

P.O. BOX 7168 BILLINGS, MT 59103
PHONE (406) 245-6248
FAX (406) 245-9106

**NANCE PETROLEUM
CORPORATION**

Fax

To: Michael Stogner *NMOC D* **From:** Herb Thackeray
Sancti Fe
Fax: (505) 827-1389 **Pages:** 18 + COVER
Phone: 505-827-8185 **Date:** 4/6/00
Re: NSL -- Hopi Fed. #2 **CC:**

☐ Urgent ☐ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle

• **Comments:** To follow are the documents you requested:

BLM completion report form 3160-4 (2 pages)

Inclination report (1)

Sundry Notice for planned zone test (1)

APD & C-102 for location drilled (2)

Archaeologic Study (4)

Grid map showing various locations and features (1)

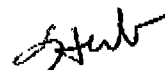
APD, Notice of Staking and C-102 for original proposed location (3)

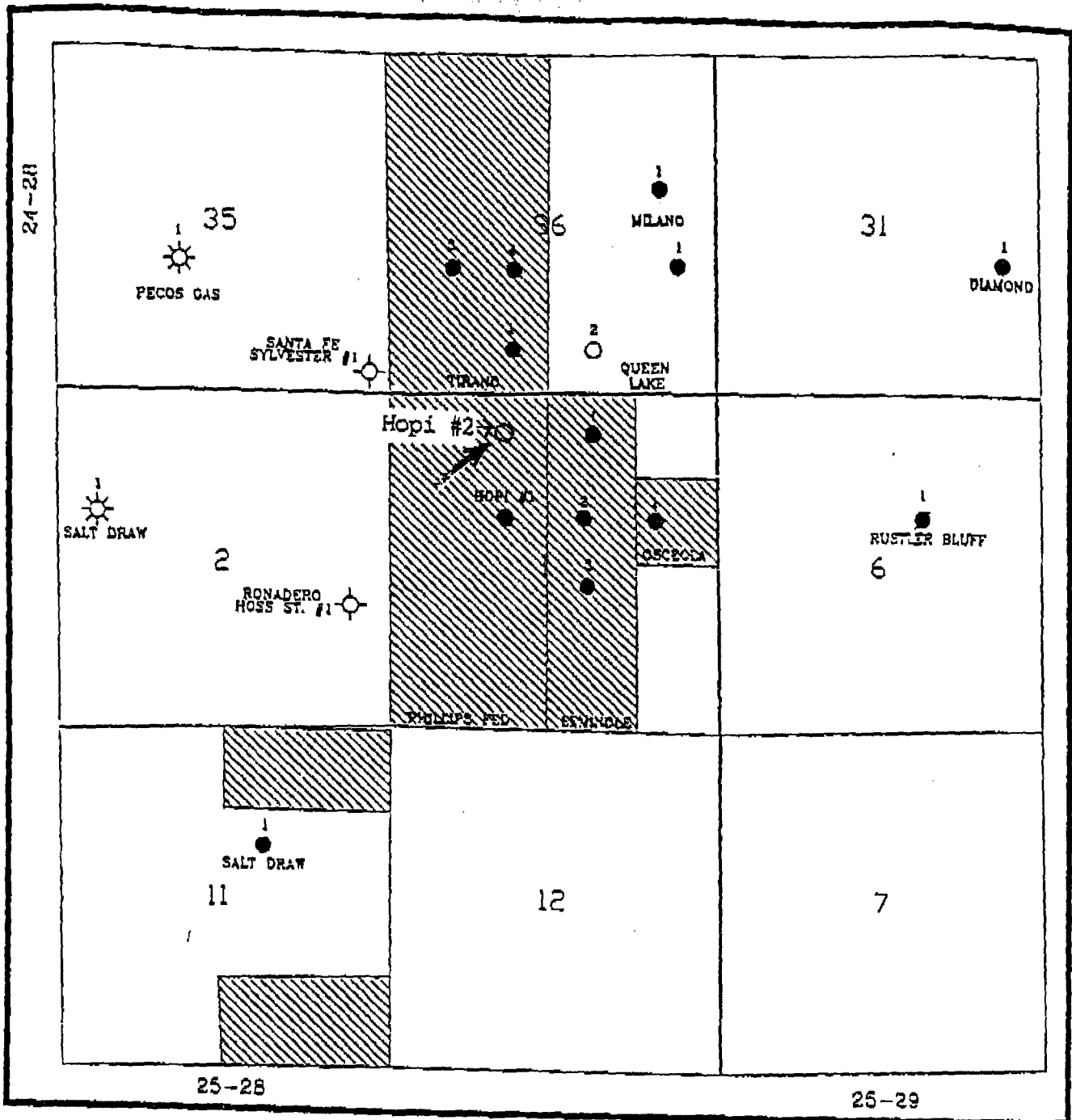
Some handwritten notes as situation evolved (2)

List of WIO's from AFE proposal (1)

Map showing St. Mary Land & Exploration leaseholds (1)

Denver land Dept. is checking records to confirm leasehold situation. Coastal Management had been contract operator for St. Mary since 7/96 and drilled this well in 12/99. Nance Petroleum is a wholly owned subsidiary of St. Mary and assumed operations effective 1/1/2000. Please let me know if there are any additional documents needed. Our pumper has been instructed to shut the well in until further notice. My direct number is (406) 255-8627.





