

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT



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

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: ☒ DRILL

☐ REENTER

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

☒ Single Zone ☐ Multiple Zone

1. Name of Operator

Kukui Operating Company

3a. Address

c/o Walsh Engineering, 7415 E. Main, Farmington, NM 87402

3b. Phone No. (include area code)

(505) 327-4892

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

At surface 1855' FNL and 1980' FWL

At proposed prod. Zone

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

10 miles southeast of Bloomfield, NM

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

660'

16. No. of Acres in lease

320+

17. Spacing Unit dedicated to this well

320 Acres W/2

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

1100'

19. Proposed Depth

2240' +/-

20. BLM/BIA Bond No. on file

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

6204' GR

22. Approximate date work will start\*

August 1, 2004

23. Estimated duration

1 week

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 office.

25. Signature

Name (Printed/Typed)

Date

Title

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)

District I  
PO Box 1980, Hobbs, NM 88241-1980

District II  
PO Drawer DD, Artesia, NM 88211-0719

District III  
1000 Rio Brazos Rd., Aztec, NM 87410

District IV  
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
PO 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

|                                   |   |                                    |
|-----------------------------------|---|------------------------------------|
| *API Number<br><b>30045-32445</b> | *Pool Code<br>71629                       | *Pool Name<br>BASIN FRUITLAND COAL |
| *Property Code<br><b>34254</b>    | *Property Name<br>ANGEL PEAK 10           | *Well Number<br>3S                 |
| *GRID No.<br>149678               | *Operator Name<br>KUKUI OPERATING COMPANY | *Elevation<br>6204'                |

<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             | 10      | 27N      | 10W   |         | 1855          | NORTH            | 1980          | 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<br>320.0 Acres - (W/2) | <sup>13</sup> Joint or Infill<br>Y | <sup>14</sup> Consolidation Code | <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

|  |   |
|--|---|
| <div><p><sup>16</sup></p><p>5285.28'</p><p>1855'</p><p>1980'</p><p>660'</p><p>5280.00'</p><p>10</p><p>5283.96'</p><p>LEASE<br/>SF-077329</p><p>RECEIVED<br/>JUN 28 2004<br/>NM 10 15<br/>070 FARMINGTON NM</p><p>AUG 2004<br/>OIL CONSERVATION DIVISION<br/>NEW MEXICO</p></div> | <div><p><sup>17</sup> OPERATOR CERTIFICATION</p><p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p><p><i>Paul C. Thompson</i><br/>Signature</p><p>PAUL C. THOMPSON<br/>Printed Name</p><p>AGENT<br/>Title</p><p>6/17/04<br/>Date</p></div> <div><p><sup>18</sup> SURVEYOR CERTIFICATION</p><p>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.</p><p>Date of Survey: MAY 19, 2004</p><p>Signature and Seal of Professional Surveyor</p><div><p>JASON C. EDWARDS<br/>Certificate Number 15269</p></div></div> |
|--|---|

