UNITED STA	TES					
DEPARTMENT OF		5. Lease Designation and Serial No.				
BUREAU OF LAND M		NM-02989				
SUNDRY NOTICES AND RE		6. If Indian, Allottee or Tribe Name.				
(Do not use this form for pr						
deepen or plug back to a d		7. If Unit or CA, Agreement Designation.				
Use Form 3160-3 for s						
1. Oil well [] Gas Well [X]						
Gas Wei	i l	8. Well Name and No.				
2. Name of Operator	16 1	Leslie K #1R				
Norman L. Gi		9. API Well No.				
3. Address & Telephone No. (505	•	30-045-29642				
A Landing of Multi-Carrier of Multi-Carr	5, Aztec, NM 87410	10. Field and Pool, or Exploration Area				
4. Location of Well (Footage & S.T.		Fulcher Kutz-Pictured Cliffs				
1850' FNL 8		11. County or Parish, State				
E-7-29N-		San Juan County, New Mexico				
12 CHECK APPROPRIATE BOX(s)		OF NOTICE, REPORT, OR OTHER DATA				
[•] Notice of Intent	[] Abandonment	[] Change Plans				
	[]Recompletion	[•] New Construction				
[] Subsequent Report	[] Plugging Back	[]Non-Routine Fracturing				
F 7	[] Casing Repair	[] Water Shut-Off				
[] Final Abandonment Notice		[] Conversion to Injection				
	[•] Other	_Rights-Of-Way [] Dispose Water				
the well. Therefore, Rights-Of	r-way are not required fi	from the BLM. Farmington, New Mexico 87401 (505) 325-2435.				
NOTE: This format is issued in lieu of 14. I hereby certify that the foregoin Signed	U.S. BLM Form 3160-5. g is true and correct. Title	Agent Date				
Approved byConditions of approval, if any:	Title ,	Date Date				
ronardons of approval, it any:		•				

UNITED STATES

DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

APPLICATION FO	R PERMIT TO	DRILL, DEEPEN	. OR PLUG	BACK		
1a. Type of Work		5. Lease Number	<u> </u>			
Dril1	NM-02989					
1b Type of Well	6. If Indian, Name					
Gas						
2. Operator		7. Unit Agreement	Name			
Norman L. Gilbreath						
3. Address & Phone No. of Operator		8. Farm or Lease Name				
c/o A R Kendrick		Leslie K				
Box 516, Aztec, NM 87410	-0516	9. Well Number				
(505) 334-2555			18	t .		
4. Location of Well		10. Field, Pool, or	Wildcat			
		Fulcher	Kutz-Picti	ured Cliffs Pool		
1850' FNL 840' FWL, Un	it E			ge, Meridian, or Block		
		7-29N-12W				
14. Distance in Miles from Nearest Town		12. County		13. State		
One-half mile east of Farming	ton, NM	San Ju	an	New Mexico		
15. Distance from	16. Acr	res in Lease	17. A	cres Assigned to Well		
Proposed Location				_		
To Nearest Property 840'	118.3	2 Acres	158.32			
Line or Lease Line.						
18. Distance From	19. Prop	oosed Depth	th 20. Rotary or Cable Tools			
Proposed Location			-			
To Nearest Well Dr, This app 06' action	it to technical al	700'		Rotary		
Compl., Or Applied procedural review p	ursuant to 43 CF.	: 31 65.3		-		
For On Lease. and appost pursuan		4.,				
21. Elevations (DF, RT, GR, Et	c.)	22. Appr	oximate Dat	e Work Will Start.		
5562' GR est			6/15/			
23. Proposed Casing and Cementing Program		DRILLING OPERATIONS AUTHORIZED ARE				
See Exhibit "C", Ten Point Compl	iance Plan.	SUBJECT TO COMPLIANCE WITH ATTACHED "GENERAL REQUIREMENTS"				
Exhibits attached as follows:		GENERA	ir urdomemri			
"A" Location and Elevation		"F" Location	Profile			
"B" Vicintity Map - Acces	"G" Drill Rig Layout					
"C" Ten-Point Compliance		"H" Completion	on Rig Lay	out		
"D" Multi-Point Surface L	Jse Plan	"I" Production Facility Schematic				
"E" Blowout Preventer Sc	hematic	"J" Wells Wi	thin One I	Mile		
24. Signed AR Deughille	Title	Agent	Dat	e <u>5-22-98</u>		
V			R :	Mai esta		
Permit No.		Approval Date				
Approved By	Title <u>La C</u>	1 miner	Date	e UN 1 - The		

