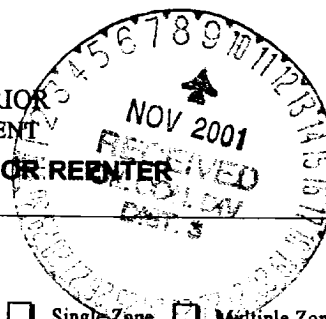


UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000



1a. Type of Work: ☒ DRILL ☐ REENTER

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

2. Name of Operator
D.J. Simmons, Inc. 5578

3a. Address 3b. Phone No. (include area code)
1009 Ridgeway Place, Suite 200, Farmington N.M. 87401 (505) 326-3753

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

At surface 860' FNL x 1060 FWL

At proposed prod. zone same

14. Distance in miles and direction from nearest town or post office*
1.5 miles southeast of Blanco, NM

15. Distance from proposed*
location to nearest
property or lease line, ft.
(Also to nearest drig. unit line, if any) 860'

18. Distance from proposed location*
to nearest well, drilling, completed,
applied for, on this lease, ft. 1109'

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

5662' GL

16. No. of Acres in lease

298.15

19. Proposed Depth

5000'

22. Approximate date work will start*

07/01/01

24. Attachments drilling plan, surface use plan

17. Spacing Unit dedicated to this well

320 W/P 2001 APR 18 AM

20. BLJIA/BIA Bond No. on file

NM 1577

23. Estimated duration

60 days

9:5

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

Robert R. Griffie

Name (Printed/Typed)

Robert R. Griffie

Date

04/15/01

Title

Operations Engineer

Approved by (Signature)

/s/ Jim Lovato

Name (Printed/Typed)

Date

NOV - 5

Title

Office

Application approval does not warrant or certify the 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 action is subject to the procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4.

OPINION OF THE BUREAU OF LAND MANAGEMENT
ON THE APPLICATION FOR PERMIT TO DRILL OR REENTER
RECEIVED

DISTRICT I
P.O. Box 1980, Hobbs, N.M. 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, N.M. 88211-0719

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

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

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, NM 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-30645		² Pool Code	³ Pool Name
⁴ Property Code 10166	⁵ Property Name LV HAMNER A		⁶ Well Number 1C
⁷ OGRID No. 5578	⁸ Operator Name D.J. SIMMONS INC.		⁹ Elevation 5662

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
	21	29N	9W	D	860	NORTH	1060	WEST	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 3.20	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
---------------------------------------	-------------------------------	----------------------------------	-------------------------

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>16</p><p>SECTION 21</p></div>	<div><p>¹⁷ 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> Signature Robert R. Griffiee Printed Name Operations Engineer Title 4/12/00 Date</p></div> <div><p>¹⁸ 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>DECEMBER 1 1999 Date of Survey Signature and Seal of Professional Surveyor D. WAYNE NEW MEXICO 9673 REGISTERED PROFESSIONAL LAND SURVEYOR N.M. PLS #9673 Certificate Number</p></div>
---------------------------------------	---

District I
1625 N. French Dr., Hobbs, NM 88240

District II
811 South First, Artesia, NM 88210

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

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised March 17, 1999

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30045-30645		² Pool Code 72319	³ Pool Name Blanco Mesa Verde
⁴ Property Code 010166	⁵ Property Name L.V. Hamner A		⁶ Well Number 001C
⁷ OGRID No. 005578	⁸ Operator Name D.J. Simmons Inc.		⁹ Elevation 5662' GL

¹⁰ Surface Location

UL or lot no. D	Section 21	Township T29N	Range R9W	Lot 14n	Feet from the 860	North/South line FNL	Feet from the 1060	East/West line FWL	County San Juan
--------------------	---------------	------------------	--------------	---------	----------------------	-------------------------	-----------------------	-----------------------	--------------------

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot 14n	Feet from the	North/South line	Feet from the	East/West line	County
---------------	---------	----------	-------	---------	---------------	------------------	---------------	----------------	--------

¹² Dedicated Acres 3.20 3.20	¹³ Joint or Infill Infill	¹⁴ Consolidation Code	¹⁵ Order No.
---	---	----------------------------------	-------------------------

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 L.V. Hamner A1C ○	L.V. Hamner A1A ○			¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. 59 Robert R. Griffie Signature Printed Name: Robert R. Griffie Title: Operations Engineer Date: 02/27/00
				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 Signature and Seal of Professional Surveyor:
				Certificate Number

APD MAP #1

L.V. HAMNER A1C

PROPOSED ROAD

EXISTING ROAD

L.V. HAMNER A1A

41-20
CANON

SAND

L.V. HAMNER A1C 860 FNL X 1060 FWL SEC 21, T29N, R9W

D.J. SIMMONS, INC.