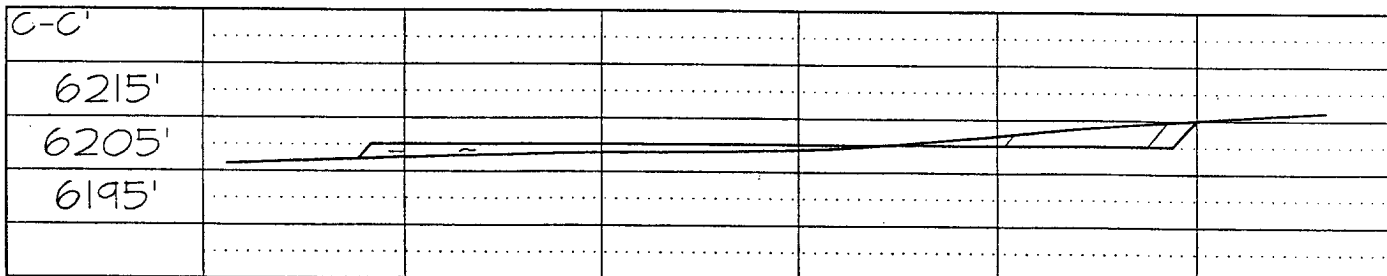
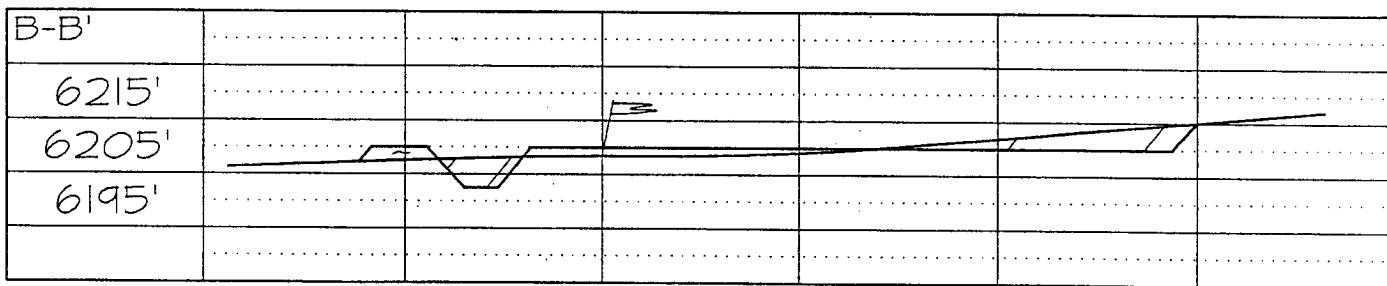
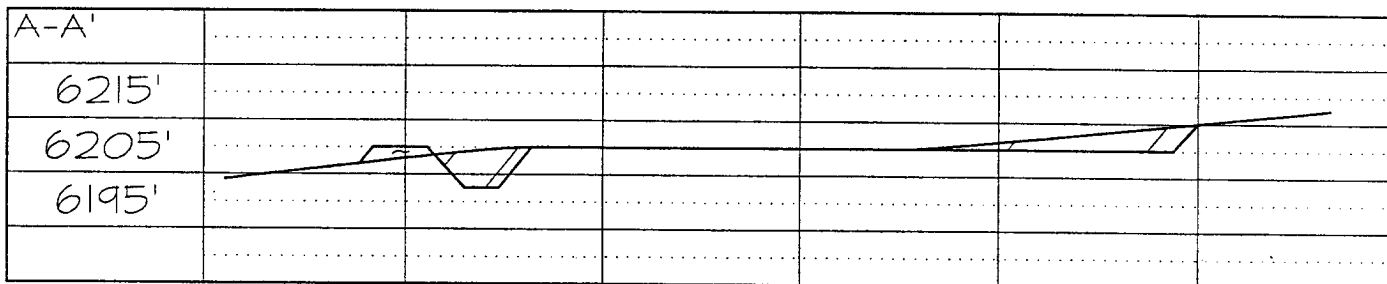
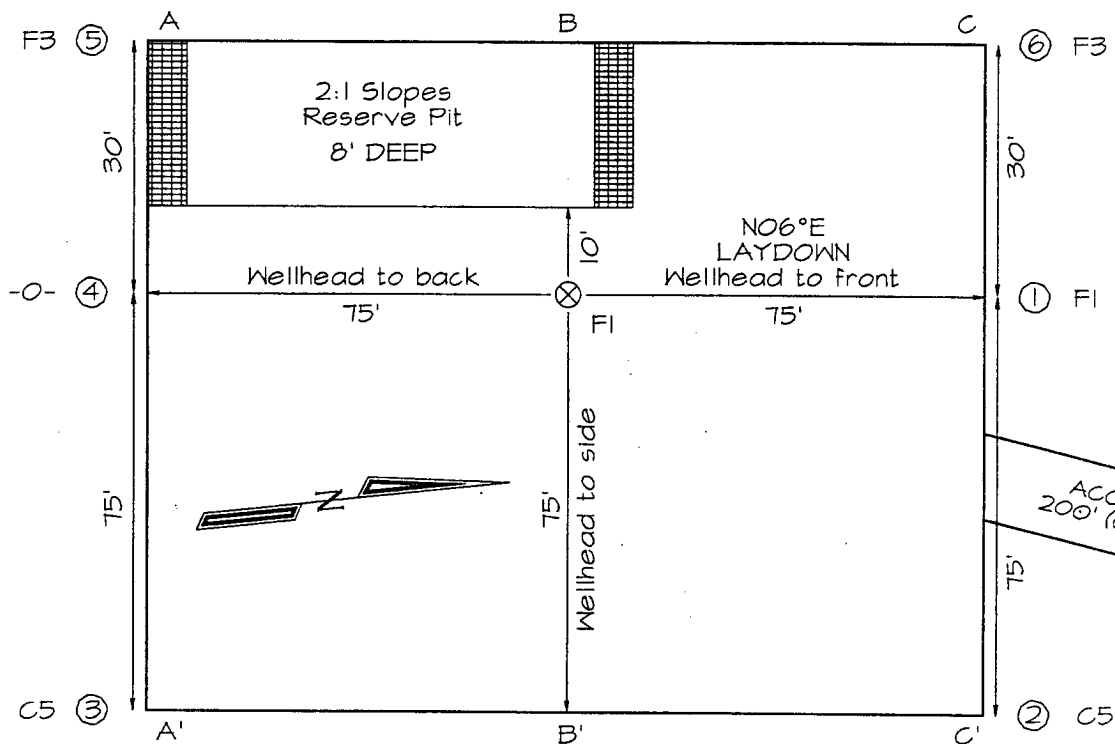
**KUKUI OPERATING COMPANY ANGEL PEAK 10 #3S**  
**1855' FNL & 1980' FWL, SECTION 10, T27N, R10W, NMPM**  
**SAN JUAN COUNTY, NEW MEXICO**  
**GROUND ELEVATION: 6204'**

