Form 3160
(July 1992)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE

FORM APPROVED
OMB NO. 1004-0136

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

5. LEASE DESIGNATION AND SERIAL NO.: SF-078138

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT AGREEMENT NAME: 5656

1a. TYPE OF WORK: DRILL [X] — DEEPEN [ ]

b. TYPE OF WELL: OIL WELL [ ] GAS WELL [X] OTHER [ ] SINGLE ZONE [X] — MULTIPLE ZONE [ ]

8. LEASE NAME AND WELL NO.: Carle 2B

2. NAME OF OPERATOR: Koch Exploration Company 12807

9. API WELL NO.: 30-045-30369

3. ADDRESS AND TELEPHONE NO.: 20 E. Greenway Plaza Houston, TX 77046

10. FIELD AND POOL, OR WILDCAT: Blanco Mesa Verde —

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: W/2 SE/4 NE/4 S20-T30N-R11W
At proposed prod. zone: 1,885 FNL & 965 FEL

11. SEC., T., R., M., OR BLK. & SURVEY OR AREA: H S20-T30N-R11W

12. COUNTY OR PARISH: San Juan

13. STATE: NM

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: Approx. 1 SW of Aztec, NM

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)	16. NO. OF ACRES IN LEASE	17. SPACING UNIT DEDICATED TO THIS WELL
755'	80.00	~~316.96~~ N/315.05
18. DISTANCE FROM PROPOSED* LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR ON THE LEASE, FT.	**19. PROPOSED DEPTH**	**20. ROTARY OR CABLE TOOLS**
1,409'	4,900' MD —	Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 5,770' GR —

22. APPROXIMATE DATE WORK WILL START*: 11/1/2000

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	9 5/8" J-55	36.0	220' +/-	to surface
8 3/4"	7" J-55	23.0	2,500' +/-	to surface
6 1/4"	4 1/2" J-55	10.5	2,400' - 4,900' —	2,500' –

(See attached)

ARE ATTACHED

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, 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

24
SIGNED Regulatory TITLE Sr. Engineer DATE 9/19/00

(This space for Federal or State office use)

PERMIT NO. APPROVAL DATE 10/3/00

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:

APPROVED BY TITLE DATE 10/3/00

9/15/00

District I
PO Box 1980, Hobbs, NM 88241-1980
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 October 18, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

2000 SEP 22 PM 12:06 ☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code	3 Pool Name
30-045-30369	72319	Blanco Mesaverde

4 Property Code	5 Property Name	6 Well Number
5656	CARLE	2B

7 OGRID No.	8 Operator Name	9 Elevation
012807	KOCH EXPLORATION CO.	5770'

10 Surface Location

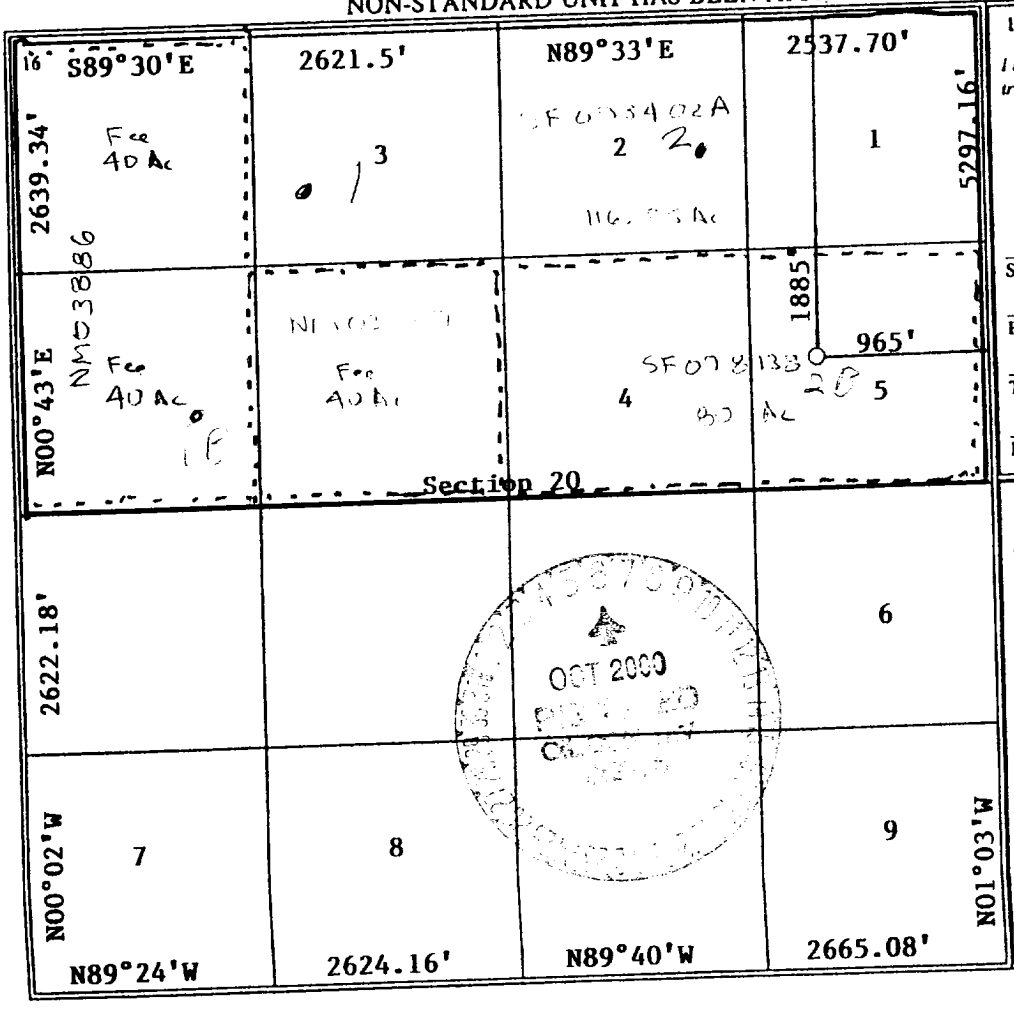
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	20	30N	11W		1885'	NORTH	965'	EAST	SAN JUAN

