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.: NM - 014110 / NM - 013688A

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT AGREEMENT NAME:

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

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

8. FARM OR LEASE NAME, WELL NO.: Walker 5C 5667

2. NAME OF OPERATOR: Koch Exploration Company

9. API WELL NO.: 30-045-30479

3. ADDRESS AND TELEPHONE NO.: P0 Box 489 Aztec, NM 87410 (505) 334-9111

10. FIELD AND POOL, OR WILDCAT: Fruitland Coal

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements*)
At surface: 790' FNL & 790' FEL
At proposed prod. zone:

11. SEC., T., R., M., OR BLK AND SURVEY OR AREA: A Sec 13 T31N-R10W

12. COUNTY OR PARISH: San Juan

13. STATE: NM

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: Approx. 12 miles NE 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. NO. OF ACRES ASSIGNED TO THIS WELL
790'	471.45	277.56
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**
100'	3,214 MD	Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 6590 GR

22. APPROXIMATE DATE WORK WILL START*: 12/28/2000

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE, GRADE OF CASING	WEIGHT, LB 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	2,914'	to surface
6 14"	Liner-5 1/2" J-55	17.0	2800' - 3214'	N/A

(See 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 ant true vertical depths. Give blowout preventer program, if any.

24
SIGNED: _____ TITLE: Operations Manager DATE: 12/27/00

(This space for Federal or State office use)

PERMIT NO.: APPROVAL DATE:

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: /s/ Lee Otteni TITLE: DATE: APR - 3

1980, Hobbs, N.M. 88241-1980

State of New Mexico
Energy, Minerals & Natural Resources Department

Revised February 21, 1994
Instructions on back
Appropriate District Office
State Lease – 4 Copies
Fee Lease – 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, N.M. 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV
PO Box 2088, Santa Fe, NM 87504-2088

RECEIVED
JUN 10 1996
BUREAU OF LAND MANAGEMENT
FARMINGTON DISTRICT OFFICE

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, NM 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹API Number	²Pool Code	³Pool Name
30-045-30479	71629	Fruitland Coal

⁴Property Code	⁵Property Name	⁶Well Number
5867	WALKER	5C

⁷OGRID No.	⁸Operator Name	⁹Elevation
12807	KOCH EXPLORATION Co.	6590

¹⁰Surface Location

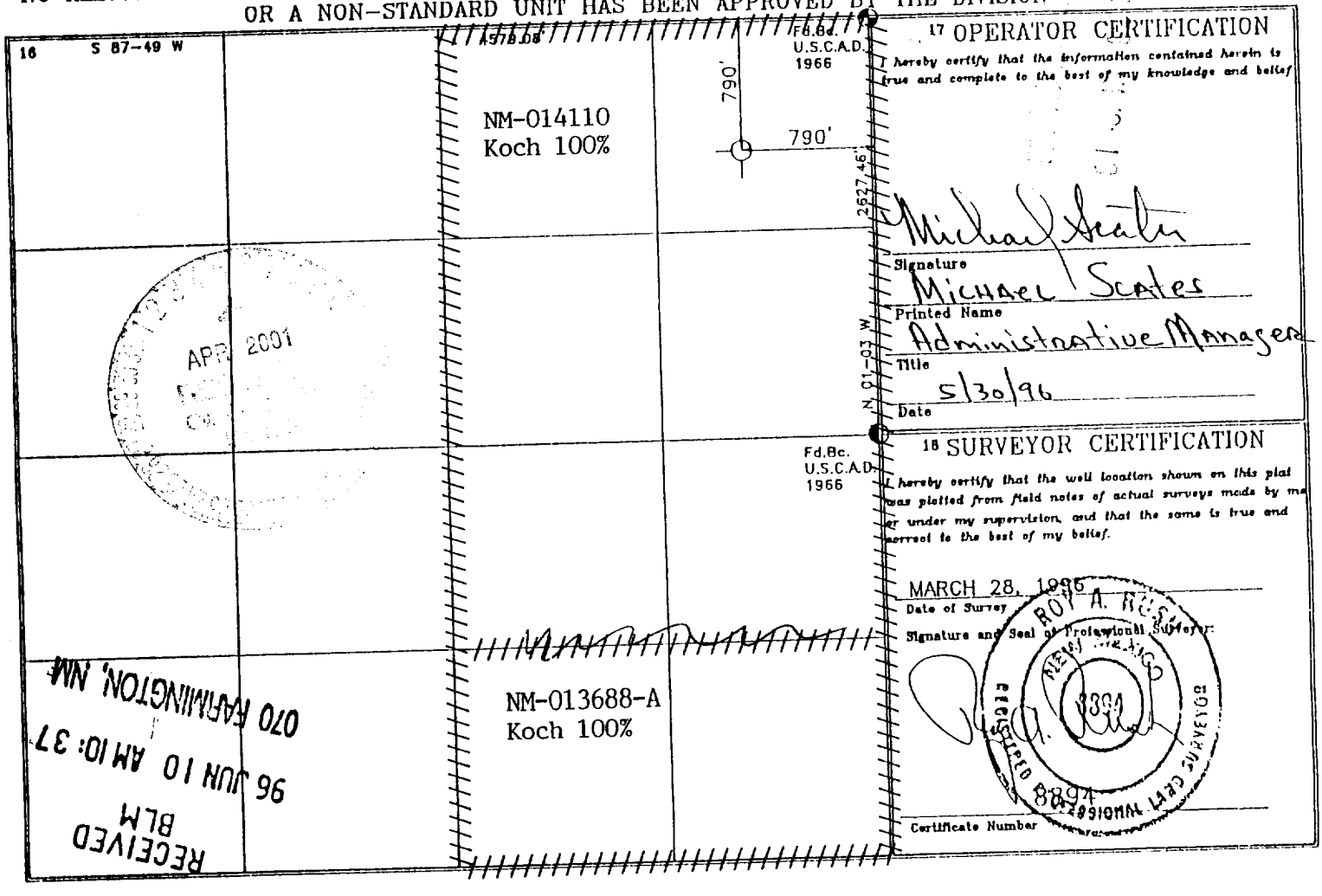
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	13	T-31-N	R-10-W		790	NORTH	790	EAST	SAN JUAN