PLAT #2

**LATITUDE: 36°35'31"**  
**LONGITUDE: 107°53'04"**  
 DATUM: NAD1927

PLAT NOTE:

\*SURFACE OWNER\*  
 Bureau of Land  
 Management



Note: Contractor should call One-Call for location of any marked or unmarked buried pipelines or cables on well pad and/or access road at least two (2) working days prior to construction

**Kukui Operating Company  
OPERATIONS PLAN  
Angel Peak 10 #3S**

I. Location: 1855' FNL & 1980' FWL  
              Sec 10 T27N R10W  
              San Juan County, NM

Date: June 17, 2004

Field: Basin Fruitland Coal  
Surface: BLM  
Minerals: SF - 077329

Elev: GL 6204'

II. Geology: Surface formation \_ Nacimiento

| <u>A. Formation Tops</u> | <u>Depths</u> |
|--------------------------|---------------|
| Ojo Alamo                | 1125'         |
| Kirtland                 | 1260'         |
| Fruitland                | 1800'         |
| Pictured Cliffs          | 2090'         |
| Total Depth              | 2240'         |

Estimated depths of anticipated water, oil, gas, and other mineral bearing formations which are expected to be encountered:

Water and gas - 1800' and 2090'.

B. Logging Program: Induction/GR and neutron/density logs at TD.

C. No over pressured zones are expected in this well. No H<sub>2</sub>S zones will be penetrated in this well. Max. BHP = 500 psig.

III. Drilling

A. Contractor:

B. Mud Program:

The surface hole will be drilled with a fresh water mud.

The production hole will be drilled with a fresh water polymer mud. The weighting material will be drill solids or if conditions dictate, barite. The maximum mud weight expected is 8.5 ppg.

C. Minimum Blowout Control Specifications:

Double ram type or annular type 2000 psi working pressure BOP with a rotating head. See the attached exhibits #1 and #2 for details on the BOP equipment. All ram type preventers and related equipment will be hydraulically tested at nipple-up and after any use under pressure to 1000 psi.

C. Cont.

The blind rams will be hydraulically activated and checked for operational readiness each time pipe is pulled out of the hole. All checks of the BOP stack and equipment will be noted on the daily drilling report. The BOP equipment will include a kelly cock, floor safety valve, and choke manifold all rated to 2000 psi.