NOTE: THIS FORMAT IS ISSUED IN LIEU OF U.S. BLM FORM 3160-3.

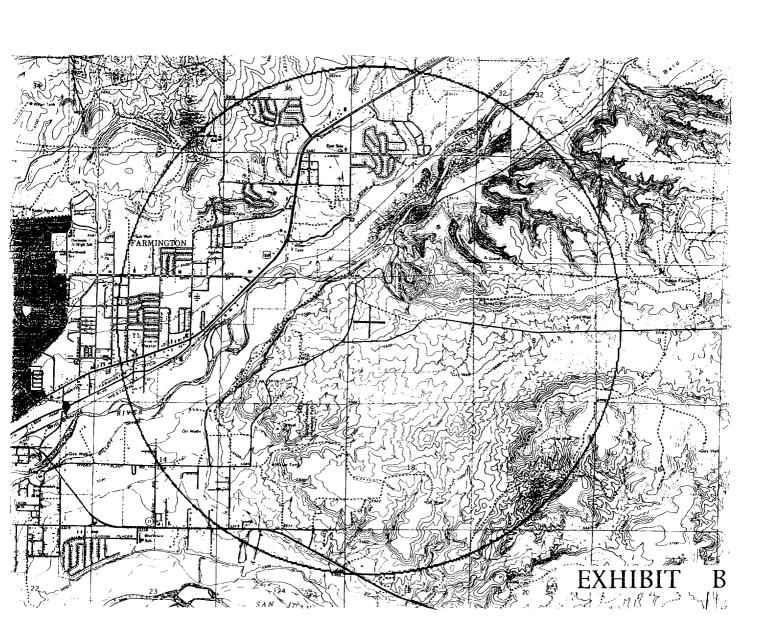
State of New Mexico Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

2040 South Pacheco Street
Santa Fe, New Mexico 87505

AMENDED REPORT

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UL or Lot	Sec.	Twp.	R	tge.	Lot Idn.	. Feet fro	om >	North/South	Feet from >	East	:/West	Cou	unty
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TEN POINT COMPLIANCE PROGRAM

Norman L. Gilbreath
Leslie K #1R

1850' FNL 840' FWL, E-7-T29N-R13W, San Juan County, NM
Fulcher Kutz-Pictured Cliffs
Lease No. NM-02989

- 1. THE GEOLOGICAL SURFACE FORMATION IS: Nacimiento.
- 2. THE ESTIMATED TOPS OF IMPORTANT GEOLOGICAL MARKERS:

Fruitland 1225' Pictured Cliffs 1517' Total Depth 1700'

3. ESTIMATED DEPTHS OF ANTICIPATED WATER, OIL, GAS OR MINERALS:

SUBSTANCE	<u>FORMATION</u>	ANTICIPATED DEPTH
Gas	Fruitland	1225'
Gas	Pictured Cliffs	15 17'

4. THE PROPOSED CASING PROGRAM WILL BE AS FOLLOWS:

<u>DEPTH</u>	HOLE SIZE	<u>O.D.</u>	<u>WEIGHT</u>	GRADE	TYPE	NEW/USED
0-100'	8-3/4"	7 "	17	K-55	ST&C	Used
0-TD	6-1/4"	4-1/2"	9.5	K-55	ST&C	Used

PROPOSED CEMENT PROGRAM: To effectively isolate and seal off all water, oil, gas and coal-bearing strata encountered by the utilization of spacers, centralizers and swirling centralizers at the base of the Ojo Alamo formation as specified by NTL-FRA 90-1 III.B and API standards; and by using cement volumes as follows:

Surface: 75 Sx neat cement - sufficient to circulate to surface.

