

Instructions

General: This form is designed for submitting proposals to perform certain well operations, as indicated, on all types of lands and leases for appropriate action by either a Federal or a State agency, or both, pursuant to applicable Federal and/or State laws and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from, the local Federal and/or State office.

Item 1: If the proposal is to redrill to the same reservoir at a different subsurface location or to a new reservoir, use this form with appropriate notations. Consult applicable State or Federal regulations concerning subsequent work proposals or reports on the well.

Item 4: If there are no applicable State requirements, locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local State or Federal office for specific instructions.

Item 14: Needed only when location of well cannot readily be found by road from the land or lease description. A plat, or plats, separate or on this reverse side, showing the roads to, and the surveyed location of, the well, and any other required information, should be furnished when required by Federal or State agency offices.

Items 15 and 18: If well is to be, or has been directionally drilled, give distances for subsurface location of hole in any present or objective production zone.

Item 22: Consult applicable Federal or State regulations, or appropriate officials, concerning approval of the proposal before operations are started.

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6. Cont'd.

3500-TD

Drill w/gas.

7. Anticipated BHP at TD max. of 2000#. No abnormal pressures anticipated.
8. Auxillary & BOP equipment on rig as follows:
 - A. Double ram BOP
 - B. Kelly cocks (if required)
 - C. Rotating drill head
 - D. Kill valve on rig floor (if required).
9. Complete well by swabbing csg dry. Perf Mesa Verde w/2 HPF & frac w/gelled KCl water & sand.

Development Plan for Surface Use.- Lambe No. 3-A

1. Existing roads: (Exhibit "A")
Equipment and personnel will utilize U.S. Highway 550 approx. 3 miles west of the location. The existing exit from the highway will be used.
2. Planned Access Roads: (Exhibit "A")
Location falls east of existing lease road. Approx. 2000' of new road will have to be built. See Exhibit "A" for proposed road.
3. Location of existing wells:
The proposed well is 3330' south of the Lambe No. 3.
4. Lateral roads to well location: (Exhibit "A")
See attached map - Exhibit "A"
5. Location of tank battery and flow line.
The same tank battery as the Lambe No. 3 will be used. A 2" flow line will be laid north to the present battery. See Exhibit "A" for well locations.
6. Location and type of water supply:
The source water to be used in the drilling operation will be from the irrigation ditch on U.S. Highway 550 approx. 2 miles west of the proposed location. Water will be hauled by trucks.
7. Waste disposal:
The drilling contractor will furnish a metal toilet. Cuttings, metal, wire, etc. that will not burn will either be buried or hauled off the location.
8. Location of camps:
No camps are anticipated.
9. Location of airstrips:
None required.
10. Location layout: (Exhibit "B")
Will spot the small mobile rig in the most convenient manner on a compacted drilling pad. No particular terrain or drainage problem anticipated.
11. Plans for restoration of the surface:
A minimum amount of the area will be disturbed to build the location. Upon completion of drilling, the area will be leveled and the pits either filled or fenced as soon as the rig is moved. All areas not needed in producing operations will be seeded with a grass mixture of five pounds crested wheat grass, five pounds intermediate wheat grass and three pounds nomad alfalfa to each acre. The planting will be done in the fall or early winter, when conditions are favorable.
12. General description of the topography, vegetation and other aspects of the area:
Area is rocky and very rough. Area is covered with sage brush and pinon trees.

