

Submit to Appropriate District Office
State Lease - 6 copies
Fee Lease - 5 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-101
Revised 1-1-89

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

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

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088
JAN 9 1990
OIL CON. DIV.

API NO. (assigned by OCD on New Wells)
30-045-27580

5. Indicate Type of Lease
STATE FEE

6. State Oil & Gas Lease No.

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work:
DRILL RE-ENTER DEEPEN PLUG BACK

b. Type of Well:
OIL WELL GAS WELL OTHER

SINGLE ZONE MULTIPLE ZONE

2. Name of Operator
Quinoco Petroleum, INC.

3. Address of Operator
PO Box 378111 Denver, CO 80237

4. Well Location
Unit Letter K : 2270 Feet From The South Line and 1765 Feet From The West Line
Section 2 Township 31N Range 13W NMPM San Juan County

7. Lease Name or Unit Agreement Name
Jacquez K2

8. Well No.
KZ-2

9. Pool name or Wildcat
Basin Fruitland Coal

10. Proposed Depth
2290

11. Formation
Fruitland

12. Rotary or C.T.
Rotary

13. Elevations (Show whether DF, RT, GR, etc.)
5792 Gr

14. Kind & Status Plug. Bond
National Blanket

15. Drilling Contractor

16. Approx. Date Work will start
2/15/90

17. PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
12 1/4	8 5/8	28	300	210 sxs B	Surface
7 7/8	5 1/2	17	2290	200 sxs 65/35	
				142 sxs B	Surface

Quinoco Petroleum, INC. wishes to advise that we intend to drill a 12 1/4" hole with spud mud to 300' and set 8 5/8", 28.0#, K-55 ST&C casing to 300' cementing to surface with 210 sxs (248 cu ft) Class B cement with 2% CaCl2. Wait on cement 12 hours. Nipple up and test BOP. Drill 7 7/8" hole out of surface to 2290' with mud. Log well. Set 5 1/2", 17.0#, J-55 ST&C production casing to 2290' cementing to surface with 200 sxs (368 cu ft) 65/35 POZ with 6% gel and 12 1/4# gilsonite/sk, tailed by 142 sxs (168 cu ft) Class B cement with 2% CaCl2. Perforate pay section in the Fruitland Coal, acidize perforations and frac with 100,000# sand in 65,000 gal 30# cross linked gel. Clean up well and install standard production equipment. Test well to reserve pit for a period not to exceed 30 days. Connect well to a gathering system.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

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

SIGNATURE Robert C. Frank TITLE Agent DATE 1/15/90
505
TELEPHONE NO. 326-1962

TYPE OR PRINT NAME Robert C. Frank

(This space for State Use)

APPROVED BY Eric Buesel TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #3 DATE JAN 19 1990

CONDITIONS OF APPROVAL, IF ANY:

Hold C-109 for CA

APPROVAL EXPIRES 7-19-90
UNLESS DRILLING IS COMMENCED.
SPUD NOTICE MUST BE SUBMITTED
WITHIN 10 DAYS.

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

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-102
 Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