Production: 200 Sx (236 cu ft) lite cement followed by 50 Sx (59 cu ft) neat cement - sufficient to

1

circulate to surface.

5. OPERATOR'S MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL:

Exhibit E is a schematic of the blowout preventer used by the contractor for other wells in the area. The BOPs are to be test-operated before drilling out from under the surface casing, and operation checks will be made daily thereafter and recorded in the Daily Drilling Report. Accessories to BOP will include floor safety valve and choke manifold with pressure rating equivalent to the BOP stack.

6. THE TYPE AND CHARACTERISTICS OF THE PROPOSED CIRCULATING MUDS:

SURFACE CASING:

Fresh water.

PRODUCTION CASING:

Low solids non-disbursing system.

INTERVAL	MUD WEIGHT	VISCOSITY	FLUID LOSS	Hq	<u>ADDITIVES</u>
0-100'	9.0	45		9	Gel, Lime
100-TD	8.6 to 9.2	30-50	<15 œ	9	Chemicals as needed

7. AUXILIARY EQUIPMENT TO BE USED IS AS FOLLOWS:

- a. Float valve above bit and a safety valve below the swivel will be used.
- b. Monitoring of mud system will be visual.
- A safety valve and subs to fit all drill strings will be used.

8. TESTING, LOGGING, AND CORING WILL BE AS FOLLOWS:

- a. Cores: none.
- b. Drill stem tests: none anticipated.
- c. Logging: Induction-Electric and Gamma Ray

9. ANTICIPATED ABNORMAL PRESSURES AND TEMPERATURES:

No abnormal pressures, temperatures or Hydrogen Sulfide gases are anticipated during the drilling of this well. The maximum bottom hole pressure is expected to be less than 1000 psi.

10. ANTICIPATED STARTING DATE AND DURATION OF OPERATIONS:

The anticipated starting date is set for as soon as practical after the approval of the Application for Permit to Drill is approved. The drilling operations should be completed within 15 days after spud date. A completion unit will be utilized as time and weather permit.

13-POINT SURFACE USE PLAN

Norman L. Gilbreath Leslie K #1R

1850' FNL 840' FWL, E-7-29N-12W, San Juan County, NM Fulcher Kutz-Pictured Cliffs Gas Pool Lease No: NM-02989

EXISTING ROADS:

- a. See Exhibit A for well site and elevation plat, New Mexico Form C-102.
- b. Directions: From Browning Parkway in Farmington, go east on Southside Road (Road 3000) to County Road 3942, east on Road 3942, then south on Road 3944, and west on Road 3945 to location.
- c. Access roads are shown on Exhibit B
- d Roads will be maintained in the same or better condition.

2. PLANNED ACCESS ROAD:

- a. The access road will be 20 feet wide and 250 feet in length.
- b. The grade will be on existing roadways or 10% or less.
- c. No turnouts are planned.
- d Any necessary water bars will be installed.
- e. No culverts will be installed. No major cuts and fills are planned.
- f. Only native materials will be used.
- g. No Gates or cattleguards will be installed.
- h. New access roads and existing roads will be flat bladed and upgraded as deemed necessary by the surface owner.

3. LOCATION OF EXISTING WELLS WITHIN ONE MILE: See EXHIBIT B.

- a. Water wells: Unknown
- b. Abandoned wells: None
- c. Temporarily abandoned wells: None
- d Disposal wells: None
- e. Drilling wells: None
- f. Producing wells: 26
- g. Shut-in wells: None
- h. Injection wells: None
- i. Monitoring wells: None

4. LOCATION OF PRODUCING FACILITIES:

- a. There are two production facilities owned or controlled by Operator within one mile.
- b. New facilities contemplated in the event of production are shown on Exhibit I.
 - 1) A produced-water tank battery may be required.
 - 2) All flow lines from the well site to battery will be buried below frost line depth.
 - 3) Dimensions of the facility will be approximately 100' by 140'.
 - 4) Native materials will be used except for gravel.
 - 5) An earthen dike will be built around any tank battery. All production facilities will be fenced to keep animals out.

