

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

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

5. Lease Serial No.

SF-078818-A

6. If Indian, Allottee or Tribe Name

1a. Type of Work: ☒ DRILL

☐ REENTER

7. If Unit or CA Agreement, Name and No.

1b. Type of Well: ☐ Oil Well ☐ Gas Well ☒ Other CBM ☐ Single Zone ☐ Multiple Zone

8. Lease Name and Well No.

USA 23 #1

2. Name of Operator

TEXAKOMA OIL & GAS CORPORATION

9. API Well No.

30-045-31110

3a. Address 5400 LBJ FRWY, STE. 500

3b. Phone No. (include area code)

DALLAS, TEXAS 75240

972-701-9106

10. Field and Pool, or Exploratory

Basin Fruitland Coal (71629)

4. Location of Well (Report location clearly and in accordance with any State requirements.)

At surface SESE 390' FSL & 627' FEL, 36.95991N. lat, 108.15915 W. long

At proposed prod. zone Same

11. Sec., T., R., M., or Blk. and Survey or Area

Sec. 23-T32N-R13W, NMP

14. Distance in miles and direction from nearest town or post office*

Four (4) Miles Northeast of La Plata

12. County or Parish

San Juan

13. State

NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)

390'

16. No. of Acres in lease

960.00

17. Spacing Unit dedicated to this well

East 320 Acres

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.

1795'

19. Proposed Depth

2100' MD

20. BLM/BIA Bond No. on file

Yes

21. Elevations (Show whether DF, KDB, RT, GL, etc.)

5970 GL

22. Approximate date work will start*

SUMMER, 2002

23. Estimated duration

15 Days

DRILLING OPERATIONS AUTHORIZED ARE
SUBJECT TO COMPLIANCE WITH ATTACHED

24. Attachments

Exhibits A-K (11)

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

is subject to technical and
procedural review pursuant to 43 CFR 3165.3

1. Well plat certified by a registered surveyor.

2. A Drilling Plan.

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).

4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).

5. Operator certification.

6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature

Tom Sprinkle

Name (Printed/Typed)

TOM SPRINKLE

Date

5-21-02

Title

DRILLING MANAGER

Approved by David J. Mankiewicz

Name (Printed/Typed)

Date

JUN - 7

Title

Office

Application approval does not warrant or certify the 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.

*(Instructions on reverse)

NSL

NMCCD

INSTRUCTIONS

GENERAL: This form is designed for submitting proposals to perform certain well operations, as indicated on Federal and Indian lands and leases for action by appropriate Federal agencies, pursuant to applicable Federal 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 local Federal offices.

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 Federal regulations concerning subsequent work proposals or reports on the well.

ITEM 4: Locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local Federal offices 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 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 regulations, or appropriate officials, concerning approval of the proposal before operations are started.

BLM would like you to know that you do not have to respond to this or any other Federal agency-sponsored information collection unless it displays a currently valid OMB control number.

NOTICE

The Privacy Act of 1974 and regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this application.

AUTHORITY: 30 U.S.C. 181 et seq., 25 U.S.C. 396; 43 CFR 3160

PRINCIPAL PURPOSES: The information will be used to: (1) process and evaluate your application for a permit to drill a new oil, gas, or service well or to reenter a plugged and abandoned well; and (2) document, for administrative use, information for the management, disposal and use of National Resource Lands and resources including (a) analyzing your proposal to discover and extract the Federal or Indian resources encountered; (b) reviewing procedures and equipment and the projected impact on the land involved; and (c) evaluating the effects of the proposed operation on the surface and subsurface water and other environmental impacts.

ROUTINE USE: Information from the record and/or the record will be transferred to appropriate Federal, State, and local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecution, in connection with congressional inquiries and for regulatory responsibilities.

EFFECT OF NOT PROVIDING INFORMATION: Filing of this application and disclosure of the information is mandatory only if you elect to initiate a drilling or reentry operation on an oil and gas lease.

BURDEN HOURS STATEMENT

Public reporting burden for this form is estimated to average 30 minutes per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management, Bureau Clearance Officer, (WO-630) MS 401 LS, 1849 C Street, N.W., Washington, D.C. 20240, and the Office of Management and Budget, Interior Desk Officer (1004-0136), Washington, D.C. 20503.

The Paperwork Reduction Act of 1980 (44 U.S.C. 3501 et seq.) requires us to inform you that: This information is being collected to allow evaluation of the technical, safety, and environmental factors involved with drilling for oil and/or gas on Federal and Indian oil and gas leases.