ST. MARY LAND AND EXPLORATION
WILLOW LAKE DELAWARE
EDDY COUNTY, NEW MEXICO

Form approved
(November 1983)
(formerly 9-339)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN DUPLICATE

(See other instructions on reverse side)

Form approved.
Budget Bureau No. 1001-0137
Expires August 31, 1985

WELL COMPLETION OR RECOMPLETION REPORT AND LOG*

1. TYPE OF WELL: ☒ OIL WELL ☐ GAS WELL ☐ DRY ☐ Other _____

2. TYPE OF COMPLETION:

☒ NEW WELL ☐ WORK OVER ☐ PERM ☐ PUGH BACK ☐ DISF. REVER. ☐ Other _____

3. NAME OF OPERATOR

St. Mary Land & Exploration Co. c/o Nance Petroleum

4. ADDRESS OF OPERATOR

PO Box 7168 Billings, MT 59103

5. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)*

At surface

850' FNL & 1500' FWL

At top prod. interval reported below

same as above

At total depth

same as above

14. PERMIT NO.

DATE ISSUED

11/03/99

15. DATE SPURD

16. DATE T.D. REACHED

17. DATE COMPL. (Ready to prod.)

18. ELEVATIONS (DP, RWD, RT, CR, ETC.)*

19. ELEV. CASINGHEAD

12/11/99

12/21/99

1/21/00

2936' GR 2952.6' KB

20. TOTAL DEPTH, MD & TVD

21. PLUG BACK T.D., MD & TVD

22. IF MULTIPLE COMPL. HOW MANY*

23. INTERVALS DRILLED BY

ROTARY TOOLS

CABLE TOOLS

5115' MD

5080' MD

24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)*

4816 - 4974' Delaware (MD)

25. WAS DIRECTIONAL SURVEY MADE

YES

26. TYPE ELECTRIC AND OTHER LOGS RUN

Litho-Density CNL/GR; Azimuthal Laterolog Micro-CFL/GR; CMR; CBL; Spectrascan

27. WAS WELL CURED

NO

28. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLES	CEMENTING RECORD	AMOUNT PULLED
8 5/8	24	562	12 1/4	490 SX "C" - surface	
5 1/2	15.5	5111	7 7/8	935 SX "C" - surface	

29. LINER RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
					2 3/8	4766	

31. PREPARATION RECORD (Interval, size and number)

4816 - 4817, .4", 4 holes
4986 - 4998, .4", 10 holes
4973 - 4974, .4", 4 holes

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
4816 - 4974	Acidize w/3000g 7 1/2% HCl Frac w/66,990g gel & 119260# Ottawa sand

33. PRODUCTION

DATE FIRST PRODUCTION		PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump)				WELL STATUS (Producing or shut-in)	
1/25/00		Pumping - 1 1/2" rod pump				Producing	
DATE OF TEST	HOLES TESTED	CHOKED SIZE	PRIM'N. FOR TEST PERIOD	OIL—BSL.	GAS—MCF.	WATER—BSL.	GAS-OIL RATIO
2/18/00	24		→	18	30	207	1667
FLOW, TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL—BSL.	GAS—MCF.	WATER—BSL.	OIL GRAVITY-API (CORR.)	
		→	18	30	207	1667	

34. DISPOSITION OF GAS (Bald, used for fuel, vented, etc.)

Sold

35. LIST OF ATTACHMENTS

Logs; Inclination Report

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records

SIGNED

Robert R. Shockey

TITLE Operations Engineer

DATE 3/10/00

*(See Instructions and Spaces for Additional Data on Reverse Side)

37. SUMMARY OF POROUS ZONES: (Show all important zones of porosity and contents thereof, cased intervals, and oil drill-stem, tests, including depth interval tested, cushions used, flow and shut-in pressures, and recovery);				38. GEOLOGIC MARKERS		
FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.	NAME	MEAS. DEPTH	TRUE VERT. DEPT
				Rustler	952	
				Salt	1856	
				Lamar	2670	
				Bell Canyon	2694	
				Cherry Canyon	3600	
				Brushy Canyon	4268	
				Rustler Bluff	4611	
				Canyons Sand	4870	
				Gemstone	4964	

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INCLINATION REPORT

LOCATION _____

FROM : RIDGE LANE CAPITAL

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir.
Use "APPLICATION FOR PERMIT" for such proposals.)