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	13 Joint or Infill	14 Consolidation Code	15 Order No.
315.05			

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



17 OPERATOR CERTIFICATION

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

Signature: Rolf A. Ornelas

Printed Name: Rolf A. Ornelas

Title: Sr. Engineer

Date: 9/19/00

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: 08/30/00

Signature and Seal of Professional Surveyer:

OCT 2000

HENRY P. BROADHURST NEW MEXICO 9783 PROFESSIONAL SURVEYOR

Certificate Number

KOCH EXPLORATION CO.

CARLE #2B

1885' FNL, 965' FWL

NE/4 SEC.20, T-30-N, R-11-W, N.M.P.M.,
SAN JUAN COUNTY, NEW MEXICO
GROUND LEVEL ELEVATION: 5770

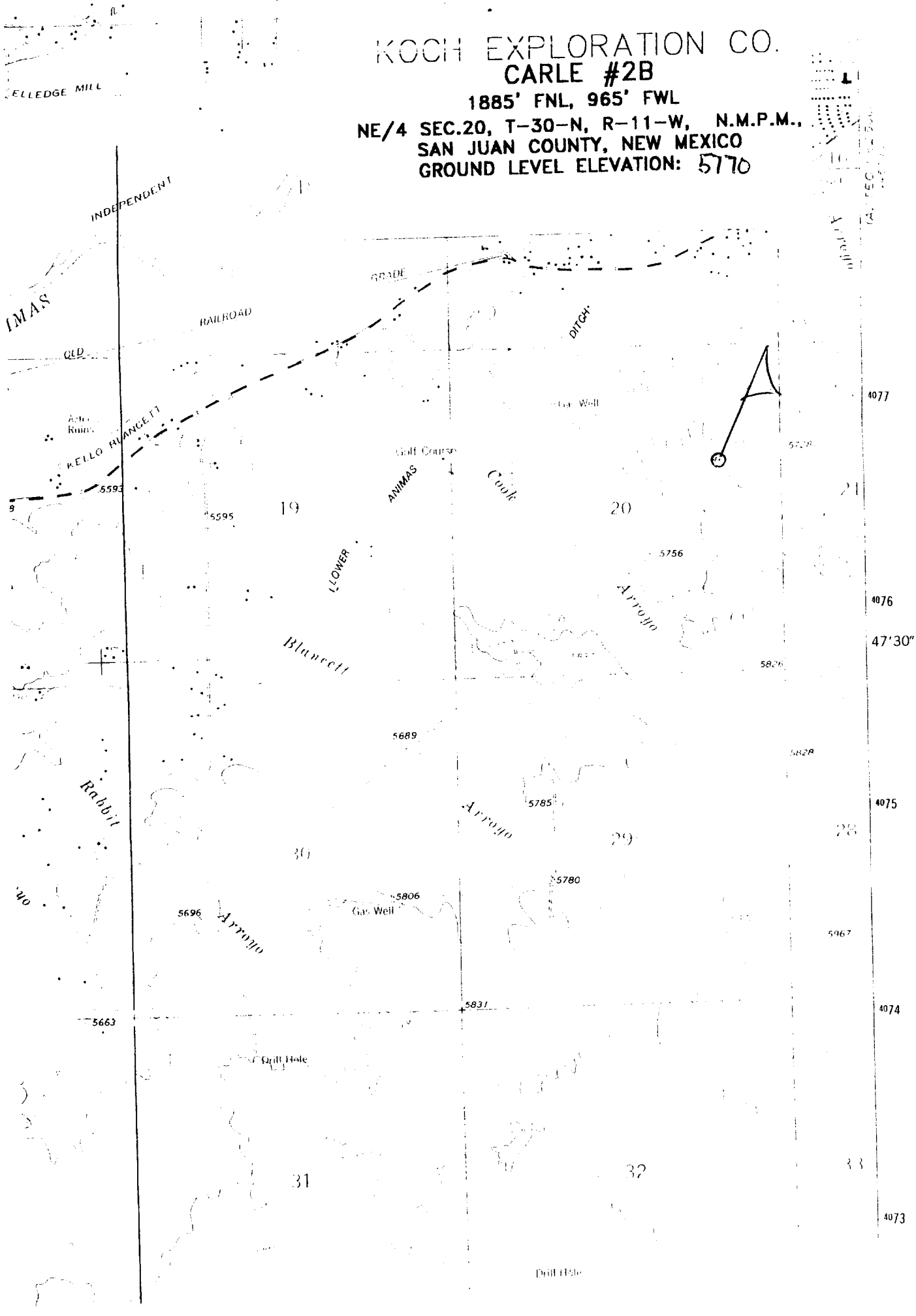


EXHIBIT 'A'

Carle #2B
Sec 20-T30N-R11W, 1885 FNL & 965 FEL
San Juan Co., New Mexico
Lease SF - 078138

Drilling Program:

1. **Geological name of surface formation -**
   Estimated tops of important geological markers:

Ojo Alamo	680 feet
Kirtland Shale	830 feet
Fruitland	1,880 feet
Pictured Cliffs	2,100 feet
Lewis Shale	2,230 feet
Chacra (HB)	2,900 feet
Cliff House	3,680 feet
Menefee	3,860 feet
Pt. Lookout	4,420 feet
Mancos	4,800 feet
TD	4,900 feet

2. **Estimated depths at which oil, gas, water and mineral bearing formation will be found:**

Fresh Water	0 feet to 700 feet
Salt Water	701 feet to 1,800 feet
Oil and Gas	1,800 feet to 4,900 feet

3. **Pressure Control Equipment:**
