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

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

2004 APR 20 PM 12: 27

APPLICATION FOR PERMIT TO DRILL OR REENTER

070 TWINMOUNTAIN, NM

1a. Type of Work:

☒ DRILL

☐ REENTER

1b. Type of Well:

☐ Oil Well

☒ Gas Well

☐ Other

☒ Single Zone

☐ Multiple Zone

2. Name of Operator

Pro NM Energy, Inc.

3a. Address

460 St. Michael's Drive, Suite 300 Santa Fe, NM 87505

3b. Phone No. (include area code)

(505) 888-1111

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

At surface

1855' FNL, 1960' FWL

At proposed prod. zone

Same

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

Seven miles south of Carson Trading Post

15. Distance from proposed\*

location to nearest  
property or lease line, ft.  
(Also to nearest drlg. unit line, if any)

680'

16. No. of Acres in lease

160

17. Spacing Unit dedicated to this well

320 w/2

18. Distance from proposed location\*

to nearest well, drilling, completed,  
applied for, on this lease, ft.

1320'

19. Proposed Depth

6230'

20. BLM/BIA Bond No. on file

B03641

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

6550' GL

22. Approximate date work will start\*

As soon as permitted

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 and 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

Dana L. Delventhal

Name (Printed/Typed)

Dana L. Delventhal

Date

19-Apr-04

Title

Agent

Approved by (Signature)

D. Mankiewicz

Name (Printed/Typed)

Date

7-12-04

Title

AFM

Office

FFO

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)

NMOCD

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

This action is subject to technical and  
procedural review pursuant to 43 CFR 3165.9  
and appeal pursuant to 43 CFR 3165.4

DISTRICT I  
1625 N. French Dr., Hobbs, N.M. 88240

State of New Mexico  
Energy, Minerals & Natural Resources Department

Form C-102  
Revised June 10, 2003

DISTRICT II  
1301 W. Grand Avenue, Artesia, N.M. 88210

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

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

DISTRICT IV  
1220 South St. Francis Dr., Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30045-32318	<sup>2</sup> Pool Code 71599	<sup>3</sup> Pool Name Basin Dakota
<sup>4</sup> Property Code 34162	<sup>5</sup> Property Name BISTI MAX 24 F	<sup>6</sup> Well Number 1
<sup>7</sup> OGRD No. 018118	<sup>8</sup> Operator Name PRO N.M. ENERGY, INC.	<sup>9</sup> Elevation 6550'

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	24	25-N	11-W		1855'	NORTH	1960'	WEST	SAN JUAN

<sup>11</sup> 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
<sup>12</sup> Dedicated Acres 320			<sup>13</sup> Joint or Infill N		<sup>14</sup> Consolidation Code C		<sup>15</sup> 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

FD 2 1/2" G.L.O. AC 1932	N 89-53-50 E 2628.72' (M)	NO-G-9909-1358	1855'	FD 2 1/2" G.L.O. AC 1932	
N 00-07-37 W 2635.97' (M)		1960'		LAT. 32°23'19.26" N (NAD 84) LONG. 107°57'28.39" W	
FD 2 1/2" G.L.O. AC 1932		NM 94826			

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

Dana L. Delventhal  
Signature  
Dana L. Delventhal  
Printed Name  
Agent  
Title  
April 19, 2004  
Date

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.

DAVID W. BRIDGEMAN  
Date of Survey  
Signature and Seal of Professional Surveyor  
14827  
Certificate Number

## Drilling Program

### 1. Formation Tops

The estimated tops of important geologic markers are:

<u>Formation Name</u>	<u>GL Depth</u>	<u>KB Depth</u>	<u>SS Elev.</u>
Pictured Cliffs	1444'	1459'	5106'
Mesaverde	2266'	2281'	4284'
Mancos Shale	4149'	4164'	2401'
Gallup	4953'	4968'	1597'
Greenhorn	5838'	5853'	712'
Graneros	5902'	5917'	648'
Dakota	6085'	6100'	465'
Total Depth ( TD )	6215'	6230'	335'

\*All elevations reflect the ungraded ground level of 6550'.

### 2. Notable Zones

#### Oil and Gas Zones

Pictured Cliffs	(1459')
Mesaverde	(2281')
Gallup	(4968')
Graneros	(5917')
Dakota	(6100')

The primary objective is the Basin Dakota formation. Completion may require fracturing. The entire wellbore will be cased. Water zones will be protected with casing, cement, and weighted mud. Oil and gas shows will be tested for commercial potential based on the well site geologist's recommendations.