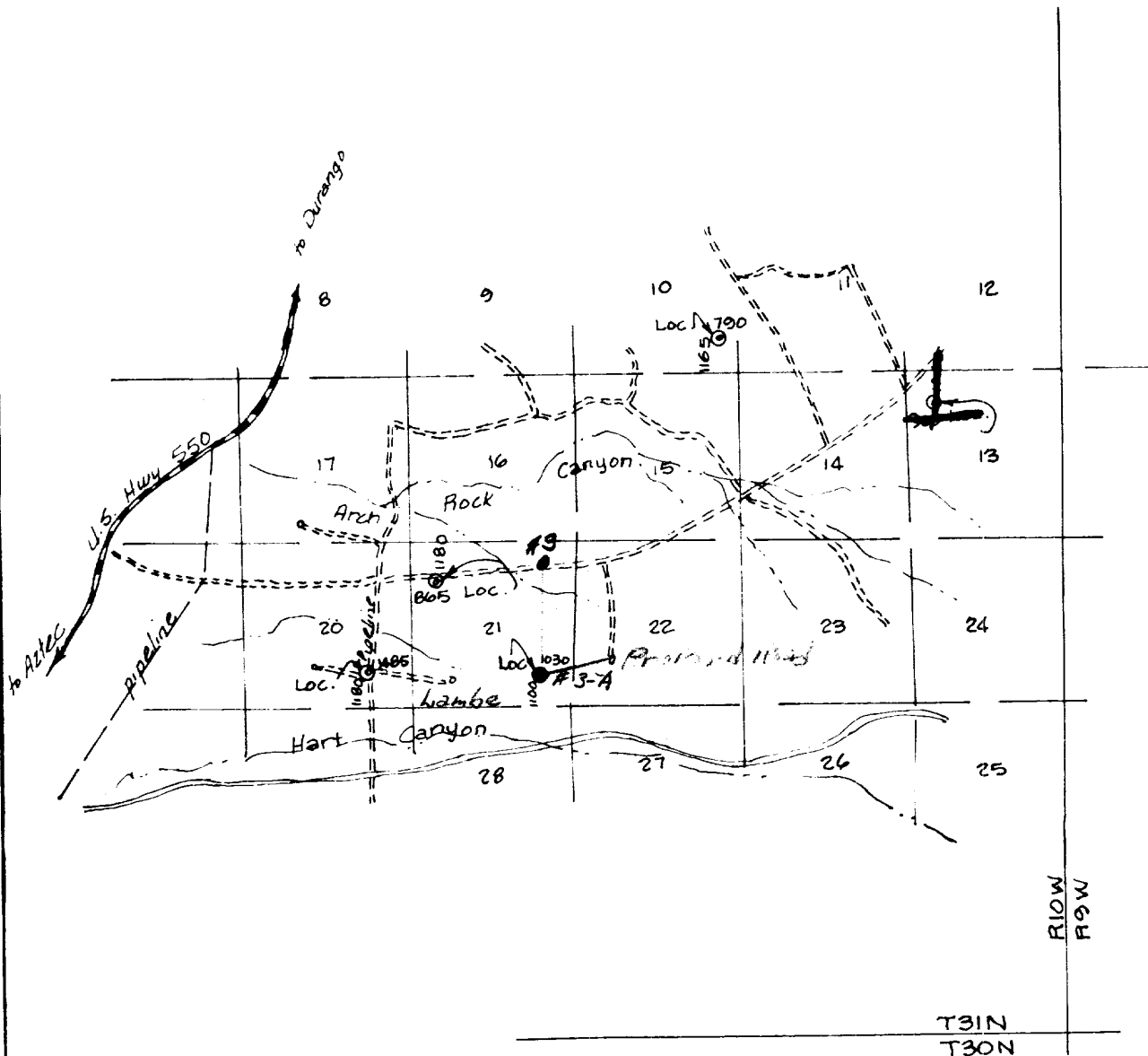


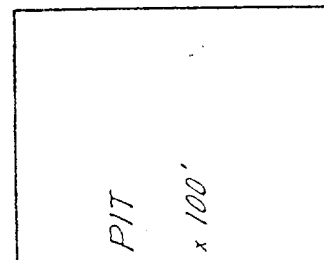
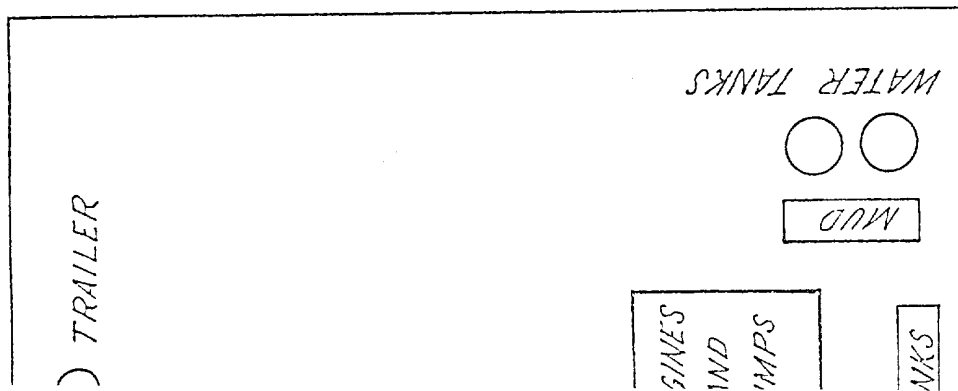
Exhibit A'
VICINITY MAP
FOR
KOCH EXPLORATION CO.
Wells Located

in the SW/4 SE/4 Sec. 20, NW/4 NW/4 Sec. 21,
NW/4 NW/4 Sec. 13, SE/4 SE/4 Sec. 10,
SE/4 SE/4 Sec. 21, T31N, R10W, N.M.P.M.,
San Juan Co., New Mex. Scale: 1" = 1 mile

San Juan Engineering Co.
Farmington, New Mexico.



EXHIBIT "B"
LAMBE NO. 3-A
SE-SE, SEC. 21-31N-10W
SAN JUAN CO, NEW MEXICO



TOILET  TRAILER 

LOCATION APPROX. 150' x 200'

PIPE RACK

RIG

ENGINES
AND
PUMPS

WATER TANKS

MUD



MUD

TANKS

RESERVE PIT

APPROX. 50' x 100'

BURN PIT

APPROX.

30' x 30'

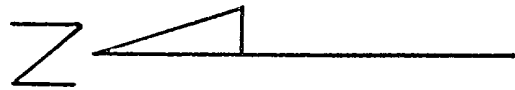


EXHIBIT "B"

LAMBE NO. 3-A

SE-SE, SEC. 21-31N-10W

SAN JUAN CO, NEW MEXICO