This information will be used to analyze and approve applications.

Response to this request is mandatory only if the operator elects to initiate drilling or reentry operations on an oil and gas lease.

State of New Mexico
Energy, Minerals & Mining Resources Department

Form C - 102

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

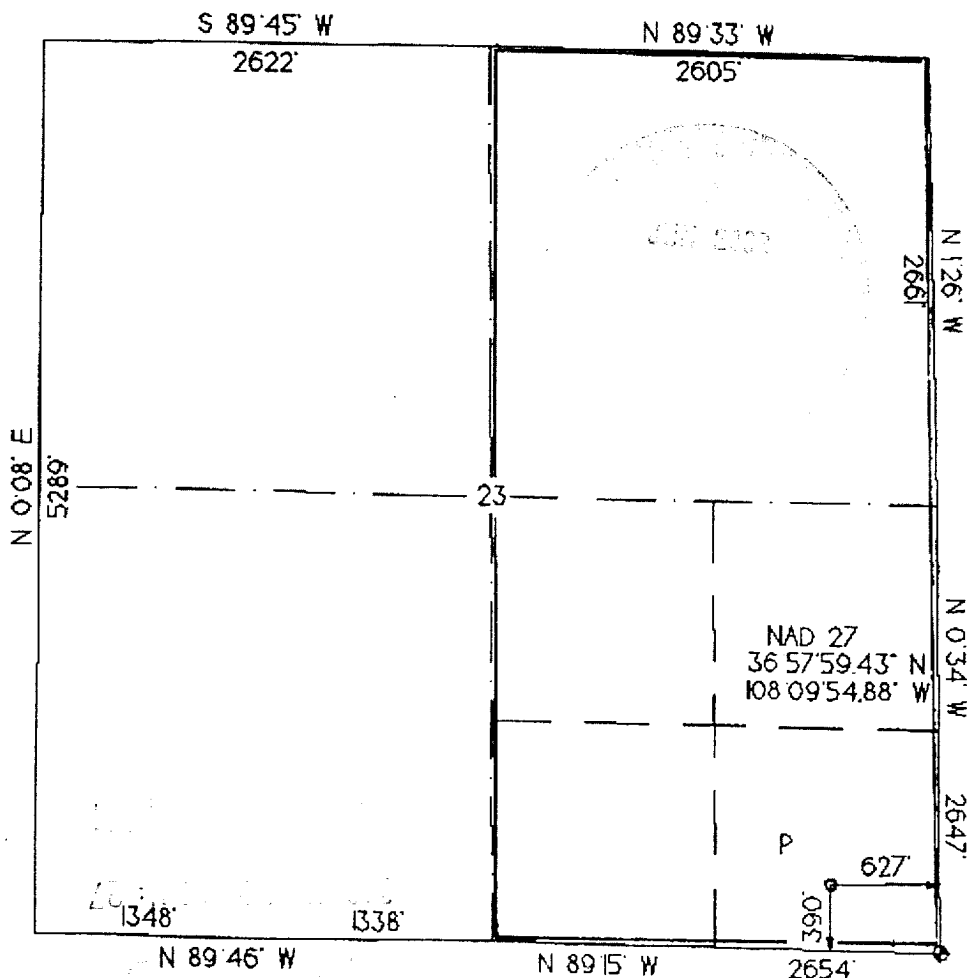
APA Number 30-045-31110	Pool Code 71629	Pool Name BASIN FRUITLAND COAL
Property Code 29848	Property Name TEXAKOMA USA 23	Well Number 1
OGFD No. 022521	Operator Name TEXAKOMA OIL & GAS CORPORATION	Elevation 5970'

Surface Location									
UL or Lot P	Sec. 23	Twp. 32 N.	Rge. 13 W.	Lot Idn.	Feet from > 390'	North/South SOUTH	Feet from > 627'	East/West EAST	County SAN JUAN

Bottom Hole Location if Different From Surface									
UL or Lot	Sec.	Twp.	Rge.	Lot Idn.	Feet from >	North/South	Feet from >	East/West	County

Dedication E/320	Joint ?	Consolidation	Order No.
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NO ALLOWABLE WILL ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



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

Signature
Tom Sprinkle

Printed Name
TOM SPRINKLE

Title
DRILLING MANAGER
Date
4-30-2002

SURVEYOR CERTIFICATION

I hereby certify that the well location 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