RECEIVED

JAN 9 1990

OIL CON. DIV
 DIST. 3

DISTRICT I
 P.O. Box 1980, Hobbs, NM 88240

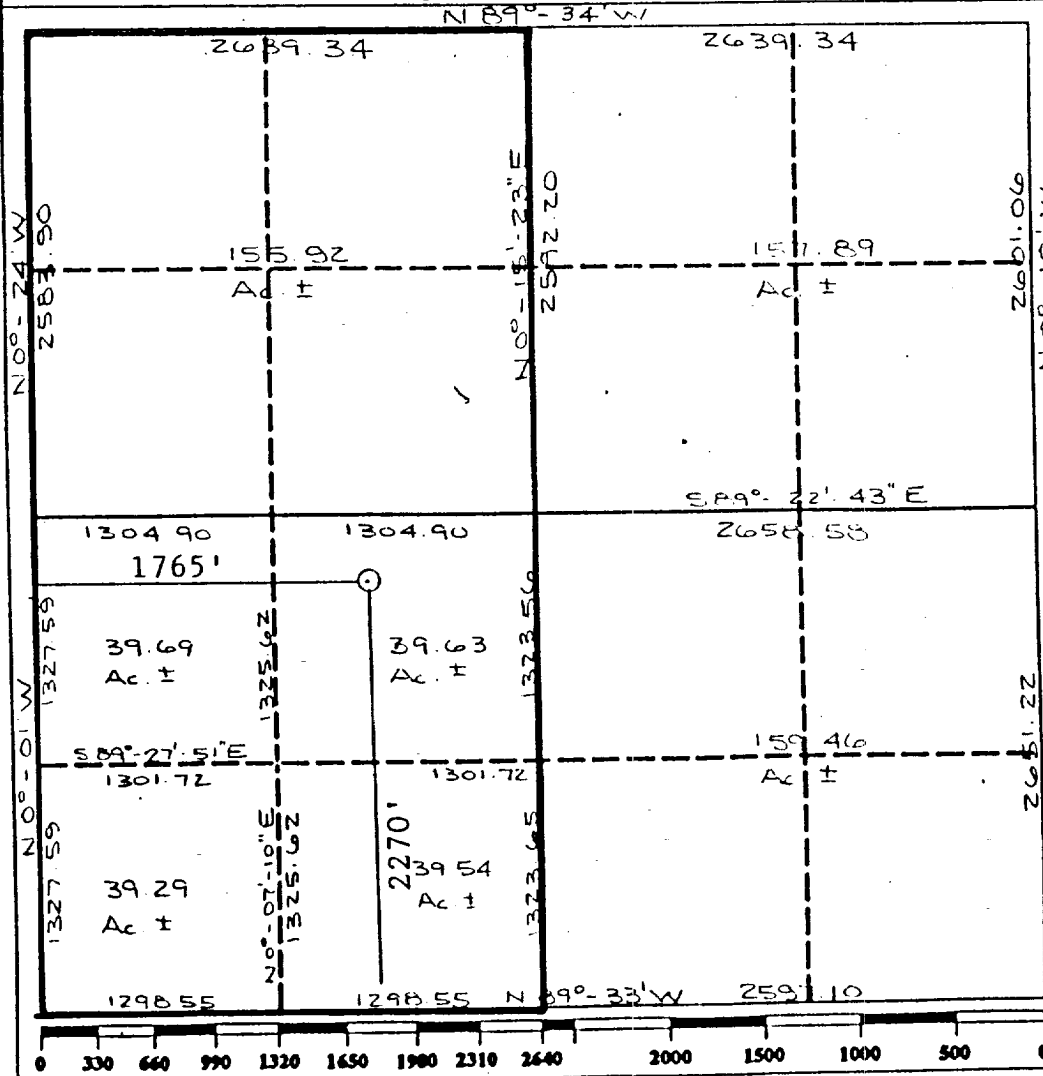
DISTRICT II
 P.O. Drawer DD, Artesia, NM 88210

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator QUINOCO <i>Pet, Inc.</i>		Lease JAQUEZ <i>K2</i>		Well No. 12 -2
Unit Letter K	Section 2	Township 31N	Range 13W	County San Juan
Actual Footage Location of Well: 2270 feet from the South line and 1765 feet from the West line				
Ground level Elev. 5792	Producing Formation Fruitland	Pool Basin Fruitland Coal	Dedicated Acreage: 314.07 ^{W/2} Acres	
<p>1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below. 314.80</p> <p>2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).</p> <p>3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If answer is "yes" type of consolidation <u>Being Communitized</u> If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.</p>				



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

Signature: *Robert C. Frank*
 Printed Name: Robert C. Frank
 Position: Agent
 Company: Quinoco Petroleum, INC
 Date: January 10, 1990

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 knowledge and belief.

Date Surveyed: December 1989
 Signature: *Reggie B. Tuller*
 Professional Surveyor
 Registered Professional Land Surveyor
 Certificate No. 9672