1. OIL WELL ☒ GAS WELL ☐ OTHER ☐		5. LEASE DESIGNATION AND SERIAL NO. NM 88128	
2. NAME OF OPERATOR St. Mary Land & Exploration c/o Nance Petroleum Corporation		6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
3. ADDRESS OF OPERATOR P. O. Box 7168 - Billings, MT 59103		7. UNIT AGREEMENT NAME	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements. See also space 17 below.) At surface 850' FNL & 1500' FWL Unit Letter-C		8. FARM OR LEASE NAME Hopi Federal	
14. PERMIT NO. 30-015-30819		9. WELL NO. 2	
15. ELEVATIONS (Show whether DF, RT, GR, etc.) 2936' GR		10. FIELD AND POOL, OR WILDCAT Willow Lake Delaware	
		11. SEC., T., R., & N., OR BLM, AND SURVEY OR AREA Sec. 17-T25S-R28E	
		12. COUNTY OR PARISH Eddy	13. STATE NM

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
TEST WATER SHUT-OFF ☒	PULL OR ALTER CASING ☐	WATER SHUT-OFF ☐	REPAIRING WELL ☐
FRACUTURE TREAT ☐	MULTIPLE COMPLETE ☐	FRACUTURE TREATMENT ☐	ALTERING CASING ☐
SHOOT OR ACIDIZE ☐	ABANDON* ☐	SHOOTING OR ACIDIZING ☐	ABANDONMENT* ☐
REPAIR WELL ☐	CHANGE PLANS ☐	(Other) ☐	

(Other) ☐
(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

Recently completed well has been making more water than expected and current artificial lift equipment has not been able to pump well off. Production averages 11 BOPD + 200 BWPD + 30 MCFG.

Propose to set a RBP at $\pm$ 4870' to pump test the Delaware "C" perfs (4816-4817'). If we are able to pump this zone off - the RBP will be lowered to $\pm$ 4950' to pump test the Delaware "C" perfs (4896-4898') with the "B". Once the relative production capacity of each zone is determined, either a CIBP will be set to isolate the lower zone(s) or larger lift equipment will be installed.

Work will commence upon approval subject to pulling unit availability.

18. I hereby certify that the foregoing is true and correct

SIGNED <i>David R. Glass</i>	TITLE Operations Engineer	DATE 3/17/00
(This space for Federal or State office use)		
APPROVED BY <i>David R. Glass</i>	TITLE PETROLEUM ENGINEER	DATE MAR 22 2000
CONDITIONS OF APPROVAL, IF ANY:		

*See Instructions on Reverse Side

OPERATOR'S COPY

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1A. TYPE OF WORK		DRILL ☒ DEEPEN ☐		7. UNIT AGREEMENT NAME	
B. TYPE OF WELL		OIL WELL ☒ GAS WELL ☐ OTHER ☐		8. FARM OR LEASE NAME, WELL NO	
		SINGLE ZONE ☒ MULTIPLE ZONE ☐		Hopi Federal #2	
2. NAME OF OPERATOR				9. AM WELL NO.	
St. Mary Land and Exploration Co.					
3. ADDRESS AND TELEPHONE NO.				10. FIELD AND POOL, OR WILDCAT	
P.O. Box 2726 915)688-0700				Willow Lake Delaware	
c/o Coastal Mgmt Corp. Midland, TX 79707				11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)				Sec 1, T-25-S, R-28-E	
At surface				12. COUNTY OR PARISH	
850 FNL & 1500 FWL				Eddy	
At proposed prod. zone				13. STATE	
				NM	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*					
5 miles South/Southeast of Malaga, 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	
660		320		40	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.		19. PROPOSED DEPTH		20. ROTARY OR CABLE TOOLS	
1320		5100'		Rotary	
21. ELEVATIONS (Show whether DF, RT, GR, or GL)				22. APPROX. DATE WORK WILL START*	
2932, GL					
CARLSBAD CONTROLLED WATER BASIN					
23. PROPOSED CASING AND CEMENTING PROGRAM					
SIZE OF ROPE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT	
12-1/4"	8-5/8"	24#	550 ±	310 sxs Class "C"	
7-7/8"	5-1/2"	15.5#	5100 ±	1535 sxs Class "C"	

Pre-set conductor casing as necessary to preclude sloughing/caving of surface materials. Drill 12-1/4" hole to 550-575' w/FW mud. Run 8-5/8" casing and cement to surface. Install BOP stack consisting of 2 rams, and a bag type annular, test to WP before drilling out. Drill 7-7/8" hole to 4700'± w/10# brine. RU mud logger, mud up to control water loss, drill thru Gemstone and "C" sands of Brushy Canyon (Delaware) sandstone. Run electric logs, and if appropriate run 5-1/2" casing to TD and cement to surface using multiple stage cementing tool if required.

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS

7. 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 vertical depths. Give blowout preventer program, if any.

4. Otto Svendsen
SIGNED Otto Svendsen TITLE Operations Engineer DATE 12/1/99

(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.

P. P. P. **Acung** Assistant Field Office Manager,
Lands and Minerals *1/1/68*

APPROVED BY George W. Hale TITLE _____ DATE 11/03/79

DISTRICT I

P.O. Box 1080, Hobbs, NM 88241-1080

DISTRICT II

P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

P.O. BOX 2088, SANTA FE, N.M. 87504-2088

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised February 10, 1994

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name HOPI FEDERAL	Well Number 2
OGRID No.	Operator Name COASTAL MANAGEMENT CORP.	Elevation 2936

