARISH
 San Juan

13. STATE
 New Mexico

This action is subject to technical and procedural review pursuant to 43 CFR 3160.3 and appeal pursuant to 43 CFR 3160.4. PROPOSED CASING AND CEMENTING PROGRAM SUBJECT TO COMPLIANCE WITH ATTACHED GENERAL SPECIFICATIONS.

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	GENERAL SPECIFICATIONS
12-1/2"	8-5/8"	24#	250'	175sx C1 'B' w/ 2% CaCl
7-7/8"	4-1/2"	11.6#	2175'	300sx 65/35 POZ + 1#/sx floccle + 6% gel & 125sx 50/50 POZ + 2% CaCl

RECEIVED
 MAY 01 1990
 OIL CON. DIV.
 DIST. 3

RECEIVED
 MAIL ROOM
 APR 27 11:21 AM '90

"Approval of this action does not constitute an approval of the holding company's rights or status in the field."

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

24. SIGNED Heather Roark TITLE Technician DATE March 27, 1990

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE APR 26 1990

CONDITIONS OF APPROVAL, IF ANY:

OK
 [Signature]

NMOCD

APPROVED AS AMENDED
 [Signature]
 AREA MANAGER

*See Instructions On Reverse Side

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

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

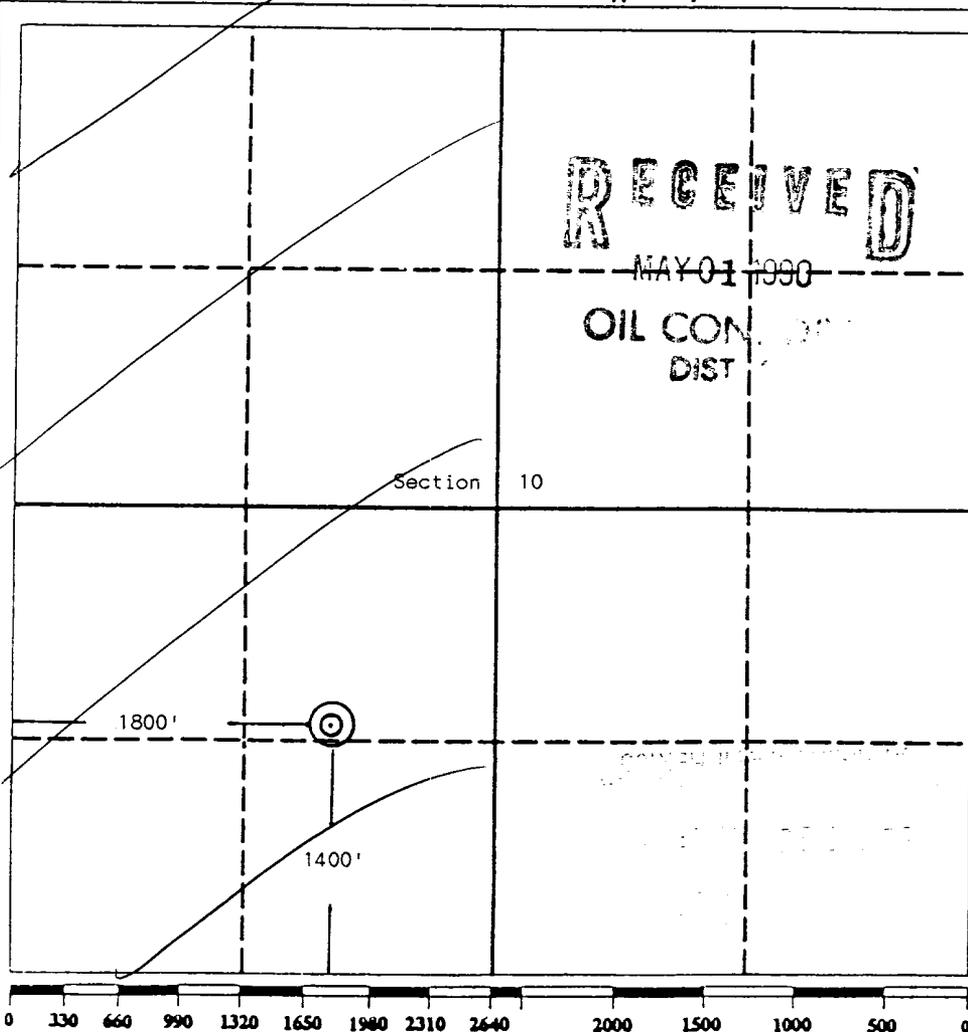
All Distances must be from the outer boundaries of the section

Operator McKenzie Methane Corporation			Lease Angel Peak 10 K		Well No. 3
Unit Letter K	Section 10	Township 27 North	Range 10 West	County San Juan	

Actual Footage Location of Well:
 1400 feet from the South line and 1800 feet from the West line

Ground level Elev. 6261	Producing Formation <i>fat</i>	Pool <i>Basin</i>	Dedicated Acreage: Acres
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- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- 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.