Drilling Plan

Well Name: L.V. Hamner A1C
Location: 860 FNL x 1060 FWL, Section 21, T29N, R9W
San Juan County, NM
Formation: Blanco Mesa Verde
Elevation: 5662' GL

Geology:

Formation	Top	Probable Content
San Jose	Surface	
Ojo Alamo	980	salt water
Kirtland	1107	gas/water
Fruitland	1867	gas
Pictured Cliffs	2112	gas
Mesa Verde	3766	gas
Menefee	3876	gas
Point Lookout	4366	gas

Logging Program: Spectral Density, Epithermal Neutron, Induction Log from TD to intermediate casing shoe.

Drilling Fluid Program:

Interval	Fluid Type	Weight	Viscosity	Fluid Loss
0' - 250'	fresh water spud mud	8.4 - 9.0 ppg	30 - 50 sec	no control
250' - 2500'	fresh water, LSND	8.4 - 9.0 ppg	30 - 50 sec	no control
2500' - 5000'	air/mist	n/a	n/a	n/a

Casing Program:

Interval	Hole Diameter	Csg Size	Wt.	Grade	Thread
0' - 250'	12 1/4"	9 5/8"	32 ppf	J-55	STC
0' - 2500'	8 3/4"	7"	20 ppf	J-55	STC
0 - 5000'	6 1/4"	4 1/2"	15.5 ppf	J-55	STC

Tubing Program: 0 - 4800', 2 3/8", 4.7 ppf, J55, EUE

BOPE and Wellhead Specifications and Testing:

From surface casing shoe to intermediate casing depth: 9 5/8" 3000 psi threaded casing head with two 2" outlets. 11", 3000 psi double gate BOP and 3000 psi choke manifold (see figures 1 and 2). Pressure test BOPE to 3000 psi and 9 5/8" surface casing to 600 psi prior to drilling surface casing shoe.

From intermediate casing shoe to TD: 7", 3000 psi threaded casing head with two 2" outlets. 3000 psi double gate BOP and 3000 psi choke manifold (see figures 1 and 2). Pressure test BOPE to 3000 psi and 7" intermediate casing to 1000 psi prior to drilling surface casing shoe.

For completion operations: 7" x 2 3/8", 3000 psi tree assembly. 7 1/16", 3000 psi double gate BOP system (see figure 3).

General Operation:

- Actuate pipe rams once each day during drilling operations. Actuate blind rams once each trip.
- An upper Kelly cock valve, with handle, will be available on the rig floor to fit each drilling string.
- BOP pit level drill will be conducted weekly for each drilling crew.
- All BOP tests and drills will be recorded in the daily drilling report.
- Blind and pipe rams will be equipped with extension hand wheels.

Cementing Program:

9 5/8" Surface Casing String: Run casing with saw tooth guide shoe on bottom, insert float valve one joint from bottom, and install bowspring centralizers as per Onshore Order #2. Cement with 150 sks class 'b' with 1/4 #/sk flocele and 3% CaCl₂ (175 cf slurry, 100% excess to circulate to surface).

7" Intermediate Casing String: Run casing with swirl pattern guide shoe on bottom and float collar one joint from bottom. Install one bowspring centralizer every other joint from intermediate TD to the base of the Ojo Alamo. Install two turbolating centralizers at the base of the Ojo Alamo. Continue installing bow spring centralizers every other joint to the base of the surface casing. Cement with 480 sks class 'g' 50/50 poz with 2% CaCl₂, 2% gel, 1/4 #/sk flocele, 5 #/sk gilsonite (761 cf slurry, 100% excess to circulate to surface). If cement does not circulate to surface, run CBL to determine top of cement.

4 1/2" Production Casing String: Run casing with float shoe on bottom, float collar one joint from bottom and centralizers every other joint through out Mesa Verde section. Cement with class 'g' 50/50 poz with 2% CaCl₂, 2% gel, 1/4 #/sk flocele, 5 #/sk. Slurry volume to be calculated from open hole log caliper plug 25% excess. Top of cement to be at least 100ft above intermediate casing shoe.