

111646347

NSL 5-10-01

RECEIVED

APR 23 2001



KOCH EXPLORATION COMPANY

CONSERVATION DIVISION

April 20, 2001

New Mexico Oil Conservation Division
Attn: Mr. Mike Stogner
1220 South St. Francis Drive
Santa Fe, NM 87505

30-045-30369

Re: Carle 2B
NE/4 Section 20-T30N-R11W
San Juan County, New Mexico

Dear Mr. Stogner:

As you are aware from discussions with Mr. Steve Haden with your Aztec office, Koch Exploration Company (Koch) has discovered that the recently completed Mesaverde Carle 2B well was surveyed incorrectly. Initially the C-102 was submitted to the BLM and the NMOCD as 1885' from the north line and 965' from the east line. Koch drilled and completed the well as per footages described by United Field Services (UFS). On April 18, 2001, UFS was staking the Carle 1C coal well next to the existing Carle 2B well at which time Thomas Gonzales with UFS discovered that the footages on the Carle 2B were incorrect. On April 19, 2001, Tom Abercrombie with UFS researched the old field notes and discovered that the numbers were inverted from 965' from the east line to 695' from the east line and, to make things worse, UFS also discovered during the survey that the actual location was 632' from the east line, making the Carle 2B a Non-Standard Location (NSL) as it is inside the 660' rule. The well was shut in approximately 5:00 p.m. on April 19, 2001.

A review of the C-102 form and available data indicates that the only active Mesaverde wells within the adjoining spacing units are operated by Burlington Resources being the Taylor Com 2 & 2A wells in Section 17; the Morris Com 101 in Section 20; and the Fifield 4 & 4A wells in Section 21; all in T30N-R11W. By letter dated April 20, 2001, we advised Burlington Resources of the problem with the Carle 2B location and they have provided us with a waiver of any objection to the Non-Standard Location. We have enclosed a copy of the executed waiver.

Enclosed with this letter is (a) a plat showing the spacing unit, the unorthodox well location and the adjoining spacing units and wells, (b) a list of affected persons, (c) the executed waiver of any objection by Burlington Resources, (d) a new survey plat provided by UFS.

Koch Exploration Company requests you review the enclosed and if all is in order, approve our request for the Non-Standard Location for the Carle 2B well. The undersigned can be reached at 713 544-7414 or fax 713 544-6161. Don Johnson, Field Supervisor can be reached at 505 334-9111. Thank you for your cooperation.

Yours truly,

Lance F. Harmon
Land Manager

NMOCD – Aztec District
Attn: Mr. Steve Haden
1000 Rio Brazos Road
Aztec, NM 87410

Don Johnson
Stan Bennett



Carle 2B Area
 San Juan County, NM
 Locations of Offset Mesaverde Wells
 (source: IHS PI/Dwights Prod Data)

- MESAVERDE
- CHACRA
- DAKOTA
- FARMINGTON
- FRUITLAND
- FRUITLAND COAL
- GALLUP /SD/ SW
- PICTURED CLIFFS



20

21

22

State Hwy 544

CARLE 1B

CARLE 1

CARLE 2

CARLE 2B

Original Survey
 Subsequent Survey

BURLINGTON RESOURCES
 TAYLOR COM 2

BURLINGTON RESOURCES
 MORRIS COM 101

BURLINGTON RESOURCES
 FIFIELD 4

BURLINGTON RESOURCES
 FIFIELD

CROSS TIMBERS
 BRUINGTON GAS COM C

Carle #2B
 Sec 20-T30N-R11W, 1885 FNL 965 FEL
 San Juan Co., New Mexico
 Lease SF - 078138

Surface Use Program

- Existing Roads (Exhibit A):** Equipment and personnel will utilize State Highway 550, turn West across from Aztec Well Service and go approximately ¼ miles, then South ¾ mile, then West ¼ mile, then North to location. The existing exit from the highway will be used. The road leading to the location will be maintained to as good or better conditions than they were before the project started.
- Access Roads:** Approximately 272' of new road access will be required. All new road access will be with in Section 20 and on Koch's Lease SF078138.
- Location of Existing Wells:** All existing known wells including water, injection, disposal, producing and proposed within one mile radius have been included on the map at **Exhibit B**. No known water, injection or disposal wells exist within this area. The wells (based on Dwight's data) are as follows:

Location	Well/Lease	Well #	Formation	Operator	Status
16-30N-11W	AZTEC COM 2	1	PICTURED CLIFFS	CROSS TIMBERS	ACT
16-30N-11W	AZTEC COM 3	1	PICTURED CLIFFS	CROSS TIMBERS	ACT
16-30N-11W	FC STATE COM	16	FRUITLAND COAL	CONOCO INC	ACT
16-30N-11W	FC STATE COM	30	FRUITLAND COAL	CONOCO INC	ACT
16-30N-11W	GONSALES ST COM	1	DAKOTA	BURLINGTON RES O&G	ACT
16-30N-11W	STATE COM T	16	PICTURED CLIFFS	CONOCO INC	ACT
16-30N-11W	STATE COM U	17	PICTURED CLIFFS	CONOCO INC	ACT
17-30N-11W	MONTGOMERY	1	PICTURED CLIFFS	MERIDIAN OIL	INA
17-30N-11W	PRICE	1	PICTURED CLIFFS	RODDY PROD CO	INA
17-30N-11W	RAYMOND SIMMONS	1	DAKOTA	RODDY PROD CO	ACT
17-30N-11W	SIMMONS	1	PICTURED CLIFFS	MERIDIAN OIL	INA
17-30N-11W	SIMMONS	1	FRUITLAND COAL	BURLINGTON RES O&G	ACT
17-30N-11W	TAYLOR	1	PICTURED CLIFFS	EPNG	INA
17-30N-11W	TAYLOR	1R	PICTURED CLIFFS	BURLINGTON RES O&G	ACT
17-30N-11W	TAYLOR COM	2	DAKOTA	BURLINGTON RES O&G	ACT
17-30N-11W	TAYLOR COM	2	MESAVERDE	BURLINGTON RES O&G	ACT
17-30N-11W	TAYLOR COM	2A	MESAVERDE	BURLINGTON RES O&G	ACT
20-30N-11W	BRUINGTON	1R	PICTURED CLIFFS	TAURUS EXPLOR	ACT
20-30N-11W	CARLE	1	PICTURED CLIFFS	KOCH EXPLOR CO	ACT
20-30N-11W	CARLE	1	MESAVERDE	KOCH EXPLOR CO	ACT
20-30N-11W	CARLE	2	PICTURED CLIFFS	KOCH EXPLOR CO	ACT
20-30N-11W	CARLE	2	MESAVERDE	KOCH EXPLOR CO	ACT
20-30N-11W	MARX FEDERAL	1	DAKOTA	CONOCO INC	ACT
20-30N-11W	MORRIS A	1	PICTURED CLIFFS	EPNG	INA
20-30N-11W	MORRIS COM	101	MESAVERDE	BURLINGTON RES O&G	ACT
21-30N-11W	BRUINGTON COM C	1	DAKOTA	CROSS TIMBERS	ACT
21-30N-11W	BRUINGTON COM C	1E	DAKOTA	CROSS TIMBERS	ACT
21-30N-11W	BRUINGTON COM D	1	PICTURED CLIFFS	CROSS TIMBERS	ACT
21-30N-11W	FIFIELD	1	PICTURED CLIFFS	BURLINGTON RES O&G	ACT
21-30N-11W	FIFIELD	4	MESAVERDE	BURLINGTON RES O&G	ACT
21-30N-11W	FIFIELD	4A	MESAVERDE	BURLINGTON RES O&G	ACT
21-30N-11W	FRAME	1	DAKOTA	BURLINGTON RES O&G	ACT