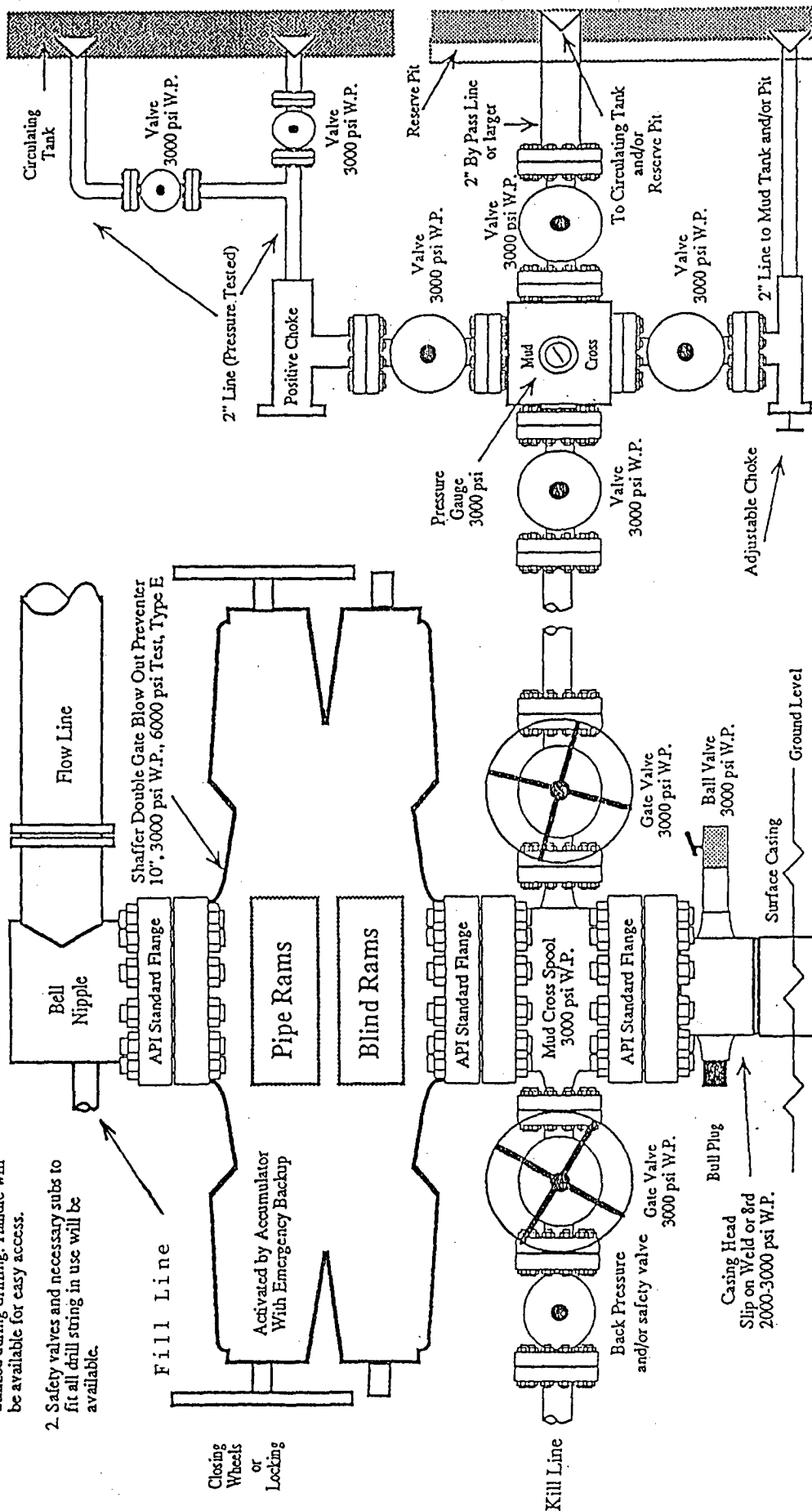
### 3. Pressure Control

BOP systems will follow Onshore Order No. 2. The drilling contract has not yet been awarded, thus the exact BOP model to be used is not yet known. A typical model is shown on the attached page.

Once out from under the surface casing, a minimum 3000 psi BOP and choke manifold system will be used. BOP controls will be installed before drilling the surface casing plug and used until the well is completed or abandoned.

# Pressure Control Equipment

- Note: 1. An upper Kelly cock valve will be utilized during drilling. Handle will be available for easy access.
2. Safety valves and necessary subs to fit all drill string in use will be available.



Note: This equipment is designed to meet requirements for a3-M rating standard per 43 CFR part 3160 (amended). Proper operation and testing of equipment will be carried out per standard. 3,000 psi equipment can be substituted in the drawing to meet minimum requirements per standard.

Pro NM Energy, Inc.  
Bisti Max 24 F No. 1  
1855' FNL, 1960' FWL  
Sec. 24, T25N, R11W

Pressure tests to 2,500 psi will be conducted with a BOP tester. All BOP mechanical and pressure tests will be recorded on the driller's log. BOPs will be inspected and operated at least daily to assure good mechanical working order. The inspection will be recorded on the daily drilling report.