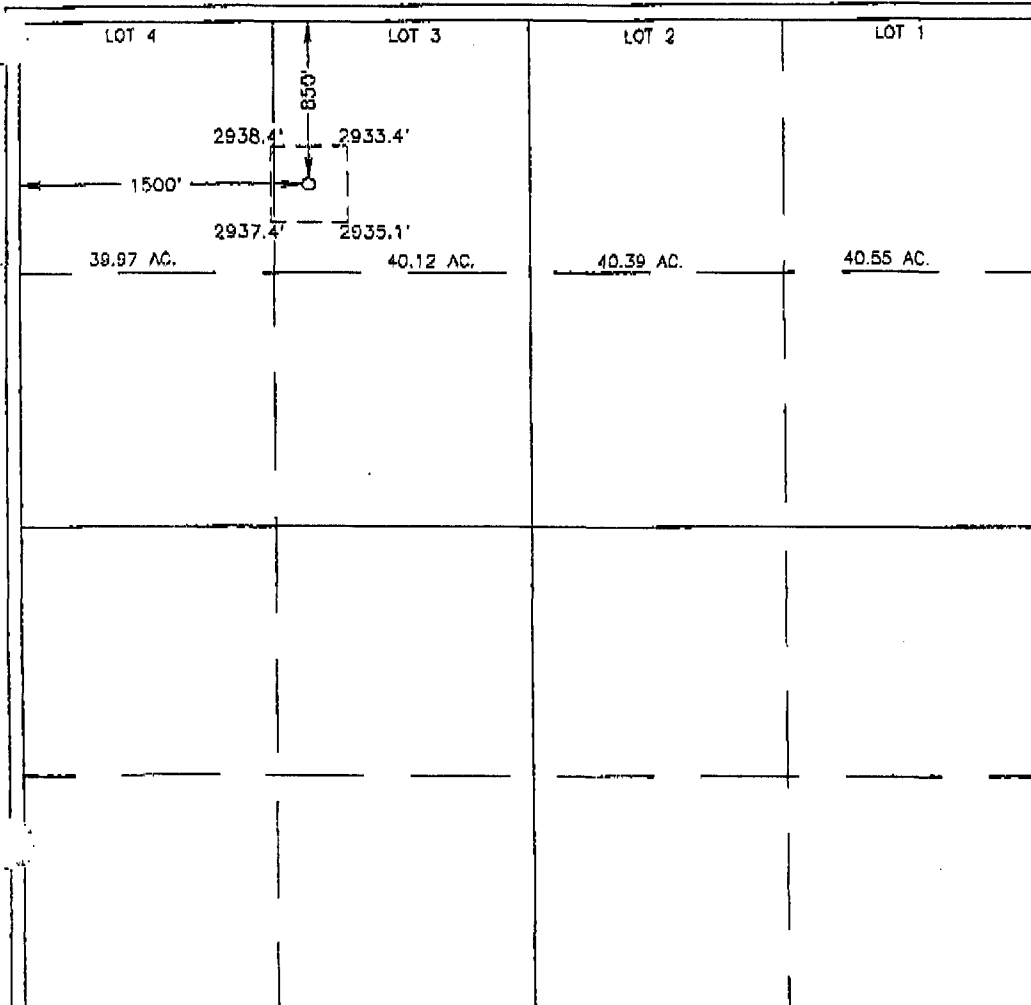
Surface Location

UL or lot No. LOT 3	Section 1	Township 25 S	Range 28 E	Lot Idn.	Feet from the 850	North/South line NORTH	Feet from the 1500	East/West line WEST	County EDDY
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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
Dedicated Acres		Joint or Infill		Consolidation Code		Order No.			

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

LOT 4	LOT 3	LOT 2	LOT 1
			
OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature _____ Printed Name _____ Title _____ Date _____			
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. SEPTEMBER 24, 1999 Date Surveyed _____ Signature of J. Eidson _____ Professional Surveyor _____ Professional Seal of J. Eidson _____ Certification No. 1239 J. Eidson Professional Seal of J. Eidson _____ Certification No. 1239 J. Eidson			



Desert West

ARCHAEOLOGICAL SERVICES

October 5, 1999

Mr. Otto Snendsen
COASTAL MANAGEMENT CORPORATION
P.O. Box 2726
Midland, TX 79702

Dear Mr. Snendsen:

Enclosed please find your copy of Desert West Archaeological Services (DWAS) Clearance Report for COASTAL MANAGEMENT CORPORATION's proposed Hopi Federal Well No. 2 Alternate No. 1 (850' FNL; 1500' FWL) in Section 1, T25S, R28E, NMPM, Eddy County, New Mexico. Four isolated manifestations (IM) were encountered during this survey. Archaeological clearance is recommended for COASTAL MANAGEMENT CORPORATION's proposed Hopi Federal Well No. 2 Alternate No. 1 as presently staked. No further archaeological work should be required.

The Bureau of Land Management will review this report and make the final decision on archaeological clearance for your project.

If you have any questions, please call our office.