Carle #2B

Sec 20-T30N-R11W, 1885 FNL 365 FEL

San Juan Co., New Mexico

Lease SF - 078138

Location	Well/Lease	Well #	Formation	Operator	Status
21-30N-11W	LLOYD D	1	PICTURED CLIFFS	TAURUS EXPLOR	INA
21-30N-11W	MORRIS A	6	PICTURED CLIFFS	BURLINGTON RES O&G	INA
21-30N-11W	MORRIS A	6	FRUITLAND COAL	BURLINGTON RES O&G	INA
28-30N-11W	FEDERAL B	1	DAKOTA	AMOCO PROD CO	INA
28-30N-11W	FEDERAL C	1	DAKOTA	CONOCO INC	ACT
28-30N-11W	MORRIS	4	PICTURED CLIFFS	EPNG	INA
28-30N-11W	MORRIS	6	PICTURED CLIFFS	BURLINGTON RES O&G	ACT
28-30N-11W	MORRIS A	3	PICTURED CLIFFS	EPNG	INA
28-30N-11W	MORRIS A	3	FRUITLAND	MERIDIAN OIL	INA
28-30N-11W	MORRIS A	3R	PICTURED CLIFFS	BURLINGTON RES O&G	INA
28-30N-11W	MORRIS COM	100	MESAVERDE	BURLINGTON RES O&G	ACT
28-30N-11W	MORRIS COM	102	MESAVERDE	BURLINGTON RES O&G	ACT
29-30N-11W	BRUINGTON	2	PICTURED CLIFFS	EPNG	INA
29-30N-11W	BRUINGTON 29	1	DAKOTA	CONOCO INC	ACT
29-30N-11W	MORRIS	5	PICTURED CLIFFS	BURLINGTON RES O&G	INA
29-30N-11W	MORRIS	5	FRUITLAND COAL	BURLINGTON RES O&G	ACT
29-30N-11W	MORRIS A	2	PICTURED CLIFFS	EPNG	INA
29-30N-11W	MORRIS A	11	PICTURED CLIFFS	BURLINGTON RES O&G	INA
29-30N-11W	SANDIA FEDERAL	1	DAKOTA	CONOCO INC	ACT

4. Location of Existing and/or Proposed Facilities (Exhibit C):

- a. After the well is completed, the production facilities consisting of a gas package unit, a three-phase separator, 100 barrel water pit tank, and a 300 barrel oil tank will be installed. All production equipment permanently placed on location will be painted a non-reflective green to blend with the natural environment and will be located within 125 feet from the wellhead.
- b. A 4.5-inch diameter buried steel pipeline that is approximately 1,778' in length (**Exhibit C-1**) will be constructed. The pipe is to be 0.156 inch wt X-42. It will be adjacent to the access road and tie the well in to the Bruington Gas Com C No.1E lateral line (**Exhibit C-1**) operated by El Paso Field Services. The pipeline possibly could be used to transport gas to drill the well. After the well is spud, the pipeline will be authorized by a right-of-way issued to El Paso Field Services. See Exhibit E-1 for pipeline / road access archaeological study.

5. Location and Type of Water Supply: The source of water will be from one of the locations listed below. The water will be transported with water trucks. No water wells will be drilled.

1. Produced water from existing Koch operated coal wells located in Sec. 25, 26, 27 of T32N, R10W (Lease #NM-013642)
2. City of Aztec
3. Aztec Ditch by Hart Canyon turnoff on Highway #550

6. Construction Materials: No additional materials should be required to build the location or maintain the roads.**7. Methods for Handling Waste Disposal:** All drilling fluids, cuttings, salts and other solid waste will be contained in the reserve pit. Upon completion of drilling, the fluids will be

UNITED
FIELD SERVICES

Construction Management and Consulting Services

April 20, 2001

Oil Conservation Commission
1000 Rio Brazos
Aztec, NM 87410

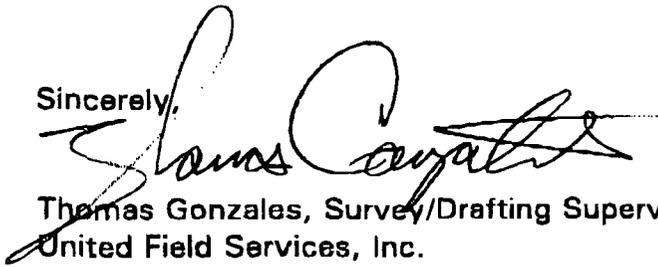
RE: Koch Exploration - Carle #2B

On April 18th of this year while surveying a proposed well location which adjoins an existing well pad, it came to my attention that the footages on the well pad sign did not reflect the physical location of the well head within the section and that it was in an unorthodox spacing widow.

The well know as the Carle #2B is owned and operated by Koch Exploration Company and was surveyed by my company, United Field Services, Inc. in August of 2000. The attached documentation reflects the surveyed field data in relation to the recorded section information recovered monumentation. For whatever reason, this error occurred, it was discovered and reported immediately to my client, Koch Exploration Company and the Oil Conservation Commission.

If further survey data is required or if there are any questions please contact our office.

Sincerely,



Thomas Gonzales, Survey/Drafting Supervisor
United Field Services, Inc.

