

Expedited Row

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0136
Expires January 31, 2004

5. Lease Serial No.

~~9F079048A~~ 7M7M013642

6. If Indian, Allottee or Tribe Name

NA

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

NA

8. Lease Name and Well No.

Gardner C 1A

9. API Well No.

3004532058

10. Field and Pool, or Exploratory

Basin Fruitland Coal

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

S35, T32N, 9W (C)

12. County or Parish

San Juan

13. State

NM

1a. Type of Work: ☒ DRILL

☐ REENTER

1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other

☐ Single Zone

☐ Multiple Zone

2. Name of Operator Peoples Energy Pro. TX LP

Koch Exploration Company LLC

3a. Address

909 Fawcett St 1300

P.O. Box 489 Aztec, NM 87410

Houston, TX 77010

3b. Phone No. (include area code)

(505) 334-9111

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

At surface NE/NW S35, T32N, R9W 910' FNL & 1995' FWL

At proposed prod. zone same

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

19 miles Northeast of Aztec, NM

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

16. No. of Acres in lease

2264.04

17. Spacing Unit dedicated to this well

301.09 W/2

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

19. Proposed Depth

3437'

20. BLM/BIA Bond No. on file

400 GH 0471

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

6570' GL

22. Approximate date work will start*

March 1, 2004

23. Estimated duration

30 days

24. Attachments

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

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

Name (Printed/Typed)

Don Johnson

Date

12/5/03

Title

Field Operations Manager

Approved by (Signature)

Name (Printed/Typed)

Date

Title

Office

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, 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)

This action is subject to technical and procedural review pursuant to 43 CFR 3100.6 and appeal pursuant to 43 CFR 3105.4

DRILLING OPERATIONS AUTHORIZED ARE SUBJECT TO COMPLIANCE WITH ATTACHED "GENERAL REQUIREMENTS".

OFFICE OF THE ATTORNEY GENERAL, NM

RECEIVED

12/5/03 5 PM 1:49

NMOCD

DISTRICT I
P.O. Box 1922, Hobbs, N.M. 88241-1922

DISTRICT II
811 South First, Artesia, N.M. 88210

DISTRICT III
1800 Rio Grande Rd., Artesia, N.M. 87410

DISTRICT IV
2040 South Pecos, Santa Fe, NM 87504-2040

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 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

Well Number 30045-32058	Well Code 71629	Well Name Basin Fruitland Coal
Property Code 5659	Property Name 33363 GARDNER C	Well Number IA
OCED No. 12807	Operator Name KOCH EXPLORATION	Elevation 6570

10 Surface Location

TL or lot no.	Section	Township	Range	Lot 1/4	Feet from the	North/South line	Feet from the	East/West line	County
C	35	32 N	9 W		910	NORTH	1995	WEST	SAN JUAN

11 Bottom Hole Location if Different From Surface

TL or lot no.	Section	Township	Range	Lot 1/4	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres W/301.09	Label or Initial	Consolidation Code	Order No.
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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

538°20' W	5360.52'	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature Lance F. Harmon Printed Name Vice President - Land Date 9/19/03
1995'	910'	
SF079048A	SECTION 35	
2536.72'	2536.9'	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. Date of Survey 8/24/03 Signature and Seal HENRY P. BROADBENT, JR. NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR 11334
Existing Well Gardner C1 800' FSL & 825' FWL API #30-045-27982	070 Farmington, NM 49°46' W 2546.94'	2595.78'

RECEIVED

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

2004 JAN 28

AM 9:45

FORM APPROVED
OMB No. 1004-0135
Expires January 31, 2004

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

070 Farmington, NM

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NM 013642
2. Name of Operator Peoples Energy Prod.- TX. L.P. (K2623)		6. If Indian, Allottee or Tribe Name N/A
3a. Address 909 Fannin, Suite 1300 Houston, Tx. 77010	3b. Phone No. (include area code) 713/890-3651	7. If Unit or CA/Agreement, Name and/or No. NM86309
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) S35, T32N, R9W (C)		8. Well Name and No. Gardner C 1A
		9. API Well No. 30-045-32058
		10. Field and Pool, or Exploratory Area Basin Fruitland Coal
		11. County or Parish, State San Juan, New Mexico

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>Change of Operator for APD</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recomplate in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Effective February 1, 2004, Peoples Energy Prod.-TX. L.P. assumes the above APD.

