

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. SF - 078370							
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name							
2. Name of Operator BP AMERICA PRODUCTION COMPANY Contact: CHERRY HLAVA E-Mail: hlavac@bp.com		7. If Unit or CA Agreement, Name and No.							
3a. Address P.O. BOX 3092 HOUSTON, TX 77253		8. Lease Name and Well No. GALLEGOS CANYON UNIT 581							
3b. Phone No. (include area code) Ph: 281.366.4081 Fx: 281.366.0700		9. API Well No. 30-045-31026							
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface NENE Lot A 1045FNL 950FEL At proposed prod. zone		10. Field and Pool, or Exploratory KUTZ PICTURED CLIFFS, WEST							
14. Distance in miles and direction from nearest town or post office* 4 MILES EAST FROM FARMINGTON NM		11. Sec., T., R., M., or Blk. and Survey or Area Sec 17 T29N R12W Mer NMP A							
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	16. No. of Acres in Lease 43102.00	12. County or Parish SAN JUAN	13. State NM						
18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 1966 1996 MD	17. Spacing Unit dedicated to this well 157 NE/4							
21. Elevations (Show whether DF, KB, RT, GL, etc.) 5767 GL	22. Approximate date work will start	20. BLM/BIA Bond No. on file							
23. Estimated duration		24. Attachments DRILLING OPERATIONS AUTHORIZED ARE SUBJECT TO COMPLIANCE WITH ATTACHED "GENERAL REQUIREMENTS"							
<p>This action is subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4.</p> <p>The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:</p> <table border="0"> <tr> <td>1. Well plat certified by a registered surveyor.</td> <td>4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).</td> </tr> <tr> <td>2. A Drilling Plan.</td> <td>5. Operator certification</td> </tr> <tr> <td>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).</td> <td>6. Such other site specific information and/or plans as may be required by the authorized officer.</td> </tr> </table>				1. Well plat certified by a registered surveyor.	4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).	2. A Drilling Plan.	5. Operator certification	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).	6. Such other site specific information and/or plans as may be required by the authorized officer.
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25. Signature (Electronic Submission)		Name (Printed/Typed) CHERRY HLAVA <i>Cherry Hlava</i>							
Title AUTHORIZED REPRESENTATIVE		Date 03/07/2002							
Approved by (Signature) <i>David J. Marikowicz</i>		Name (Printed/Typed)							
Title		Date							
Office									

Application approval does not warrant or certify 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.

Additional Operator Remarks (see next page)

Electronic Submission #10545 verified by the BLM Well Information System
For BP AMERICA PRODUCTION COMPANY, sent to the Farmington

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2002 MAR 11 PM 2:26

District I
PO Box 1980, Hobbs NM 88241-1980
District II
PO Drawer KK, Artesia, NM 87211-0719
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

¹ API Number 30-045-31026	² Pool Code 79680	³ Pool Name West Kutz Pictured Cliffs
⁴ Property Code 000 570	⁵ Property Name Gallegos Canyon Unit	⁶ Well Number # 581
⁷ OGRID No. 000778	⁸ Operator Name BP AMERICA PRODUCTION COMPANY	⁹ Elevation 5767

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
A (Lot 1)	17	29 N	12 W		1045	NORTH	950	EAST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

¹² UL or lot no.	¹³ Section	¹⁴ Township	¹⁵ Range	¹⁶ Lot Idn	¹⁷ Feet from the	¹⁸ North/South line	¹⁹ Feet from the	²⁰ East/West line	²¹ County
157.9 -									

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	2628(R)	2631(R)	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature <i>Cherry Hava</i> Printed Name Cherry Hava Title Regulatory Analyst Date 2-26-02
Lot 4	Lot 3	Lot 2	Lot 1
2632(R)	Lot 5	Lot 6	Lot 8
Lot 12	Lot 11	Lot 10	Lot 9
2628(R)	Lot 13	Lot 14	Lot 16
5173(R)			

Stamp: MAY 2002 RECEIVED OIL CONSERVATION DIST. 5

Stamp: GARY D. VANN NEW MEXICO 7016 REGISTERED PROFESSIONAL LAND SURVEYOR

7016 Certificate Number

APD MAP # 1

**BP AMERICA PRODUCTION COMPANY
DRILLING AND COMPLETION PROGRAM**

Prospect Name: GCU 581
Lease: GALLEGOS CANYON UNIT
County: San Juan
State: New Mexico
Date: February 22, 2002