District I
 P.O. Box 1980, Hobbs, NM 88241-1980
 District II
 811 South First, Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

Form C-102
 Revised October 18, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

* AP Number		* Pool Code		* Pool Name	
* Property Code		* Property Name CARLE			* Well Number 2B
* GRID No.		* Operator Name KOCH EXPLORATION CO.			* Elevation 5770'

10 Surface Location

Ul. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	20	30N	11W		1894'	NORTH	632'	EAST	SAN JUAN

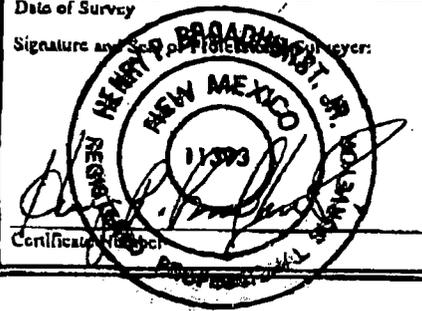
11 Bottom Hole Location If Different From Surface

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.

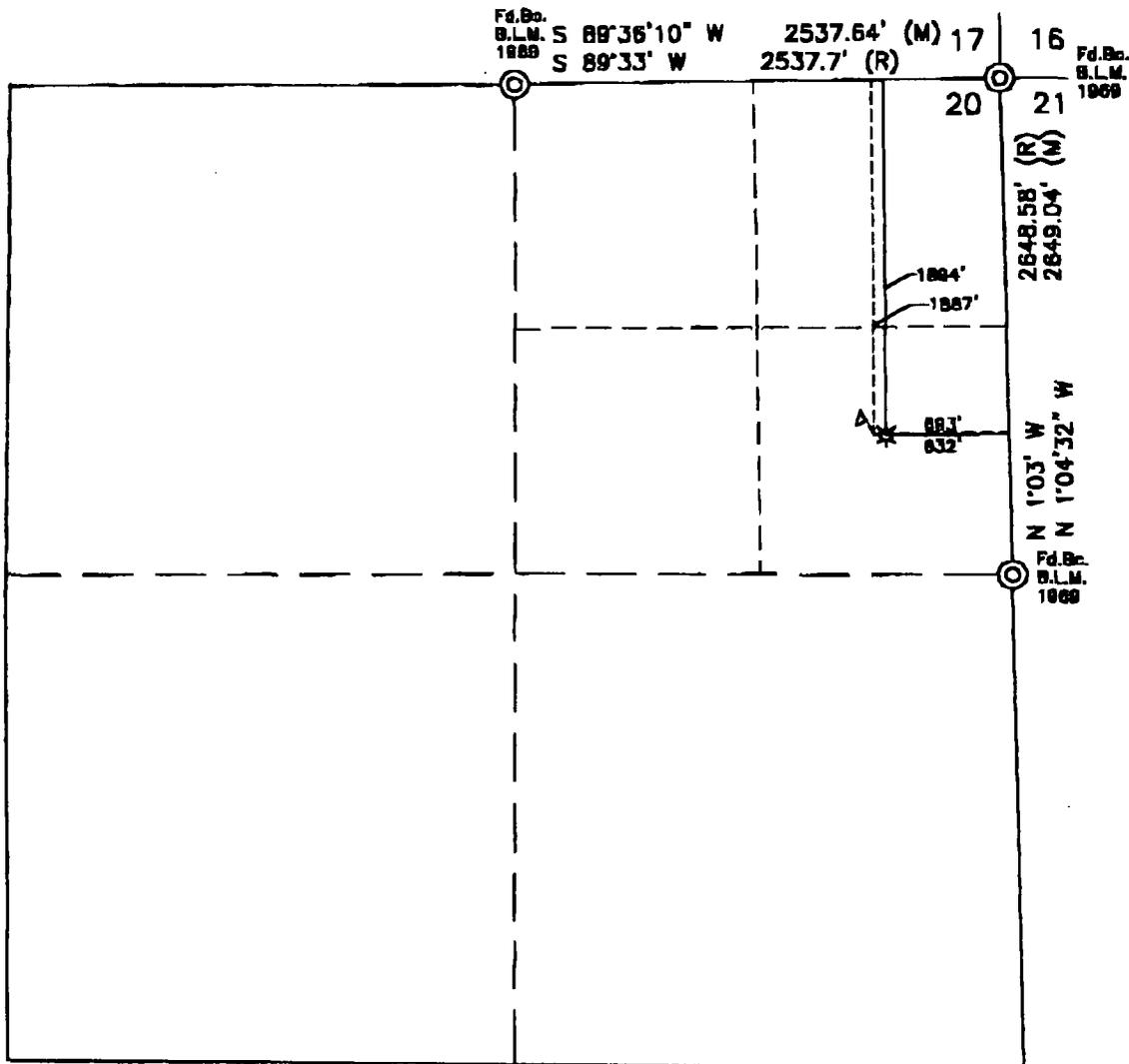
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

2639.34'	16 S89°30'E	2621.5'	N89°33'E	2537.70'	1894'	5297.16'	1	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief
		3	2					
N00°43'E					632'	5	5	Signature Printed Name Title Date
			4					
Section 20							6	18 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.
2622.18'								
N00°02'W	7	8			N01°03'W	9	9	Date of Survey Signature and Seal of Professional Surveyor: Certificate Number
	N89°24'W	2624.16'	N89°40'W	2665.08'				



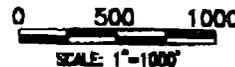
KOCH EXPLORATION CO. CARLE # 2B

NE/4 SEC.20, T-30-N, R-11-W, N.M.P.M.,
SAN JUAN COUNTY, NEW MEXICO



NOTE:

- 1.) HIDDEN LINE REPRESENTS PROPOSED CARLE #2B WELL LOCATION ON AUG. 2000
- 2.) SOLID LINE REPRESENTS EXISTING CARLE #2B ON APRIL 18 2001

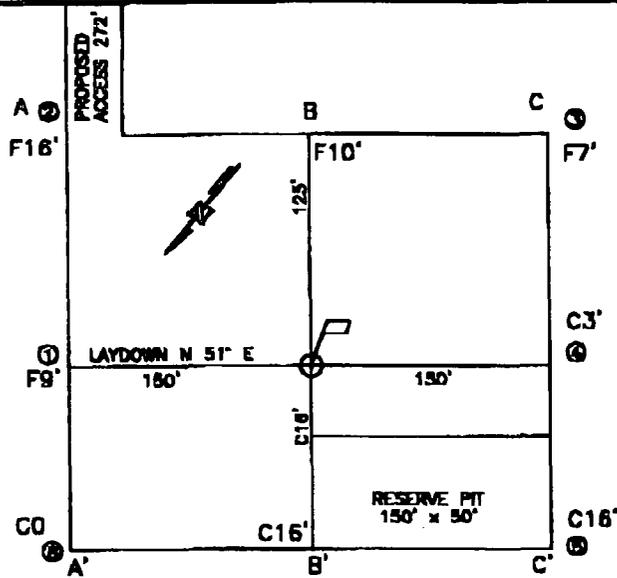


KOCH EXPLORATION CO. AZTEC, NEW MEXICO

SURVEYED: 4/19/01	REV. DATE:	APP. BY:
DRAWN BY: T.G.	DATE DRAWN: 4/20/01	FILE NAME: WELLS

UNITED
FIELD SERVICES INC.