¹¹Bottom 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

¹²Dedicated Acres	¹³Joint or Infill	¹⁴Consolidation Code	¹⁵Order No.
277.56			

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



¹⁷OPERATOR CERTIFICATION

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

Signature: Michael Scates

Printed Name: Michael Scates

Title: Administrative Manager

Date: 5/30/96

¹⁸SURVEYOR 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.

MARCH 28, 1996

Date of Survey

Signature and Seal of Professional Surveyor:

ROY A. NELSON
NEW MEXICO
8894
REGISTERED PROFESSIONAL LAND SURVEYOR

Certificate Number

KOCH EXPLORATION Co.
PROPOSED WELL LOCATION
WALKER No. 5C
NE/4 SEC.13, T-31-N, R-10-W, N.M.P.M.
SAN JUAN COUNTY, NEW MEXICO
790' FNL, 790' FEL

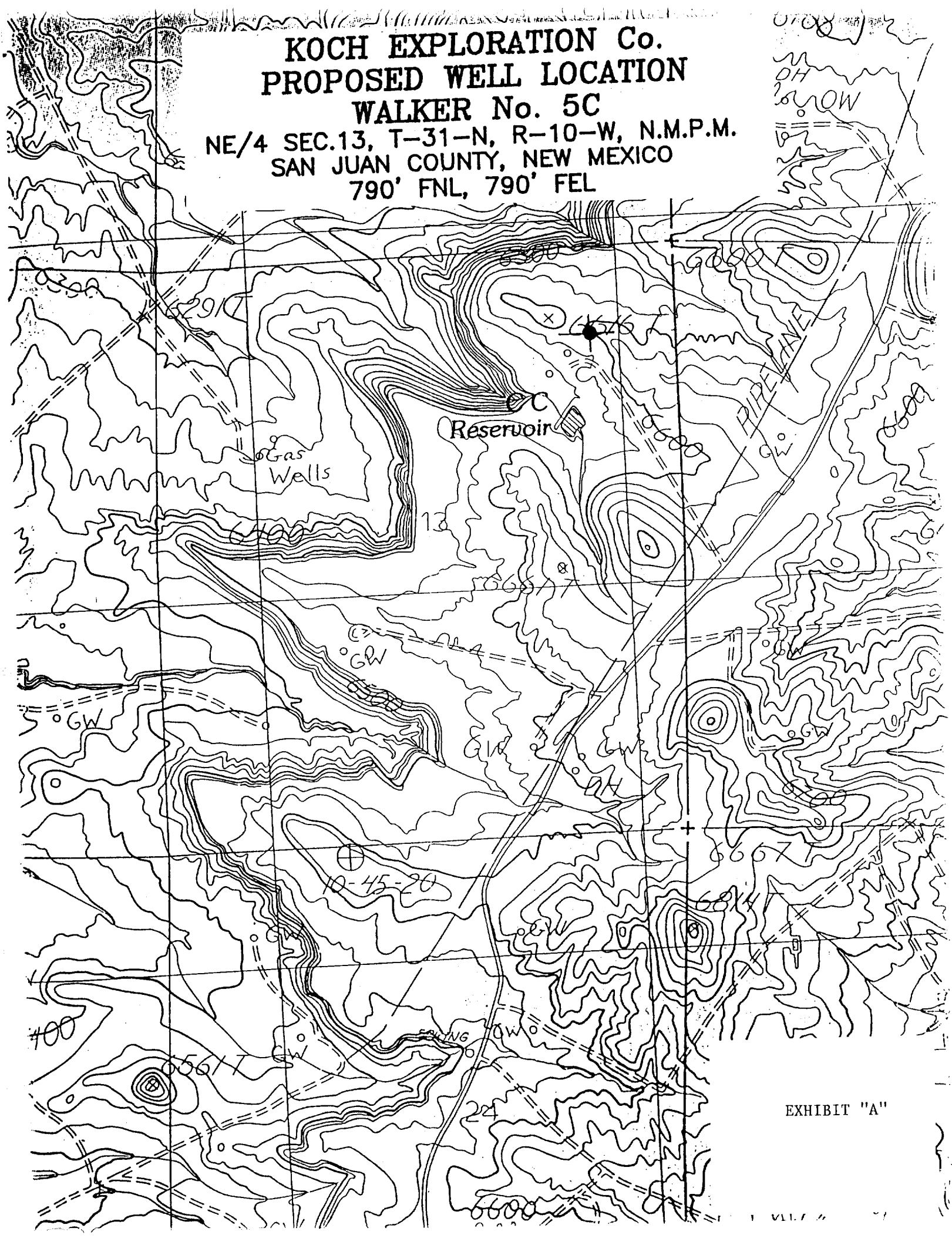


EXHIBIT "A"

Walker # 5-C ==> EXPEDITED Right-of-Way!
Sec 13-T31N-R10W, 790' FNL & 790' FEL
San Juan Co., New Mexico
Lease NM-014110 & NM-013688A

Drilling Program:

1. **Geological names of sub-surface formations -**
   Estimated tops of important geological markers:

San Jose	Surface
Nacimiento	570'
Ojo Alamo	1,850'
Kirtland Shale	1,910'
Fruitland Coal	2,933'
TD	3,214'

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

Fresh Water	0' to 200'
Salt Water	201' to 2,970'
Oil and Gas	2,971' to 3,214'

Pressure Control Equipment:

a. 10" Series 900 or 3,000 PSI test double gate hydraulic with 4-1/2" pipe rams and 10" Series 900 Hydril above 10" inch Series 900 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 casing yield 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" choke outlets, a 2" straight through the line with 2"adjustable chokes installed. The inlet line will be a 2" 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.
d. Casing testing procedure - Surface casing will be tested at 750 psi with 1,000 psi maximum after cementing in place and before drilling out shoe. Production casing will be tested to 3,000 psi after cementing in place and after drilling to the required depth.