Peoples Energy Prod. - TX. L.P. assumes the responsibility of this APD and subsequent resulting well in accordance with all Federal Regulations and guidelines.

All Operations will be covered under Bond Number 6247273

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Dianne Sumrall

Title Production & Regulatory Coord.

Signature

Date 1-27-04

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

/s/ David J. Markiewicz

Title

Date

MAR 11 2004

Conditions of approval, if any, are attached. Approval of this notice 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.

NM86309

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.

GARDNER C 1A

Sec. 35-T32N-R9W, 910' FNL & 1995' FWL

San Juan Co., New Mexico

Lease NM 013642

Drilling Program

1) Geological name of surface formation -

Estimated tops of important geological markers:

San Jose	Surface
Ojo	2137'
Kirtland Shale	2207'
Fruitland Coal	3062'
Pict. Cliff	3437'
TD	3437'

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

Useable Water	0' to 2207'
Salt Water	2207' to 3062'
Oil and Gas	3062' to 3437'

3) Pressure Control Equipment:

- a. 10-inch 900 series or 2,000 psi test double gate hydraulic with 4-1/2" pipe rams and 10-inch series 900 hydril above 10-inch series casinghead and cross spool with flanged outlets. See BOP diagram at **Exhibit F-1** 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 yield of casing or 1,500 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-1**. Occasionally, the position of the rams is reversed depending on the drilling contractor's methods.
- c. The choke manifold and header will have 2-inch choke outlets, a 2-inch straight through the line with 2-inch adjustable chokes installed. The inlet line will be a 2-inch line. All of the above are rated at 1,500 psi working pressure (WP). The choke manifold and header system will have manual control valves; no hydraulic valves will be installed. Casing testing procedure – Surface casing will be tested at 750 psi with 1,000 psi maximum after cementing in place and before drilling out of shoe. Intermediate and production casing will be tested to 1,500 psi after cementing in place and after drilling to the required depth.
- d. 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 the BOP.
- e. BOP testing procedures and frequency:

1. Hydril (3,000WP) will be tested to 70% of yield of casing or 1,500 psi maximum.

GARDNER C 1A

Sec. 35-T32N-R9W, 910' FNL & 1995' FWL

San Juan Co., New Mexico

Lease NM 013642

2. Double ram BOPs will be tested to 70% of yield of casing or 1,500 psi maximum.
3. BOPs will be tested upon installation, after casing is run and on each bit trip.
- f. Casinghead connections will be 2-inch; 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 a series 900 2,000 psi WP with a 2-inch kill line and a 2-inch outlet.

4) Proposed Casing Program:

Surface Casing Program:	<u>Hole Size</u>				<u>Depth</u>
Surface Casing	12 1/4"	9 5/8"	36.0#	J-55 STC	New @ 220'
Intermediate Casing	8 3/4"	7"	23#	J-55 LTC	New @ 3052'
Production Liner	6 1/4"	5 1/2"	15.5#	J-55 LTC	New @ 3437'

Proposed setting depth, amount and type of cement including additives:

9 5/8" Surface Casing – Surface to 220' – Cement with 119 sxs class G (15.8 ppg, yield 1.16 cf/sx) Cement + 2% Calcium Chloride + 0.25 lbs/sx. D-29 cellophane, volume: 137.8 cf., includes 100% excess. Three centralizers will be run on the bottom 3 joints, starting at the shoe joint.

7" Intermediate Casing – Surface to 3052' –

Lead cement with 337 sxs. 65/35 class G poz, 6% gel, 0.25 lbs/sx D-29 cellophane, (wt. 12.7 ppg, yield 1.75), Tail with 100 sxs. 50/50 class G poz, 2% gel, 0.25 lbs/sx D-29 cellophane, 2% calcium chloride, (wt 13.5 ppg, yield 1.28), includes 50% excess. Two centralizers will be run on the bottom two joints, then every 10th joint thereafter or (+/-) 400', and turbulizers to impact a swirling action, will be placed just below and into the base of the OJO Alamo.

5 1/2" Production Liner 2967' to 3437' – Will not cement liner.

5) Mud Program:

- 0' – 220' – Spud mud and water treated with gel lime.
- 220' – 3052' – Lime mud, water and polymer.
- 3052' – 3437' – Air-foam

6) Testing, Logging, and Coring Program:

No drill stem tests, cores, will be taken, a CBL log will be run if cement does not circulate to surface on intermediate casing.