P.O. BOX 3851
FARMINGTON, NM 87408
OFFICE: (505)334-0408



ELEVATION A-A'

ELEVATION	C/L
5790	
5780	
5770	
5760	
5750	

B-B'

ELEVATION	C/L
5780	
5770	
5760	
5750	

C-C'

ELEVATION	C/L
5790	
5780	
5770	
5760	
5750	

COMPANY: KOCH EXPLORATION CO.

LEASE: CARLE #2B

FOOTAGE: 1894' FNL, 632' FEL UNIT H

SEC. 20 TWN. 30-N RNG. 11-W N.M.P.M.

COUNTY, SAN JUAN STATE, NM

ELEVATION: 5770

LATITUDE: 36-48-00

LONGITUDE: 108-00-30

KOCH EXPLORATION CO.
AZTEC, NEW MEXICO

SURVEYED: 8/18/01	REV. DATE:	APP. BY H.B.
DRAWN BY: T.G.	DATE DRAWN: 4/18/01	FILE NAME: K004CF1

UNITED
FIELD SERVICES INC.

P.O. BOX 3851
FARMINGTON, NM 87408
OFFICE: (505)334-0408



KOCH EXPLORATION COMPANY

Post-It™ brand fax transmittal memo 7671		# of pages > 2	
To	Lance Harmon	From	Linda Dean
Co.	Koch	Co.	Burlington
Dept.	Land	Phone #	505-326-9760
Fax #	713-544-6161	Fax #	505-326-9882

April 20, 2001

Burlington Resources
San Juan Division
Attn: Linda Dean
5401 East 30th Street
Farmington, NM 87402

Re: Carle 2B well
NE/4 Section 20-T30N-R11W
San Juan County, New Mexico

Dear Linda:

As we discussed yesterday, we have found the recently Mesaverde completed Carle 2B was surveyed incorrectly. Initially the C-102 form was submitted to the BLM and the NMOCD as 1885' from the north line and 965' from the east line. Koch Exploration Company drilled and completed the well as per footages described by United Field Services (UFS). On April 18, 2001, UFS was staking the Carle 1C coal well next to the existing Carle 2B well at which time Thomas Gonzales with UFS discovered that the footages on the Carle 2B were incorrect. On April 19, 2001, Tom Abercrombie with UFS researched the old field notes and discovered that the numbers were inverted from 965' from the east line to 695' from the east line and, to make things worse, UFS also discovered during the survey that the actual location was 652' from the east line, this makes the Carle 2B a Non-Standard Location (NSL) as it is inside the 660' rule.

Koch Exploration Company advised the NMOCD in Aztec at 3:15 p.m. on April 19, 2001, and we were informed that by law we were required to shut the well in until this issue was properly taken care of and the well was shut in approximately 5:00 p.m. on April 19, 2001. As you are aware, a new revised C-102 with a NSL application requiring notification of all offsetting operators is required to obtain approval from the NMOCD before the well can be returned to production. As you can see from the attached plat, the only offsetting operator is Burlington Resources and we are requesting your waiver of any objection to the above Non-Standard Location.

We plan to send the application for the Non-Standard Location to the NMOCD Aztec and Santa Fe offices today and would like to include the waiver with the application in hopes of speeding up the process. We would appreciate your review and fax response as soon as possible. If you have any questions, please call the undersigned at 713 544-7414 or fax at 713 544-6161.

Yours truly,

Lance F. Harmon
Land Manager

AGREE TO WAIVE ANY OBJECTIONS TO THE ABOVE NON-STANDARD LOCATION

BURLINGTON RESOURCES OIL & GAS COMPANY LP

BY: John F. Zet
Attorney-in-Fact

DATE: April 20, 2001

Stogner, Michael

From: Hayden, Steven
Sent: Friday, April 20, 2001 12:02 PM
To: Stogner, Michael
Subject: Carle #2B

Mike,

This is a note about Koch's Carle #2B well dedicated to the Blanco Mesaverde in H 20, 30N, 11W. They discovered that the well location is non-standard by 28' due to a surveyor error. We had them shut in the well yesterday and prepare an application for NSL and notification to Burlington Resources, the only offset operator.

Per a phone call with Koch's manager in Aztec, Don Johnson, BR has no objection to the NSL and Koch will Fax materials to the Engineering Bureau.

After our phone call, I notified Mr. Johnson that Koch could put the well back on line.

Thanks,

Steve Hayden



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

June 4, 2001

Koch Exploration Company
20 Greenway Plaza
Houston, Texas 77046-2002

Attention: Lance F. Harmon

Re: *Administrative application requesting an exception to the well location requirements provided within the "Special Rules for the Blanco-Mesaverde Pool," as promulgated by Division Order No. R-10987-A, for a non-standard Blanco-Mesaverde infill gas well location in an existing standard 315.15-acre lay-down gas spacing and proration unit ("GPU") for the Blanco-Mesaverde Pool comprising Lots 1, 2, 3, 4, and 5, the W/2 NW/4, and SE/4 NW/4 (N/2 equivalent) of Section 20, Township 30 North, Range 11 West, NMPM, San Juan County, New Mexico, for the existing Carle Well No. 2-B (API No. 30-045-30369) located at an unorthodox infill gas well location 1885 feet from the North line and 632 feet from the East line (Lot 5/Unit H) of Section 20.*

Dear Mr. Harmon:

In preparing an order for the subject application, in which the existing 315.15-acre gas spacing and proration unit will be described and its well dedications are to be referenced, I am confused about the location of the Carle Well No. 1-B (API No. 30-045-30382) located in the SW/4 NW/4 (Unit E) of Section 20. Is this well located at a standard Blanco-Mesaverde infill gas well location **1955 feet from the North line** and 930 feet from the West line of Section 20 or at an unorthodox infill gas well location that is **1995 feet from the North line** and 930 feet from the West line of Section 20. If this well is unorthodox please provide me with a copy of the Division's authorization for the location exception.