6) The reserve pit will be fenced, lined, top-screened and allowed to dry. Rehabilitation whether the well is productive or dry will be made on all unused areas in accordance with BLM and/or Surface owner's stipulations.

5. LOCATION AND TYPE OF WATER SUPPLY:

- a. Water will be hauled from the nearest water source, possibly produced water.
- b. Water will be trucked to the location.
- c. No water well is anticipated.

SOURCE OF CONSTRUCTION MATERIAL:

- a. Only native soils will be utilized.
- b. No construction materials will be removed from Federal or Indian lands.
- c. Surface and subsoil materials in the immediate area will be utilized. Any gravel will be purchased from a commercial source.

7. METHOD FOR HANDLING WASTE DISPOSAL:

- a. Drill cuttings are to be contained and buried in the reserve pit.
- b. Drilling fluids are to be contained in the reserve pit. (Lined)
- c. The produced fluids will be stored in a production tank. Flammable waste is to be contained in the trash bin. Any spills of oil, gas, water or other production fluids will be cleaned up and removed.
- d Chemical facilities will be provided for human waste.
- e. Garbage and non-flammable waste are to be contained in the trash bin and hauled away.

 Flammable waste is to be contained in the trash bin. The reserve pit will be fenced on three sides during drilling operations and the forth side fenced and top-screened when the rig is moved.
- f. All trash, garbage, etc. is to be contained and hauled away at the end of drilling operations.

 Reserve and mud pits will be allowed to dry after drilling and completion operations are completed and then adequately filled and leveled. All garbage and sewage pits will be filled as soon as the completion rig leaves the location.
- 8. ANCILLARY FACILITIES: none required.

9. WELL SITE LAYOUT:

- a. Location profile plat is Exhibit F.
- b. Drilling rig layout shown as Exhibit G.
- c. Completion rig layout show as Exhibit H.

10. SURFACE RESTORATION PLAN:

- a. Restoration of the well site and access road will begin as soon as all pits have dried. Waste disposal and spoil materials will be buried or hauled away immediately after drilling is completed. If production is obtained, the unused area will be restored as soon as feasible.
- b. Should the well be abandoned, the drilling site will be reshaped as closely to the original contour as possible. The access road will be plowed and shaped. Both road and location will have topsoil replaced and reseeded when germination can occur. The portion of the location needed for daily operations and access road will be kept in good repair and clean.
- c. In either case, cleanup of the well site will include removal of all waste, fencing of all pits, removal of all oil accumulated on pits, and filling of pits.

11. OTHER INFORMATION

The archaeological report, to be submitted by a contract archaeologist, shows the topography, flora, fauna, soil characteristics, dwellings, historical and cultural sites.

12. SURFACE OWNERSHIP

The surface is owned by Geoff McMahon, 60 Road 3950, Farmington, New Mexico 87401; telephone (505) 325-2435.

13. OPERATOR REPRESENTATIVES:

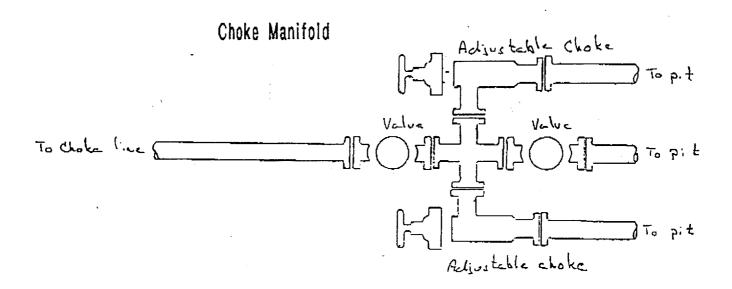
(Paperwork)
A. R. Kendrick
Consultant
Box 516
Aztec, NM 87410
(505) 334-2555