Sincerely,

Arita Slate

Enclosure

Xc: Bureau of Land Management, Carlsbad Field Office, Carlsbad, NM (2)

**TITLE PAGE/ABSTRACT/ NEGATIVE SITE REPORT
CARLSBAD FIELD OFFICE**

BLM/ RDO 1/95

1. BLM Report No.	2. (ACCEPTED) (REJECTED)	3. NMCRIS No.: 65960
4. Title of Report (Project Title): Archaeological survey of Coastal Management Corporation's proposed Hopi Federal Well No. 2, Alternate No. 1, (850' FNL, 1500' FWL) in Section 1, T25S, R28E, NMPM, Eddy County, NM		5. Project Date(s): 9-29-99
		6. Report Date: 10-4-99
7. Consultant Name & Address: Direct Charge: David Wilcox Name: Desert West Archaeological Services Address: P.O. Box 645, Carlsbad, NM 88220 Authors Name: Stephen Smith Field personnel names: Stephen Smith Phone (505) 887-7646		8. Permit No.: 123-2920-99-T
		9. Consultant Report No. DWAS 99-02 O
10. Sponsor Name and Address: Indiv. Responsible: Mr. Otto Snendsen Name: Coastal Management Corporation Address: PO Box 2726 Midland, TX 79702 Phone (915) 688-0700		11. For BLM Use only.
		12 ACREAGE: Total No. of acres surveyed: .92 Per Surface Ownership: Federal: .92 State: Private: 0
13. Location: (Maps Attached if negative survey) Figure 1		
a. State: NM		
b. County: Eddy		
c. BLM: Carlsbad Field Office		
d. Nearest City or Town: Malaga, NM		
e. Location: T25S, R28E, Section 1 Well Pad [NE ¼, NW ¼] Well Pad Footages: [850' FNL, 1500' FWL]		
f. 7.5' Map Name(s) and Code Number(s): MALAGA, NM (Prov. Ed. 1985) 32104-B1		
g. Area: Block; Impact : 200' x 200' (approximately) Surveyed: 200' x 200' (approximately) Linear: Impact: N/A Surveyed: N/A		

14. a. Records Search:

Location : BLM and ARMS by Arita Slate and Stephen Smith

Date: 9-29-99

List by LA # all sites within .25 miles of the project: LA 105766, LA 102317, LA 102316

(Those sites within 500' are to shown on the project map)

b. Description of Undertaking:

Class III pedestrian archaeological survey of COASTAL MANAGEMENT CORPORATION'S proposed Hopi Federal Well No. 2 (Alternate No. 1). Previous projects, as plotted on BLM previous project maps, encountered during this survey are as follows: 94-715, 94-027, 97-709. Also, a portion of the original Hopi Federal Well No. 2 overlapped this project. The access road was surveyed for the Hopi Federal Well No. 2 original location (see DWAS 99-16AU). From the SE corner of the original pad to the SE corner of Alternate No. 1. These locations overlap.

c. Environmental Setting (NRCS soil designation; vegetative community; etc.):

Vegetation: Mesquite, creosote, various grasses and wild flowers

Topography: Generally flat area.

Soils: Reeves-Gypsum land-Cottonwood association: Loamy soils that are very shallow to moderately deep over gypsum beds, and Gypsum land.

d. Field Methods:

Transect Intervals: Straight line and zig-zag transects spaced 15 meters or less

Crew Size: One Archaeologist

Time in Field: 1 1/2 hours

Collections: NA

15. Cultural Resource Findings: I.M. No. 1-[SW 1/4, NE 1/4, NW 1/4] Quartzite core, unidirectional, 64 x 46 x 20 mm.; I.M. No. 2-[SW 1/4, NE 1/4, NW 1/4] Decortification flake, whole, quartzite, 100% cortex, 42 x 36 x 18 mm., platform absent, successful termination; decortification flake, whole, quartzite, 100% cortex, 36 x 28 x 22 mm., crushed platform, successful termination; I.M. No. 3-[SW 1/4, NE 1/4, NW 1/4] Flake, mid-section, chert, 0% cortex; I.M. No. 4-[SW 1/4, NE 1/4, NW 1/4] Decortification flake, whole, quartzite, 90% cortex, 30 x 26 x 14 mm., platform absent, successful termination

a. Identification and description: (Location shown on Project map)