Sincerely

Michael E. Stogner
Chief Hearing Officer/Engineer

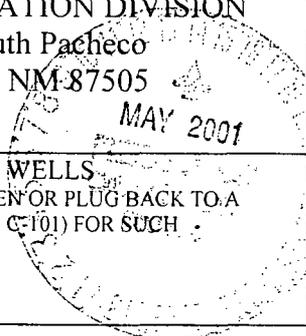
cc: New Mexico Oil Conservation Division – Aztec

Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobos, NM 88240
 District II
 811 South First, Artesis, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 Revised March 25, 1999

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505



WELL API NO. 30-045-30382
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No. NM-03886
7. Lease Name or Unit Agreement Name: Carle
8. Well No. 1B
9. Pool name or Wildcat Blanco Mesa Verde
10. Elevation (Show whether DR, RKB, RT, GR, etc.) 5670' GR

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" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:
 Oil Well Gas Well Other

2. Name of Operator
 Koch Exploration Company (505) 334-9111

3. Address of Operator
 P.O. Box 489, Aztec, NM 87410

4. Well Location
 Unit Letter E 1995 feet from the North line and 930 feet from the West line
 Section 20 Township 30N Range 11W NMPM County

10. Elevation (Show whether DR, RKB, RT, GR, etc.)
 5670' GR

11. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

- PERFORM REMEDIAL WORK
- TEMPORARILY ABANDON
- PULL OR ALTER CASING
- OTHER:
- PLUG AND ABANDON
- CHANGE PLANS
- MULTIPLE COMPLETION

SUBSEQUENT REPORT OF:

- REMEDIAL WORK
- COMMENCE DRILLING OPNS.
- CASING TEST AND CEMENT JOB
- OTHER: Squeeze off wet zone in existing perms
- ALTERING CASING
- PLUG AND ABANDONMENT

12. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompilation.

Well was still making a lot of water causing well not to flow due to water. Ran a packer and plug and tested each zone. Determined that water was coming from the Cliff House formation 3614' - 3957'. Water in the Cliffhouse proved to be an extremely wet zone with water that is not normal or native to the MV formation (blackish smelly water, we think due to proximity of injection wells in area). On May 1, 2001 set plug @ 3975' and cement retainer @ 3584'. Squeezed with 104 sacks Class B cement yield 1.18, 15.6#, with 2% CaCl2. WOC overnight. Tagged cement @ 3584' and drilled to 3730'. Squeezed perms @ 3614', 3637', 3646', 3678', 3680', 3682, 3684', 3690', 3693', 3705', 3709', 3711', and 3729', for a total of 13 perms. Pressure tested with packer @ 3584' to 2000# with very little bleed off. Cleaned out well to PBTD of 4804'. Perforated again over existing perms with .36" holes and 2 spf @ 4331, 34, 93, 95, 4401, 06, 13, 29, 36, 58, 70, 73, 4502, 11, 23, 29, 39, & 41. Ran 2 3/8" tubing and landed @ 4589' KB with 1.78" SN @ 4557' KB. Put well back on line May 9, 2001.

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

SIGNATURE Donald Johnson TITLE Operations Manager DATE 5/11/01

Type or print name Donald Johnson Telephone No. 505-334-9111

APPROVED BY Charlie T. Linn TITLE DEPUTY OIL & GAS INSPECTOR DATE MAY 14 2001

Conditions of approval, if any:

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-101
Revised March 17, 1999

Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

Submit to appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address Koch Exploration Company P.O. Box 489 Aztec, New Mexico 87410		² OGRID Number 12807
³ Property Code 56 56		³ API Number 30-045-30382
⁵ Property Name Carle		⁶ Well No. 1B

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	20	30N	11W		1995'	North	930'	West	San Juan

⁸ Proposed 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

⁹ Proposed Pool 1
Blanco Mesa Verde

¹⁰ Proposed Pool 2

¹¹ Work Type Code N	¹² Well Type Code G	¹³ Cable/Rotary R	¹⁴ Lease Type Code P	¹⁵ Ground Level Elevation 5,670' GR
¹⁶ Multiple N	¹⁷ Proposed Depth 4,800' MD	¹⁸ Formation Mesa Verde	¹⁹ Contractor	²⁰ Spud Date Upon Approval

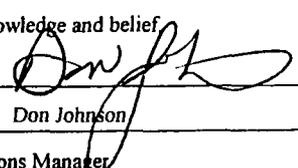
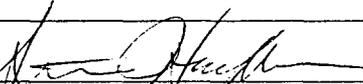
²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12 1/4"	9 5/8" J-55	36#	220' +/-	130	Surface
8 3/4"	7" J-55	23#	2,400' +/-	295	Surface
6 1/4"	4 1/2" J-55	10.5#	2,300' - 4,800'	240	2300'

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

1. Set new or tested 9-5/8" J-55 36# casing @ 220' +/- . Cement to surface. WOC 12 hrs. Test casing to 1000 psi before drilling out from under shoe.
2. Drill 8-3/4" hole w/ 9.2 PPG mud to 2400' +/- . Set 7" J-55 23# casing with enough cement to circulate to surface.
3. Drill 6-1/4" production hole w/ air to TD (4800' +/-) . Set 4-1/2" J-55 10.5# production liner or DP with enough cement to circulate from 4800' to 2300'.
4. 3000# double ram BOPs will be installed. For well control pipe rams utilized for when pipe is in the hole and blind rams for when pipe is out of hole. Well head will consist of 11"x9-5/8", 11"x7" (2), 7"x2-3/8", 2-3/8" MV, B1 adapter flange w/ 2-3/8" threads + threaded tee & wing valve.

(See Attachments for further details)

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature: 	OIL CONSERVATION DIVISION	
	Approved by: 	Title: DEPUTY OIL & GAS INSPECTOR, DIST. #1
Printed name: Don Johnson	Approval Date: OCT 3 2000	Expiration: OCT 3 2001
Title: Operations Manager	Conditions of Approval:	
Date: 9/20/00	Phone: (505) 334-9111	Attached <input type="checkbox"/>

District I
 191 Box 1980, Hobbs, NM 88241-1980
 District II
 811 South First, Artesia, NM 88210
 District III
 1090 Rio Brazos Rd., Aztec, NM 87410
 District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals & Natural Resources Department

Form C-102
 Revised October 18, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-045-30382		2 Pool Code 92319		3 Pool Name Blanco Mesa Verde	
4 Property Code 5656		5 Property Name CARLE			6 Well Number 1B
7 OGRID No. 12807		8 Operator Name KOCH EXPLORATION CO.			9 Elevation 5670'