(Office)
NORMAN L. GILBREATH
Box 208
Aztec, New Mexico 87410
(505) 632-8845

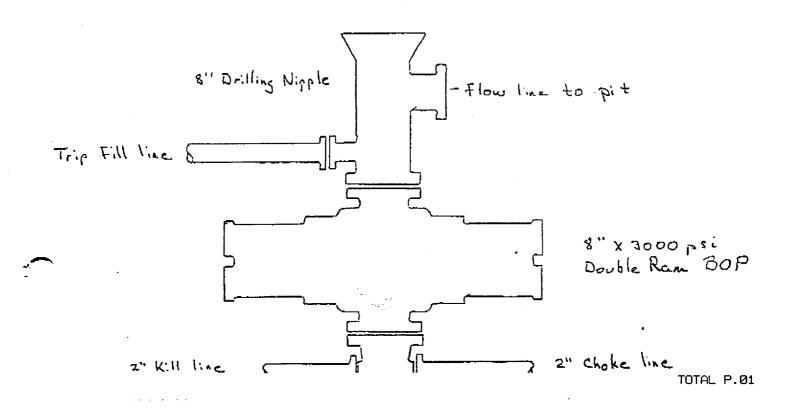
13. CERTIFICATION:

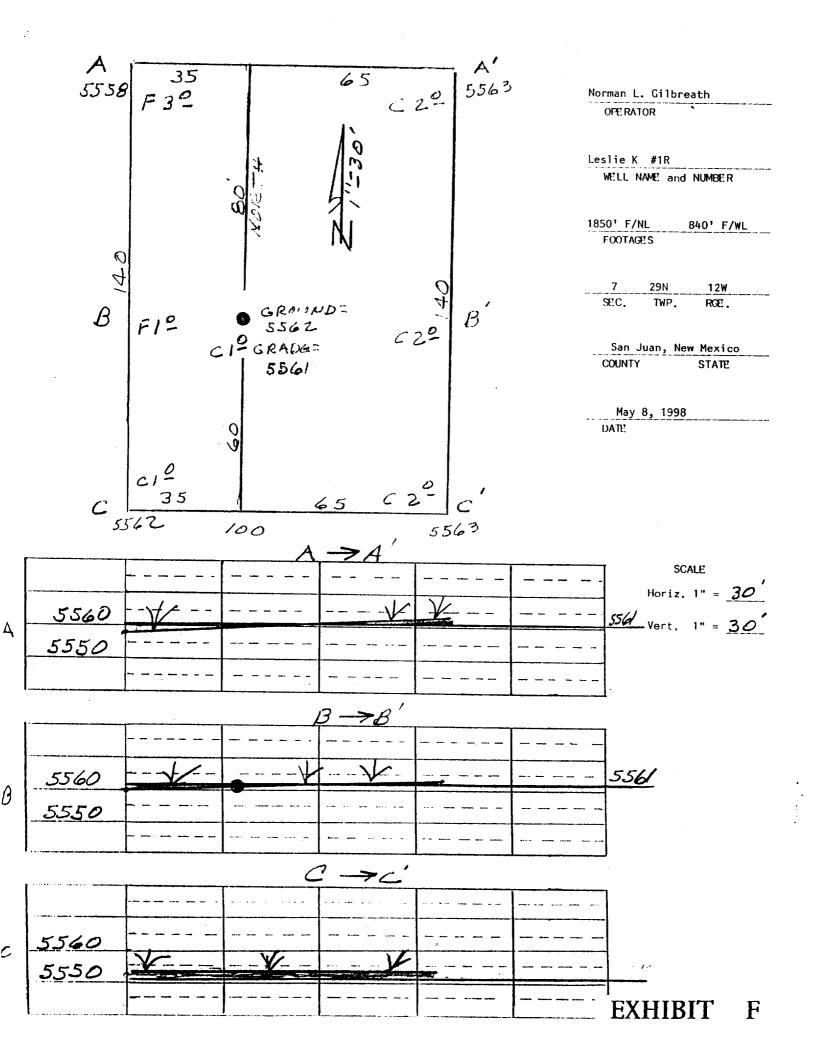
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by the operator, his contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