Well No: 581
Surface Location: 1045' FNL & 950' FEL
 Sec. 17, 29N-12W
Field: West Kutz Pictured Cliffs

OBJECTIVE: Drill 200' into the Pictured Cliffs, set 4 1/2" casing to TD, perf & stimulate Pictured Cliffs interval

METHOD OF DRILLING		APPROXIMATE DEPTHS OF GEOLOGICAL MARKER			
TYPE OF TOOLS	DEPTH OF DRILLING	Estimated GL: 5700		Estimated KB: 5711	
Rotary/Top Drive	0 - TD				
LOG PROGRAM		MARKER		SUBSEA	MEAS. DEPTH
TYPE	DEPTH INVERAL	Ojo Alamo		Surface	Surface
Open Hole (Platform Express)	TD to base of surface casing	Kirtland		5269	442
		Fruitland Coal	*	4055	1656
		Pictured Cliffs	#	4015	1696
REMARKS:		TOTAL DEPTH		3815	1966
- Please report any flares (magnitude & duration).		# Completion interval		* Possible Pay	
SPECIAL TESTS		DRILL CUTTING SAMPLES		DRILLING TIME	
TYPE		FREQUENCY	DEPTH	FREQUENCY	DEPTH
None		None		Geolograph	0-TD
REMARKS:					

MUD PROGRAM:

Approx. Interval	Type Mud	Weight, #/gal	Vis, sec/qt	W/L cc's/30 min	Other Specification
0 - 120-135 3 jts.	Spud	8.6-9.2			
120-135 - TD (1)	Water/LSND	8.6-9.2			

REMARKS:

(1) The hole will require sweeps to keep unloaded while fresh water drilling. Let hole conditions dictate frequency.

CASING PROGRAM: (Normally, tubular goods allocation letter specifies casing sizes to be used. Hole sizes will be governed by Contract)

Casing String	Estimated Depth	Casing Size	Grade	Weight	Hole Size	Landing Point, Cement, Etc.
Surface/Conductor	120-135	7"	J 55 ST&C	23#	8.75"	1
Production	1966 1896	4 1/2"	J 55 ST&C	10.5#	6.25"	1,2

REMARKS:

- (1) Circulate Cement to Surface
 (2) Set casing 200' below top of Pictured Cliffs

CORING PROGRAM:

None

COMPLETION PROGRAM:

Rigless, Single Stage Hydraulic Frac

GENERAL REMARKS:

Notify BLM/NMOCDD 24 hours prior to Spud, BOP testing, and Casing and Cementing.

Form 46 Reviewed by:

Logging program reviewed by: DLJ

PREPARED BY:

APPROVED:

DATE:

KAS/JLP

Form 46

BP America Production Company BOP Pressure Testing Requirements

Well Name: GCU 581
County: San Juan

581
State: New Mexico

Formation	TVD	Anticipated Bottom Hole Pressure	Maximum Anticipated Surface Pressure **
Ojo Alamo	Surface		
Kirtland	442		
Fruitland Coal	1656		
PC	1696		

** Note: Determined using the following formula: $ABHP - (.22 \times TVD) = ASP$

Requested BOP Pressure Test Exception: 750 psi

SAN JUAN BASIN Pictured Cliffs Formation Pressure Control Equipment

Background

The objective Pictured Cliffs formation maximum surface pressure is anticipated to be less than 1000 PSI, based on shut-in surface pressures from adjacent wells. Pressure control equipment working pressure minimum requirements are therefore 2000 PSI. Equipment to be used will conform to API RP-53 (Figure 2.C.2) for a 2000 PSI system per Federal Onshore Order No. 2. Due to available conventional equipment within the area, 3000 PSI rated pressure control equipment will typically be utilized in a double ram type arrangement. Regional drilling rights to be utilized have substructure height limitations, which exclude the use of annular preventers; therefore a rotating head will be installed above these rams. This pressure control equipment will be utilized for conventional drilling below conductor to total depth. No abnormal temperature, pressure, or Hydrogen Sulfide gas is anticipated.

Equipment Specification

Interval

BOP Equipment

Below conductor casing to total depth

11" nominal or 7 1/16", 3000 PSI double ram preventer with rotating head.

All ram type preventers and related control equipment will be hydraulically tested to 250 PSI (low pressure) and 750 PSI (high pressure), upon installation, following any repairs or equipment replacements, or at 30 day intervals. Accessories to BOP equipment will include Kelly cock, upper Kelly cock with a handle available, floor safety valves and choke manifold, which will also be tested to equivalent pressure at the appropriate intervals.