10 Surface Location

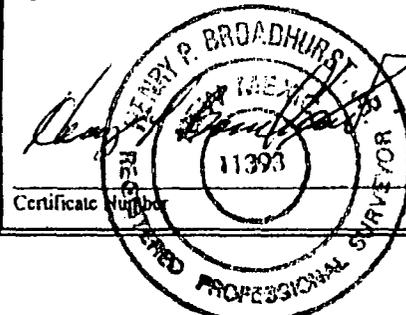
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	20	30N	11W		1995'	NORTH	930'	WEST	SAN JUAN

11 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

12 Dedicated Acres 315.05 $\frac{1}{2}$	13 Joint or Infill I	14 Consolidation Code	15 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

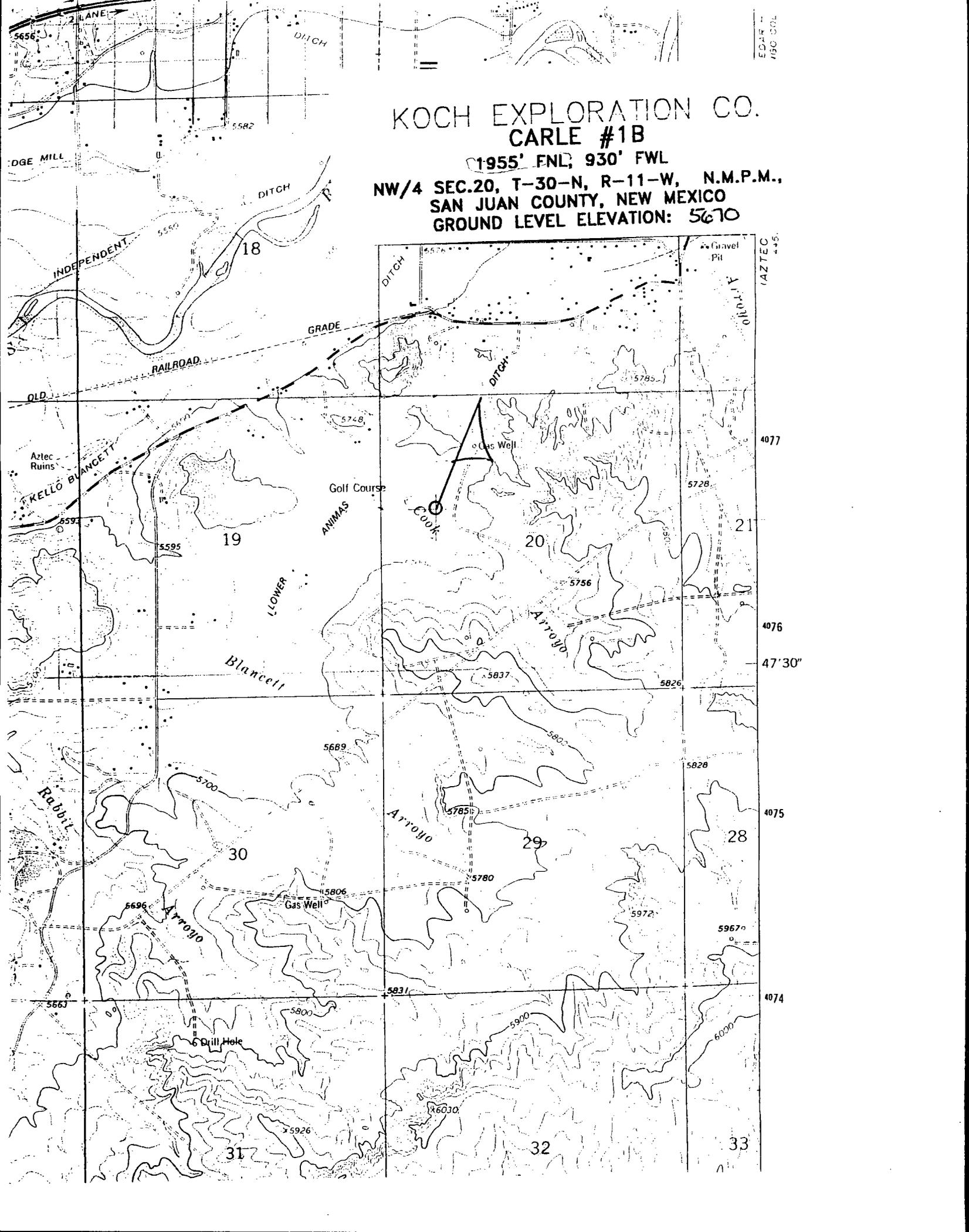
16 S89°30'E 2639.34'	2621.5'	N89°33'E 2	2537.70'	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief
N00°43'E 930'	1955'	Section 20	6	Printed Name Operations Manager
				7
2622.18'	2624.16'	N89°40'W	2665.08'	18 SURVEYOR 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.
				9
N00°02'W N89°24'W	2624.16'	N89°40'W	2665.08'	Signature and Seal of Professional Surveyor: 
				7

5048
1950 COL

KOCH EXPLORATION CO. CARLE #1B

1955' FNL, 930' FWL

NW/4 SEC. 20, T-30-N, R-11-W, N.M.P.M.,
SAN JUAN COUNTY, NEW MEXICO
GROUND LEVEL ELEVATION: 5670



1:40,000
NAZTEC

4077

21

4076

47' 30"

4075

28

4074

33

UNITED
FIELD SERVICES

Construction Management and Consulting Services

June 11, 2001

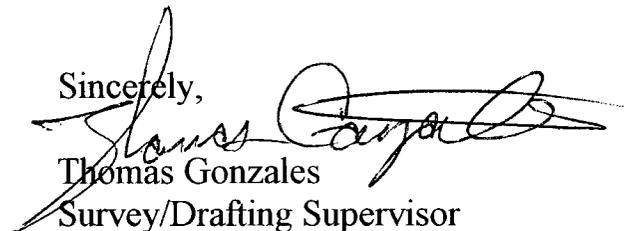
New Mexico Oil Conservation Division
ATTN: Mike Stogner
1220 South Saint Frances Drive
Santa Fe , New Mexico 87505



Dear Mr. Stogner

This letter is in reference to the previously submitted C102 for the Koch Exploration Co. Carle #1B well. An incorrect well footage was inadvertently typed onto the form and has since been revised and resubmitted to our client as well as the local N.M.O.C.D. office in Aztec N.M., all survey data reflects the true footages as being (1955' FNL, 930' FWL). If you have any questions or comments please do not hesitate to call my office at (505) 334-0408.

Sincerely,


Thomas Gonzales
Survey/Drafting Supervisor
United Field Services, Inc.