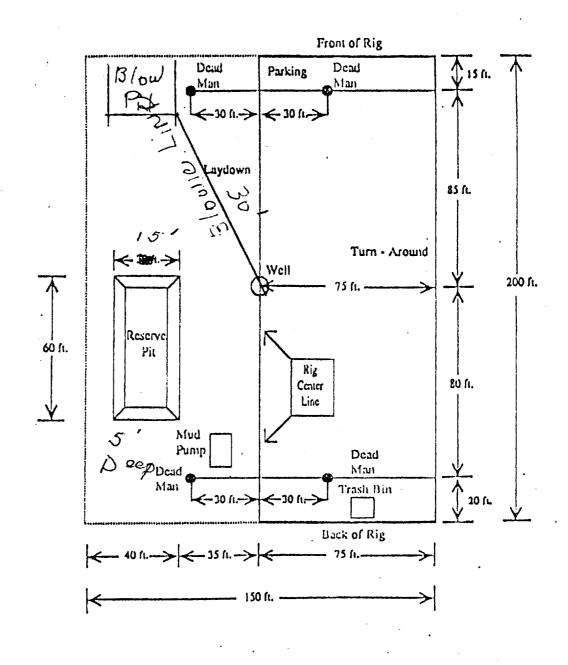
A. R. Kendrick, Agent



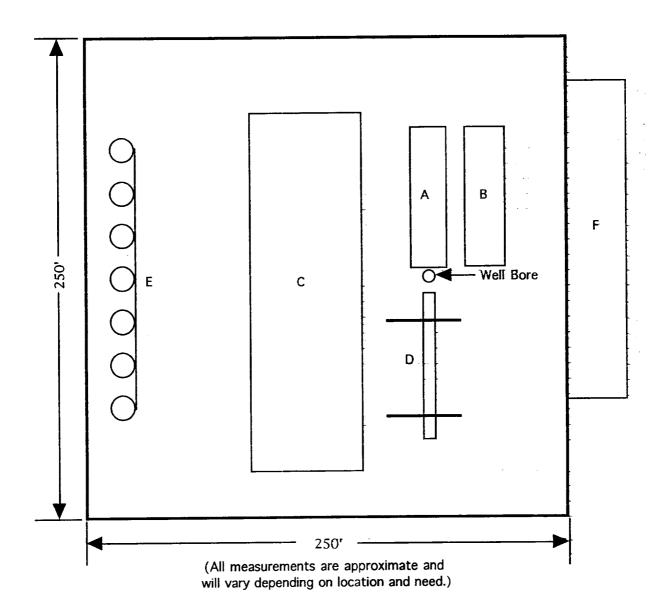
BOP Stack





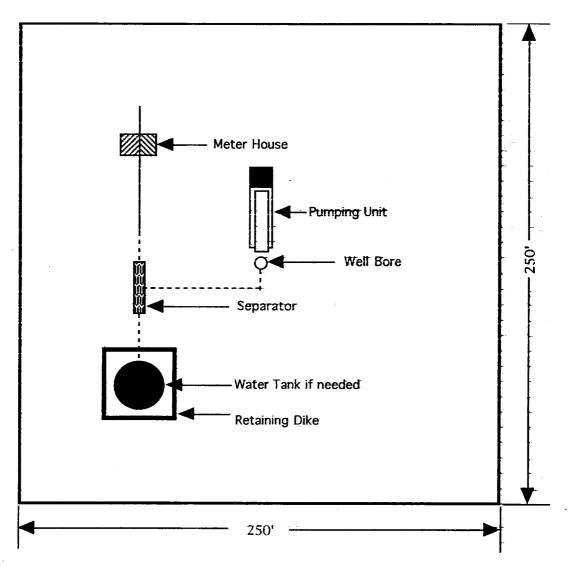


COMPLETION UNIT LAYOUT



- A = Completion Unit
- B = Circulating Pit
- C = Equipment Area
- D = Pipe Racks
- E = Frac Tanks
- F = Reserve Pit

PRODUCING LOCATION PLAT



(All measurements are approximate and will vary depending on location and need.)

WELLS WITHIN ONE MILE