e. Hydraulic controls to close the BOPs are located on the rig floor; the hydraulic remote control is located in the bottom doghouse. There will be no manual controls on BOP.
f. BOP testing procedures and frequency:

1. Hydrill (3,000 WP) will be tested to 70% of casing yield or 3,000 psi max.
2. Double ram BOPs will be tested to 70% of casing yield or 3,000 psi max.
3. BOPs will be tested upon installation, after casing is run and on each bit trip.

f. Casinghead connections will be 2"; these outlets will usually be bull plugged during drilling operations. No pumping through these connections is allowed except in emergency to keep from wearing out the head.

g. The drilling spool will be Series 900 3,000 psi WP with a 2" kill line and a 2" outlet.

4. **Proposed Casing Program:**

Surface Casing	9 5/8"	36.0#	J-55	STC	New
Production Casing	7"	23.0#	J-55	STC	New
Liner (if needed) no cement	5 ½"	17.0#	J-55	STC	New

Proposed setting depth, amount and type of cement (including additives):
9-5/8" Surface Casing - Surface to 220' - Cement with 75 sx Class "H" with 2% $CaCl_2$ and .25 lb/sk Cello Flake (15.6 lb/gal; 1.2 cf/sk; 5.23 gal/sk) to surface.

7" Production Casing - Long String to surface - Lead cement of 220 sx 35% POZ (Fly Ash) and 65% Class "H" with 6% Gel + .25 lb/sk Cello Flake + 5#/sk Gilsonite (12.4 lb/gal; 1.81 cf/sk; 9.73 gal/sk). Tail with 100 sx Class 'H' with 2% $CaCl_2$ and .25 lb/sk Cello Flake (15.6 lb/gal; 1.2 cf/sk; 5.23 gal/sk) to surface.

5. **Mud Program:**
0 feet - 220 feet - Spud mud and water treated with gel lime.
220 feet - 3,214 feet - Lime mud, water and polymer.

6. **Testing, Logging and Coring Program:**
No drill stem tests or cores will be taken.
Logging: No Open hole logs will be ran for cavitation (CBL will be run in the event the cement for the 7" string cannot be circulated to surface).

7. **Expected Pressures**
Fruitland 400 - 700 psia
No abnormal pressures, temperature or poisonous gases anticipated.

8. **Drilling Tools:** 20 - 6 1/4" Drill Collars with 3 ½" XH Connections
4 ½" Drill Pipe with 4 ½" XH Connections

Anticipated Spud Date: January 15, 2001
Anticipated Completion Date: February 10, 2001