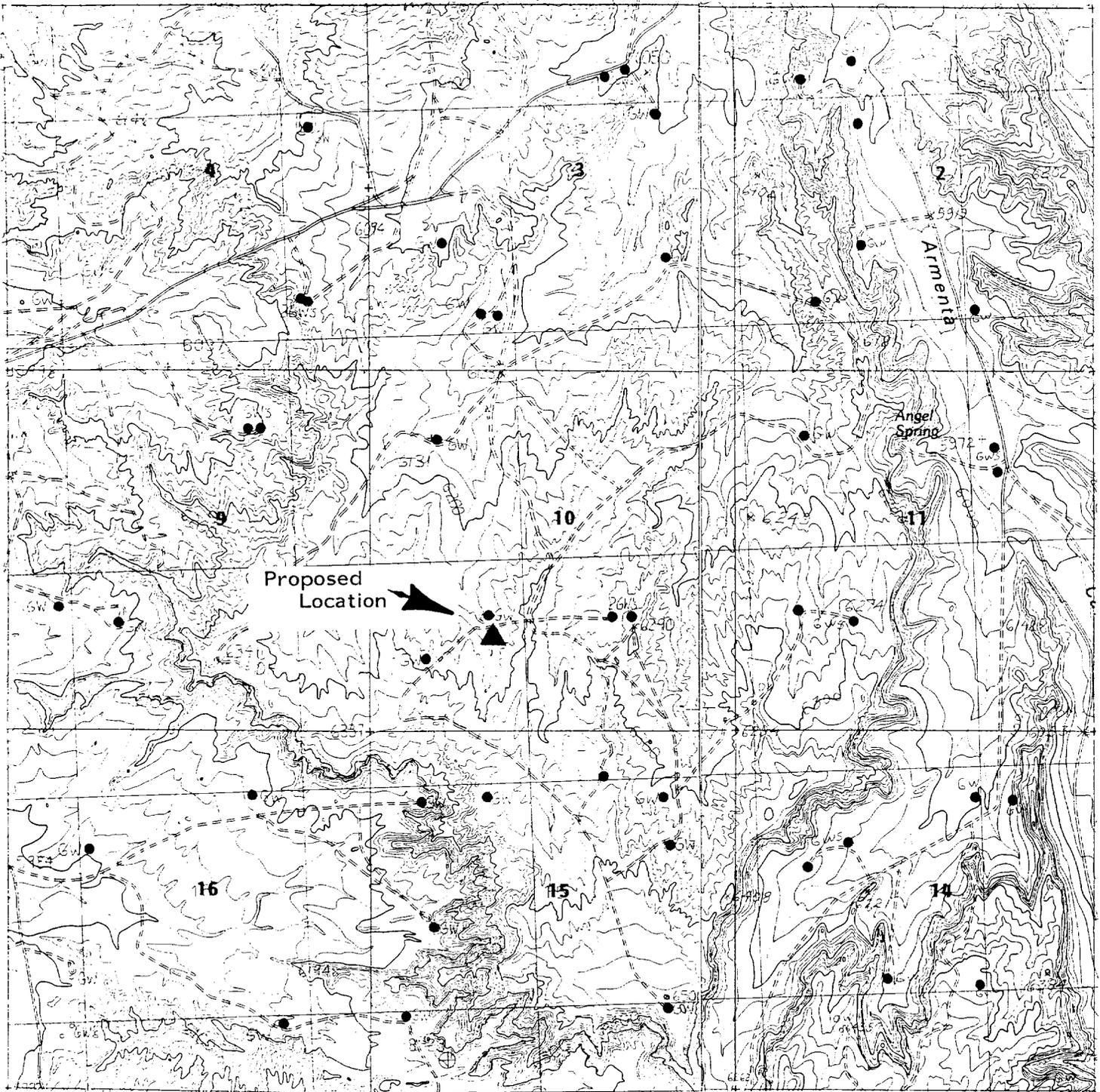
RECEIVED
 MAY 01 1990
 OIL CON. DIV.
 DIST. III

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

Signature: *R. J. Sagle*
 Printed Name: *R. J. Sagle*
 Position: *Production Engineer*
 Company: *McKenzie Methane Corp.*
 Date: *4/19/90*

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: *April 16, 1990*
 Signature & Seal of Professional Surveyor: *Edgar E. Risenhoover*
 Certificate No. *5979*
 Edgar E. Risenhoover



McKenzie Methane Corporation

HOUSTON • BIRMINGHAM • DENVER • FARMINGTON

ANGEL PEAK 10K #3
SW $\frac{1}{4}$ Section 10
Township 27 North, Range 10 West
San Juan County, New Mexico