CC: Don Johnson – Koch Exploration Co.
Steve Hayden – N.M.O.C.D. Aztec office

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 811 South First, Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

Form C-102
 Revised October 18, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-30382		² Pool Code 72319		³ Pool Name Blanco MESA Verde	
⁴ Property Code 5656		⁵ Property Name CARLE			⁶ Well Number IB
⁷ OGRID No. 12807		⁸ Operator Name KOCH EXPLORATION CO.			⁹ Elevation 5670

¹⁰ Surface Location

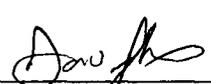
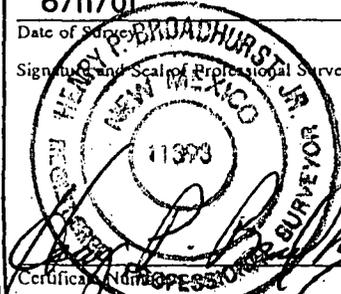
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	20	30 N	11 W		1955	NORTH	930	WEST	SAN JUAN

¹¹ 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

¹² Dedicated Acres 31505 $\frac{N}{2}$	¹³ Joint or Infill I	¹⁴ Consolidation Code	¹⁵ 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

16 S 89°30' E 2639.34' 1955' N 00°43' E 930' N 00°02' W 2622.16' N 89°24' W 2624.16'	2621.52' 3	N 89°33' E 2 4	2537.70' 1 5	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief  Signature Don Johnson Printed Name Operations Manager Title 6/11/01 Date	
	SECTION-20		6		¹⁸ 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. 6/11/01 Date of Survey  Signature and Seal of Professional Surveyor Certified Number 11393
	7	8	9		



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

December 14, 1998

Koch Exploration Company
20 East Greenway Plaza - 6th Floor
Houston, Texas 77046-2002
Attention: Lance F. Harmon

Administrative Order NSL-4179

Dear Mr. Harmon:

Reference is made to your application dated November 20, 1998 and to the records of the Division in Santa Fe concerning Koch Exploration Company's request for an initial non-standard Blanco-Mesaverde gas well location within a proposed standard lay-down 315.05-acre gas spacing and proration unit comprising Lots 1, 2, 3, 4, and 5, the W/2 NW/4, and the SE/4 NW/4 (N/2 equivalent) of Section 20, Township 30 North, Range 11 West, NMPM, Blanco-Mesaverde Pool, San Juan County, New Mexico for the existing Carle Well No. 2 (API No. 30-045-09400).

This well was initially drilled in 1953 by Wood River Oil & Refining Company, Inc. to a total depth of 2161 feet and completed in the Aztec Pictured Cliffs Pool. Lots 1, 2, 4, and 5 (NE/4 equivalent) of Section 20, being a standard 155.46-acre gas spacing and proration unit was dedicated to this well. The original "Application for Permit to Drill" showed this well location to be 790 feet from the North line and 1650 feet from the East line of Section 20. On subsequent forms the location was reported to be 810 feet from the North line and 1585 feet from the East line.

It is our understanding this location should be changed again to reflect a resurvey of Section 20 by the U. S. Lands Survey in 1974 to be 777 feet from the North line and 1635 feet from the East line (Lot 2/Unit B) of Section 20. Also, Koch now intends to re-enter this well, plug off the Pictured Cliffs interval, and deepen to the Mesaverde formation. Pursuant to the "Special Rules and Regulations for the Blanco-Mesaverde Pool," as promulgated by Division Order No. R-10987 the 777' FNL & 1635' FEL location is considered to be unorthodox.

This application has been duly filed under the provisions of Division Rules 104.F and 605.B of the Rules and Regulations of the New Mexico Oil Conservation Division.

By the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox Blanco-Mesaverde gas well location for the Carle Well No. 2 is hereby approved.

Further, the aforementioned well and spacing unit will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico.

Sincerely,

Lori Wrotenberg
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

06/04/01 14:14:12
OGOMES -TP7W
PAGE NO: 1

Sec : 20 Twp : 30N Rng : 11W Section Type : NORMAL

D 40.00	3 39.59	2 38.53	1 38.73
Fee owned	Federal owned	Federal owned	Federal owned
	A	A	
E 40.00	F 40.00	4 39.00	5 39.20
Fee owned	Fee owned	Federal owned	Federal owned
A			A

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

315.05

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

06/04/01 14:14:16
OGOMES -TP7W
PAGE NO: 2

Sec : 20 Twp : 30N Rng : 11W Section Type : NORMAL

L 40.00 Fee owned	K 40.00 Fee owned	J 40.00 Fee owned	6 39.76 Federal owned A A
7 39.61 Federal owned	8 39.76 Federal owned	O 40.00 Fee owned	9 40.24 Federal owned A

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

CMD : ONGARD 06/04/01 14:14:30
OG6IWCM INQUIRE WELL COMPLETIONS OGOMES -TP7W

API Well No : 30 45 9395 Eff Date : 02-11-1999 WC Status : A
Pool Idn : 72319 BLANCO-MESAVERDE (PRORATED GAS)
OGRID Idn : 12807 KOCH EXPLORATION CO
Prop Idn : 5656 CARLE

Well No : 001
GL Elevation: 5678

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
	---	---	-----	-----	-----	-----	-----
B.H. Locn	: 3	20	30N	11W	FTG 990 F N	FTG 1650 F W	P

Lot Identifier:

Dedicated Acre: 315.05

Lease Type : F

Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 PF08 PF09 PF10 NEXT-WC PF11 HISTORY PF12 NXTREC

CMD : ONGARD 06/04/01 14:14:46
OG6IPRD INQUIRE PRODUCTION BY POOL/WELL OGOMES -TP7W
Page No: 1

OGRID Identifier : 12807 KOCH EXPLORATION CO
Pool Identifier : 72319 BLANCO-MESAVERDE (PRORATED GAS)
API Well No : 30 45 9395 Report Period - From : 01 2000 To : 04 2001

API Well No	Property Name	Prodn. MM/YY	Days Prod	Production Gas	Production Oil	Production Water	Well Stat
30 45 9395	CARLE	01 00	31	8265	44		F
30 45 9395	CARLE	02 00	29	7270	77		F
30 45 9395	CARLE	03 00	31	7458	36	45	F
30 45 9395	CARLE	04 00	30	6932	133	43	F
30 45 9395	CARLE	05 00	31	6804	25	40	F
30 45 9395	CARLE	06 00	30	6325	39	45	F
30 45 9395	CARLE	07 00	31	6337	26	47	F

Reporting Period Total (Gas, Oil) :