16. Management Summary (Recommendations):

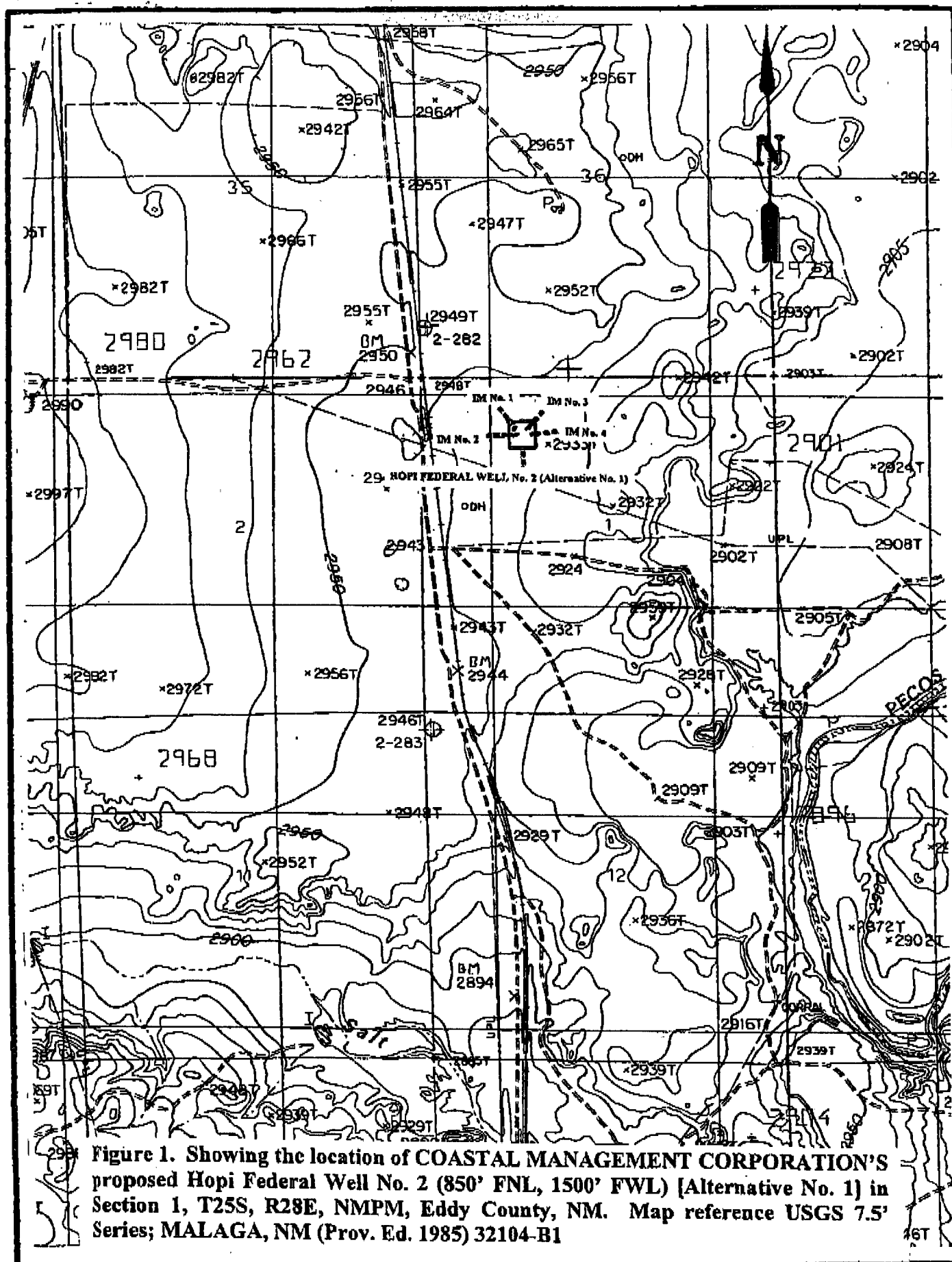
Archaeological Clearance for Coastal Management Corporation's proposed Hopi Federal Well No. 2 (Alternate No. 1) in Section 1, T25S, R28E, NMPM, Eddy County, NM as presently marked is recommended. The BLM and DWAS are to be notified immediately if any cultural resources are encountered during any construction.

I certify that the information provided above is correct and accurate to the best of my knowledge and meets all appreciable BLM standards.