Signature and Seal of Professional Surveyor

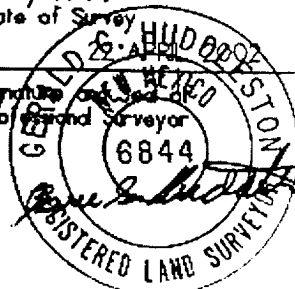
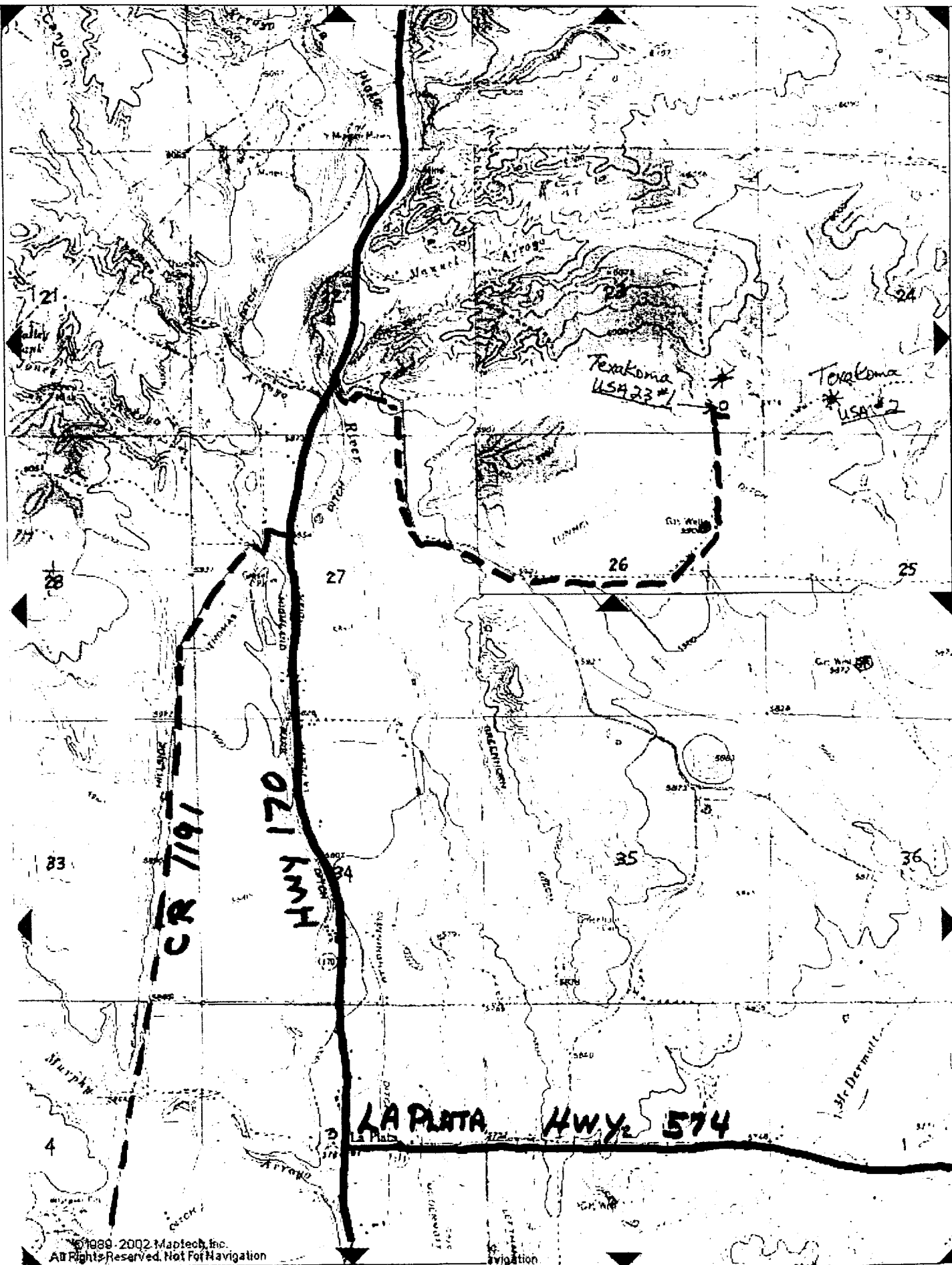


EXHIBIT A



T
32
N

R13W

EXHIBIT B

TEN-POINT PROGRAM
Texakoma Oil & Gas Corporation
Texakoma USA 23 No. 1
390' FSL & 627' FEL, P-23-32N-13W
San Juan County, New Mexico
Lease No. SF-078818-A