   a. 10-inch 900 series or 3,000 PSI test double gate hydraulic with 4-1/2" pipe rams and 10-inch series 900 hydril above 10-inch series casinghead and cross spool with flanged outlets. See BOP diagram at **Exhibit F** for drawing of choke lines, kill lines and choke manifold. Procedures will include waiting on cement 12 hours, nipple up blowout preventer (BOP) assembly and test to 70% of yield of casing or 3,000 psi maximum. The production casinghead pressure rating will be 3,000 psi.
   b. Type of BOP rams: Blind rams and pipe rams are used as shown on the BOP diagram at Exhibit F. Occasionally, the position of the rams is reversed depending on the drilling contractor's methods.
   c. The choke manifold and header will have 2-inch choke outlets, a 2-inch straight through the line with 2-inch adjustable chokes installed. The inlet line will be a 2-inch line. All of the above are rated at 3,000 psi working pressure (WP).

   The choke manifold and header system will have manual control valves; no hydraulic valves will be installed.

   Casing testing procedure - Surface casing will be tested at 750 psi with 1,000 psi maximum after cementing in place and before drilling out of shoe. Intermediate and production casing will be tested to 3,000 psi after cementing in place and after drilling to the required depth.

   d. Hydraulic controls to close the BOPs are located on the rig floor; the hydraulic remote control is located in bottom doghouse. There won't be manual controls on the BOP.
   e. BOP testing procedures and frequency:
      1. Hydrill (3,000 WP) will be tested to 70% casing yield or 3,000 psi maximum.
      2. Double ram BOPs will be tested to 70% casing yield or 3,000 psi .