Responsible Archaeologist

Stephen Smith
Signature10-4-99

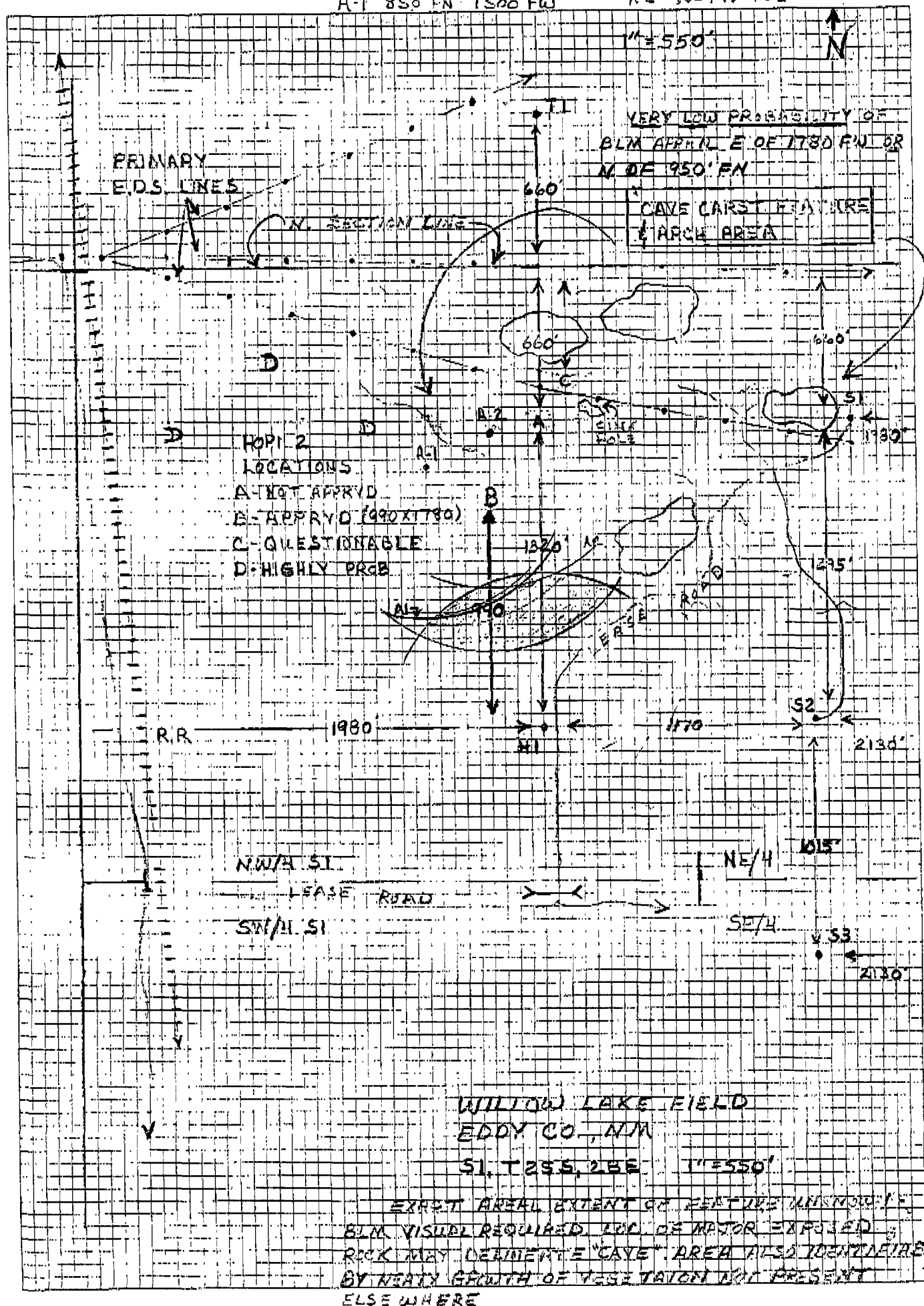
Date



A-1 850' FN 1500' FW

A-2 700' FN 1750' FW

1"=550'



46 0660

10 X 15" O THE INCH • 7 X 13 INCH'S
KEUFFEL & ESSER CO. MADE IN U.S.A.

Form 3160-3
(July 1992)SUBMIT IN TRIPLICATE*
(Other instructions on
reverse side)FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒DEEPEN ☐

b. TYPE OF WELL

OIL
WELL ☒GAS
WELL ☐OTHER ☐SINGLE
ZONE ☒MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

St Mary Land and Exploration Company

3. ADDRESS AND TELEPHONE NO.

c/o P.O. Box 2726 915)688-0700
Coastal Mgmt. Corp. Midland, Texas 79702

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*

At surface

1980 FWL & 660 FNL

At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

5 miles South/Southeast of Malaga, NM

15. DISTANCE FROM PROPOSED*
LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drlg. unit line, if any)

660

16. NO. OF ACRES IN LEASE

320

17. NO. OF ACRES ASSIGNED
TO THIS WELL

40

18. DISTANCE FROM PROPOSED LOCATION*
TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

1320'

19. PROPOSED DEPTH

5100'

20. ROTARY OR CABLE TOOLS

Rotary

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

2932 GL

22. APPROX. DATE WORK WILL START*

9/1/99

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	8-5/8"	24#	550±	310 sxs Class "C"
7-7/8"	5-1/2"	15.5#	5100±	1535 sxs Class "C"

Pre-set conductor casing as necessary to preclude sloughing/caving of surface materials. Drill 12-1/4" hole to 550-575' w/FW mud. Run 8-5/8" casing and cement to surface. Install BOP stack consisting of 2 rams, and a bag type annular, test to WP before drilling out. Drill 7-7/8" hole to 4700' w/10# brine. RU mud logger, mud up to control water loss, drill thru Gemstone and "C" sands of Brushy Canyon (Delaware) sandstone. Run electric logs, and if appropriate run 5-1/2" casing to TD and cement to surface using multiple stage cementing tool if required.

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 surface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED

TITLE Operations Engineer

DATE

7/29/99

(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 thereunder.

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY

TITLE

DATE

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes 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 claims as to any matter within its jurisdiction.

NOTICE OF STAKING

(Not to be used in place of Application for Permit to Drill Form 316003)

1. Oil Well ☒ Gas Well ☐ Other ☐		6. Lease Number NM - 88128	
2. Name of Operator: St. Mary Land & Exploration Company		7. If Indian, Allottee or Tribe Name N/A	
3. Name of Specific Contract Person: Otto Svendsen		8. Unit Agreement Name N/A	
4. Address & Phone No. of Operator or Agent Coastal Management Corporation - Agent P.O. Box 2726 Midland, TX 79702 (915)688-0700		9. Farm or Lease Name Hopi Federal	
5. Surface Location of Well Attach: a) Sketch showing road entry into pad, pad dimensions, and reserve pit. b) Topographical or other acceptable map showing location, access road, and lease boundaries.		10. Well No. #2	
		11. Field or Wildcat Name Willow Lake Delaware	
		12. Sec., T., R., M., or Blk. and Survey or Area Sec. 1 - T2S R28 E	
15. Formation Objective(s) Delaware	16. Estimated Well Depth 5100'	13. County, Parish or Borough Eddy	14. State NM
17. Additional Information (as appropriate; must include surface owner's name, address, and telephone number). BLM, P.O. Box 1778, Carlsbad, NM 88221-1778 (505) 627-0272 234-5972			
18. Signed <u>Otto Svendsen</u> Title <u>Operations Engineer</u> Date <u>7/29/99</u>			

Note: Upon receipt of this Notice, the Bureau of Land Management (BLM) will schedule the date the onsite predrill inspection and notify you accordingly. The location must be staked and access road must be flagged prior to the onsite.