1. THE GEOLOGICAL SURFACE FORMATION IS THE NACIMIENTO.
2. THE TOPS OF IMPORTANT GEOLOGICAL MARKERS: (BASED ON EXISTING LOG INFORMATION)

KIRTLAND	400'
FRUITLAND COAL	1700'
PICTURED CLIFFS	1900'
TOTAL DEPTH	2100'

3. ESTIMATED DEPTHS OF ANTICIPATED WATER, OIL, GAS OR MINERALS:

<u>SUBSTANCE</u>	<u>FORMATION</u>	<u>ANTICIPATED DEPTH</u>
GAS	FRUITLAND COAL	1700'

4. THE CASING PROGRAM:

<u>DEPTH</u>	<u>HOLE SIZE</u>	<u>CASING O.D.</u>	<u>WEIGHT</u>	<u>GRADE</u>	<u>TYPE</u>	<u>NEW/USED</u>
0 - 150	8 - 3 / 4"	7.00"	23 #	J-55	ST&C	NEW
0 - 2100	6 - 1 / 4"	4- 1 / 2"	10.5 #	J-55	ST&C	NEW

PROPOSED CEMENT PROGRAM: To effectively isolate and seal off all water, oil, gas and coal-bearing Strata encountered by the utilization of spacers, centralizers and turbo-centralizers at the base of the Ojo Alamo Formation or the base of the lowest usable water zone and by using cement volumes as follows (exact volumes to be determined from caliper log):

SURFACE: 60 Cubic Feet (50 Sacks) Class B w/0.25# Flocele/ sack plus 2% CaCl₂ (100% excess). *Circulate to Surface*

PRODUCTION: 162 Cubic Feet (82 Sacks Lite Standard Cement w/2% Sodium Metasilicate + 0.25 lbs/sk Flocele mixed to 12.4 ppg followed by 162 Cubic Feet (134 Sacks) Standard Class H Cement w/0.25#/sk Flocele And 2% CaCl₂ mixed to 15.6 ppg w/caliper plus 25% excess in both slurries. Total 364 Cubic Feet (216 Sacks). *Circulate*

5. OPERATOR'S MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL:

Exhibit E is a schematic of the blowout preventer used by our drilling contractor for other wells in the area.

The BOP to be used is an Annular BOP with screwed connections with high pressure inlet and outlet hoses, all tested to 2,000 psig minimum.

EXHIBIT C

TEN-POINT PROGRAM
Texakoma Oil & Gas Corporation
Texakoma USA 23 No. 1
390' FSL & 627' FEL, P-23-32N-13W
San Juan County, New Mexico
Lease No. SF-078818-A

6. THE TYPE AND CHARACTERISTIC OF THE PROPOSED DRILLING MUD FLUIDS:

SURFACE CASING: Native mud with bentonite and lime as needed for viscosity.

PRODUCTION CASING: Fresh water, low solids native mud with polymer gel for viscosity as needed to clean the hole for logging, running casing and cementing.

<u>INTERVAL</u>	<u>MUD WEIGHT</u>	<u>VISCOSITY</u>	<u>FLUID LOSS</u>	<u>Ph</u>	<u>ADDITIVES</u>
0' – 150'	9.0	45	No Control	9	Gel, Lime
150' – 2100'	8.6 – 9.0	30-50	15	9	Polymer

7. AUXILIARY EQUIPMENT TO BE USED IS AS FOLLOWS:

- a. Float valve above bit.
- b. Monitoring of mud system will be visual.
- c. A safety valve and subs to fit all drill strings will be used.

8. TESTING, LOGGING AND CORING WILL BE AS FOLLOWS:

- a. Cores: none.
- b. Drill stem tests: none anticipated.
- c. Cuttings will be caught and analyzed by a geologist from 1000' to Total Depth.
- d. Logging: High Resolution Induction, Spectral Density Log, Dual Spaced Neutron and a Microlog will be run from T.D. to the surface casing shoe.

9. ANTICIPATED ABNORMAL PRESSURES AND TEMPERATURES:

No abnormal pressures, temperatures or Hydrogen Sulfide gases are anticipated during the completion of this well. The maximum bottom hole pressure is expected to be less than 600 psig.

10. ANTICIPATED STARTING DATE AND DURATION OF OPERATIONS:

The anticipated starting date is July 2002. The drilling operations should be completed within 10 days after Rig up. Completion will be done when equipment is available and weather permits.

EXHIBIT C