M0025: Enter PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06 CONFIRM
PF07 BKWD	PF08 FWD	PF09	PF10 NXTPOOL	PF11 NXTOGD	PF12

CMD :
OG6IWCM

ONGARD
INQUIRE WELL COMPLETIONS

06/04/01 14:15:18
OGOMES -TP7W

API Well No : 30 45 30382 Eff Date : 01-03-2001 WC Status : A
Pool Idn : 72319 BLANCO-MESAVERDE (PRORATED GAS)
OGRID Idn : 12807 KOCH EXPLORATION CO
Prop Idn : 5656 CARLE

Well No : 001B
GL Elevation: 5670

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
B.H. Locn	: E	20	30N	11W	FTG 1995 F N FTG	930 F W	P

Lot Identifier:

Dedicated Acre: 315.05

Lease Type : P

Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

M0025: Enter PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC

CMD : ONGARD 06/04/01 14:15:33
OG6IPRD INQUIRE PRODUCTION BY POOL/WELL OGOMES -TP7W

Page No: 1

OGRID Identifier : 12807 KOCH EXPLORATION CO
Pool Identifier : 72319 BLANCO-MESAVERDE (PRORATED GAS)
API Well No : 30 45 30382 Report Period - From : 01 2000 To : 04 2001

API Well No	Property Name	Prodn. Days MM/YY Prod	Production Volumes Gas Oil Water	Well Stat
30 45 30382		01 01		F
30 45 30382	CARLE	02 01 16	4419 10 3064	F

Reporting Period Total (Gas, Oil) : 4419 10 3064

M0025: Enter PF keys to scroll

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
PF07 BKWD PF08 FWD PF09 PF10 NXTPOOL PF11 NXTOGD PF12

CMD :
OG6IWCM

ONGARD
INQUIRE WELL COMPLETIONS

06/04/01 14:15:51
OGOMES -TP7W

API Well No : 30 45 9400 Eff Date : 02-04-1999 WC Status : A
Pool Idn : 72319 BLANCO-MESAVERDE (PRORATED GAS)
OGRID Idn : 12807 KOCH EXPLORATION CO
Prop Idn : 5656 CARLE

Well No : 002
GL Elevation: 5707

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
	---	---	-----	-----	-----	-----	-----
B.H. Locn	: 2	20	30N	11W	FTG 777 F N	FTG 1635 F E	P

Lot Identifier:

Dedicated Acre: 315.05

Lease Type : F

Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 PF08 PF09 PF10 NEXT-WC PF11 HISTORY PF12 NXTREC

CMD : ONGARD 06/04/01 14:16:00
 OG6IPRD INQUIRE PRODUCTION BY POOL/WELL OGOMES -TP7W
 Page No: 1

OGRID Identifier : 12807 KOCH EXPLORATION CO
 Pool Identifier : 72319 BLANCO-MESAVERDE (PRORATED GAS)
 API Well No : 30 45 9400 Report Period - From : 01 2000 To : 04 2001

API Well No	Property Name	Prodn. MM/YY	Days Prod	Production Gas	Oil	Water	Well Stat
30 45 9400	CARLE	01 00	31	8441	35		F
30 45 9400	CARLE	02 00	29	7496	140		F
30 45 9400	CARLE	03 00	31	7624	41	45	F
30 45 9400	CARLE	04 00	30	7048	67	43	F
30 45 9400	CARLE	05 00	31	7263	35	40	F
30 45 9400	CARLE	06 00	30	6940	25	45	F
30 45 9400	CARLE	07 00	31	6709	37	47	F

Reporting Period Total (Gas, Oil) :

M0025: Enter PF keys to scroll

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
 PF07 BKWD PF08 FWD PF09 PF10 NXTPOOL PF11 NXTOGD PF12

CMD : ONGARD 06/04/01 14:16:02
 OG6IPRD INQUIRE PRODUCTION BY POOL/WELL OGOMES -TP7W
 Page No: 2

OGRID Identifier : 12807 KOCH EXPLORATION CO
 Pool Identifier : 72319 BLANCO-MESAVERDE (PRORATED GAS)
 API Well No : 30 45 9400 Report Period - From : 01 2000 To : 04 2001

API Well No	Property Name	Prodn. MM/YY	Days Prod	Production Gas	Oil	Water	Well Stat
30 45 9400	CARLE	08 00	31	6659	25	45	F
30 45 9400	CARLE	09 00	31	6288	32	45	F
30 45 9400	CARLE	10 00	31	6275	28	45	F
30 45 9400	CARLE	11 00	30	6014	21	45	F
30 45 9400	CARLE	12 00	31	5902	36	45	F
30 45 9400	CARLE	01 01	31	5888	25	45	F
30 45 9400	CARLE	02 01	31	5165	29	45	F

Reporting Period Total (Gas, Oil) : 93712 576 535

E0049: User may continue scrolling.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
 PF07 BKWD PF08 FWD PF09 PF10 NXTPOOL PF11 NXTOGD PF12

CMD : ONGARD 06/04/01 14:16:13
OG6IWCM INQUIRE WELL COMPLETIONS OGOMES -TP7W

API Well No : 30 45 30369 Eff Date : 12-16-2000 WC Status : A
Pool Idn : 72319 BLANCO-MESAVERDE (PRORATED GAS)
OGRID Idn : 12807 KOCH EXPLORATION CO
Prop Idn : 5656 CARLE

Well No : 002B
GL Elevation: 5770

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
B.H. Locn	: 5	20	30N	11W	FTG 1885 F N FTG	965 F E	P

Lot Identifier:

Dedicated Acre: 315.05

Lease Type : F

Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

M0025: Enter PF keys to scroll

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 PF08 PF09 PF10 NEXT-WC PF11 HISTORY PF12 NXTREC

CMD : ONGARD 06/04/01 14:16:25
 OG6IPRD INQUIRE PRODUCTION BY POOL/WELL OGOMES -TP7W
 Page No: 1

OGRID Identifier : 12807 KOCH EXPLORATION CO
 Pool Identifier : 72319 BLANCO-MESAVERDE (PRORATED GAS)
 API Well No : 30 45 30369 Report Period - From : 01 2000 To : 04 2001

API Well No	Property Name	Prodn. MM/YY	Days Prod	Production Volumes Gas	Oil	Water	Well Stat
30 45 30369	CARLE	01 01	14	10551	130	300	F
30 45 30369	CARLE	02 01	28	15060	88	180	F

Reporting Period Total (Gas, Oil) : 25611 218 480

M0025: Enter PF keys to scroll

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
 PF07 BKWD PF08 FWD PF09 PF10 NXTPOOL PF11 NXTOGD PF12