Operators must consider the following prior to the onsite:

- a) H2S Potential
- b) Cultural Resources (Archeology)
- c) Federal Right of Way or Special Use Permit

Form C-102

Revised February 10, 1964

State Issue - 4 Copies

For Lease - 3 Copies

P.O. Drawer DD, Artesia, NM 86211-0719

2 Rio Bravo Rd., Aztec, NM 87410

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

P.O. BOX 2068, SANTA FE, N.M. 87504-2068

☐ AMENDED REPORT

API Number	Pool Code 64453	Pool Name Willow Lake Delaware
Property Code 20371	Property Name HOPI FEDERAL	Well Number 2
OGRID No. 154203	Operator Name COASTAL MANAGEMENT CORP.	Elevation 2932

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
LOT 3	1	25 S	28 E		660	NORTH	1980	WEST	EDDY

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
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LOT 4 1980' 39.97 AC.	LOT 3 2937.4' 2934.0' 40.12 AC.	LOT 2 40.39 AC.	LOT 1 40.55 AC.
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OPERATOR CERTIFICATION

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

Renee Lawrence
 Signature

Renee Lawrence
 Printed Name

Regulatory Specialist
 Title

 Date

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.

JULY 22, 1999

Date Surveyed

Harold J. Eidson
 Signature

Professional Surveyor

Harold J. Eidson
 3239
 09-11-0809

NEW MEXICO

REGISTERED PROFESSIONAL SURVEYOR

to No. 1000 WEST
 Harold J. Eidson
 678
 3239
 12641

+50' EN
2'30' FW

1. BLM condemned primary and alternate locations as staked due to cave Karst feature. Barry Hunt w/BLM Carlsbad said (8/3) that minimum move to get away from the feature would be 330' South and 235' West. He also stated that any future locations N or NW ~~could~~ would probably put a stake in a known archaeological site.
2. Rick Ricketts approved moving of location as described above would NOT adversely effect the prospect other than a possible thinning of the Gemstone Sand (8/3/99 0900)
3. Otto contacted St. Mary R&E re this matter and they agreed to go ahead. (8/3/99 0930)
Contacted Barry Hunt to verify "calls" for move were the minimum.
4. Contacted John West Surveying of Hobbs - spoke to "Ron" re having location re-staked this week (8/3/99 1000)
5. Numerous attempts to contact archaeological service (to cancel look @ original location) have met w/ no success.
6. 8/13/99 - contacted "arch service" to have them evaluate new drill site - got no return call
7. 8/13 got letter from BLM re deficiencies in App for Dels Permit

8. Assemble materials to resubmits w/ADP and gave to Renee sent out 8/16
9. 8/18 call arch service re new location - lady said she had done this last week and will send write-up to BLM tomorrow
10. called Al Arnold w/ Seward Const. about looking at restake location and make adjustment to bid for shortened road, etc. Not in office, left message on mobile
11. talked to Al Arnold re looking @ location since moved stake - adjust price for less road OR apply difference to restoration (Thurs 8/19)
12. Received approved ADP from BLM (Fri 8/22)
13. spoke to Rick about executing dig. contract (Thurs 8/27)
so as to "tie down" the bid price

HOPI FEDERAL #2
Working Interest Owners
AFE No. 99035

AFE AMOUNT: \$414,800

	<u>Working Interest</u>	<u>Your Share of AFE</u>
Riverhill Energy Corporation P.O. Box 2726 Midland, Texas 79702-2726	0.09150000	\$37,954.20
St. Mary Land & Exploration Company 1776 Lincoln Street, Suite 1100 Denver, Colorado 80203	0.82350000	\$341,587.80 ✓
Floyd Blakeney 2603 N. Washington Roswell, New Mexico 88201	0.01000000	\$4,148.00
Robert L. Dale 15419 Peach Hill Road Saratoga, California 95070	0.01500000	\$6,222.00
Energex Company 100 North Pennsylvania Roswell, New Mexico 88201	0.03000000	\$12,444.00
Burma Lee Kernel Rt. 2, Box 96 Seminole, Oklahoma 74868	0.00500000	\$2,074.00
C.E. LaRue P.O. Box 1370 Artesia, New Mexico 88211	0.01000000	\$4,148.00
Elliott Industries, Inc. P.O. Box 1355 Roswell, New Mexico 88202 Attn: Steve Elliott	0.00500000	\$2,074.00
Dr. Michael J. Norton, III 688 County Street New Bedford, Massachusetts 02740	0.01000000	\$4,148.00
TOTAL	1.00000000	\$414,800.00