4. Casing and Cement

<u>Hole Size</u>	<u>OD</u>	<u>Weight ( lb/ft )</u>	<u>Grade</u>	<u>Depth</u>
12 1/2"	8 5/8"	24.00	J-55	<del>300'</del> 320'
6 1/4"	4 1/2"	11.60	J-55	6230'

Surface casing will be cemented to surface with 275 sx (324.5 cf) of Class B cement containing 2% CaCl and 1/4 #/sk cello flakes. Production casing will be cemented to surface in two stages. 1<sup>st</sup> stage: 670 sx (1380 cf) of Class B cement containing 2% Sodium Metasilicate and 1/4 #/sk cello flakes followed by 160 sx (119 cf) of Class B cement containing 2% CaCl and 1/4 #/sk cello flakes. 2<sup>nd</sup> stage: 360 sx (742 cf) of Class B cement containing 2% Sodium Metasilicate and 1/4 #/sk cello flakes followed by 100 sx (118 cf) of Class B cement containing 2% CaCl and 1/4 #/sk cello flakes.

The total cement for the surface casing is 324.5 cf. The total cement for the long string is 2,359 cf. The entire wellbore will be cased. Water zones will be protected with casing, cement, and weighted mud.

5. Mud Program

The proposed mud program is:

<u>Depth</u>	<u>Type</u>	<u>ppg</u>	<u>Vis(cp)</u>	<u>F1(cc)</u>
0-300'	Spud mud and Gel Lime	8.8	50	N/A
300'-4000'	Spud mud and Gel Lime	8.8	50	N/A
4000'-TD	LSND	9.2	45	10

6. Coring, Testing, and Logging

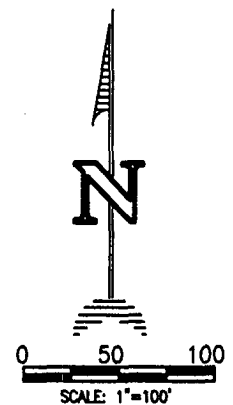
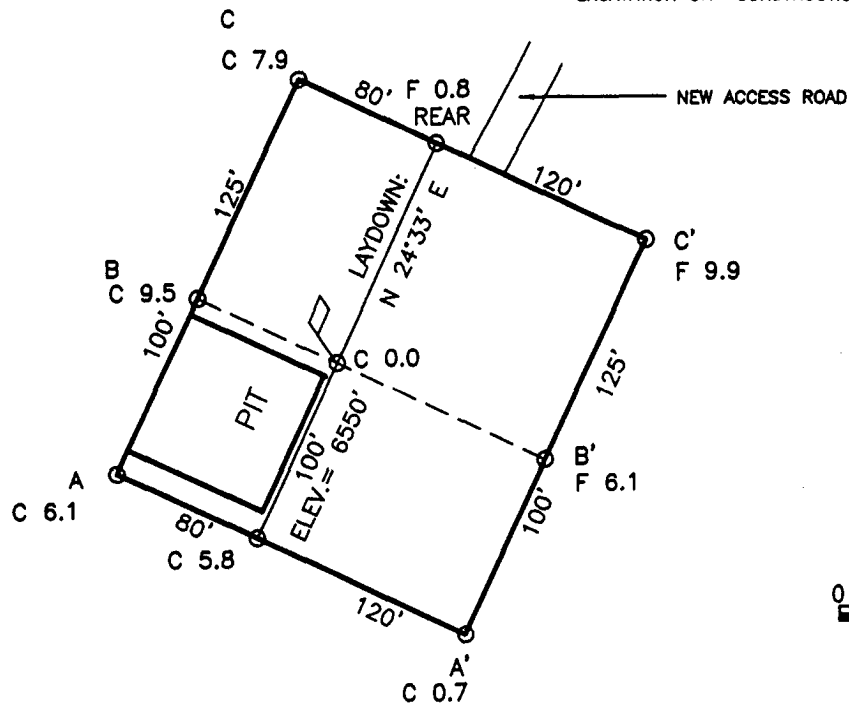
No cores are planned. The following logs are likely to be run:

Dual Induction, Formation Density,  
Compensated Neutron, SP, Gamma Ray

COMPANY: PRO N.M. ENERGY, INC.  
 LEASE: BISTI MAX 24 F No. 1  
 FOOTAGE: 1855 FNL 1960 FWL  
 SEC.: 24 TWN: 25-N RNG: 11-W NMPM  
 ELEVATION: 6550'

NOTE:

DAGGETT ENTERPRISES, INC. IS NOT LIABLE FOR UNDERGROUND UTILITIES OR PIPELINES. UTILITY NOTIFICATION CENTER OF COLORADO TO BE NOTIFIED 48 HOURS PRIOR TO EXCAVATION OR CONSTRUCTION.



ELEV. A-A'	C/L
6580	
6570	
6560	
6550	
6540	