#### IV. Materials

##### A. Casing Program:

| Hole Size | Depth | Casing Size | Wt. & Grade |
|-----------|-------|-------------|-------------|
| 8-3/4"    | 120'  | 7"          | 20# K-55    |
| 6-1/4"    | 2240' | 4-1/2"      | 10.5# K-55  |

##### B. Float Equipment:

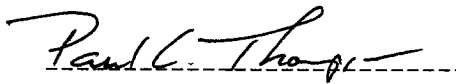
a) Surface Casing: None

b) Production Casing: 4-1/2" cement guide shoe and self fill insert float collar. Place float one joint above shoe. Five centralizers spaced every other joint above shoe and five turbolizers every other joint from the top of the well.

#### V. Cementing:

Surface casing: 7" - Use 30 sx (36 cu. ft.) of C1 "B" with 2% CaCl<sub>2</sub> (Yield = 1.18 cu. ft./sk; slurry weight = 15.6 PPG). 100% excess to circulate cement to surface. WOC 12 hours. Pressure test surface casing to 600 psi for 30 min.

Production Casing: 4-1/2" - Before cementing circulate hole with at least 1-1/2 hole volumes of mud. Precede cement with 30 bbls of fresh water. Lead with 165 sx (340 cu.ft) of C1 "B" with 2% SMS, 1/4#/sk. celloflake. (Yield = 2.06 cu.ft./sk; slurry weight = 12.5 PPG). Tail with 100 sx (118 cu.ft.) of C1 "B" with 2% CaCl<sub>2</sub>, and 1/4#/sk. celloflake/sk. (Yield = 1.18 cu. ft./sk; slurry weight = 15.6 PPG) Total cement volume is 458 cu.ft. (100% excess to circulate cement to surface).

  
Paul C. Thompson, P.E.

# Kukui Operating Company

## Well Control Equipment Schematic for 2M Service

Attachment to Drilling Technical Program

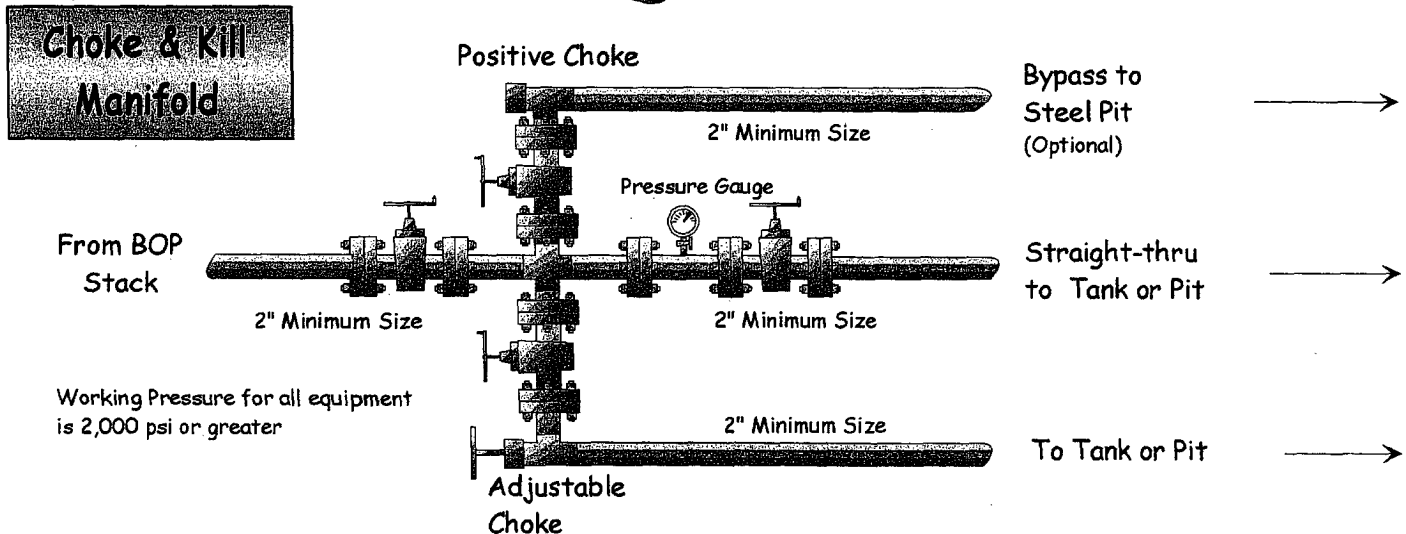
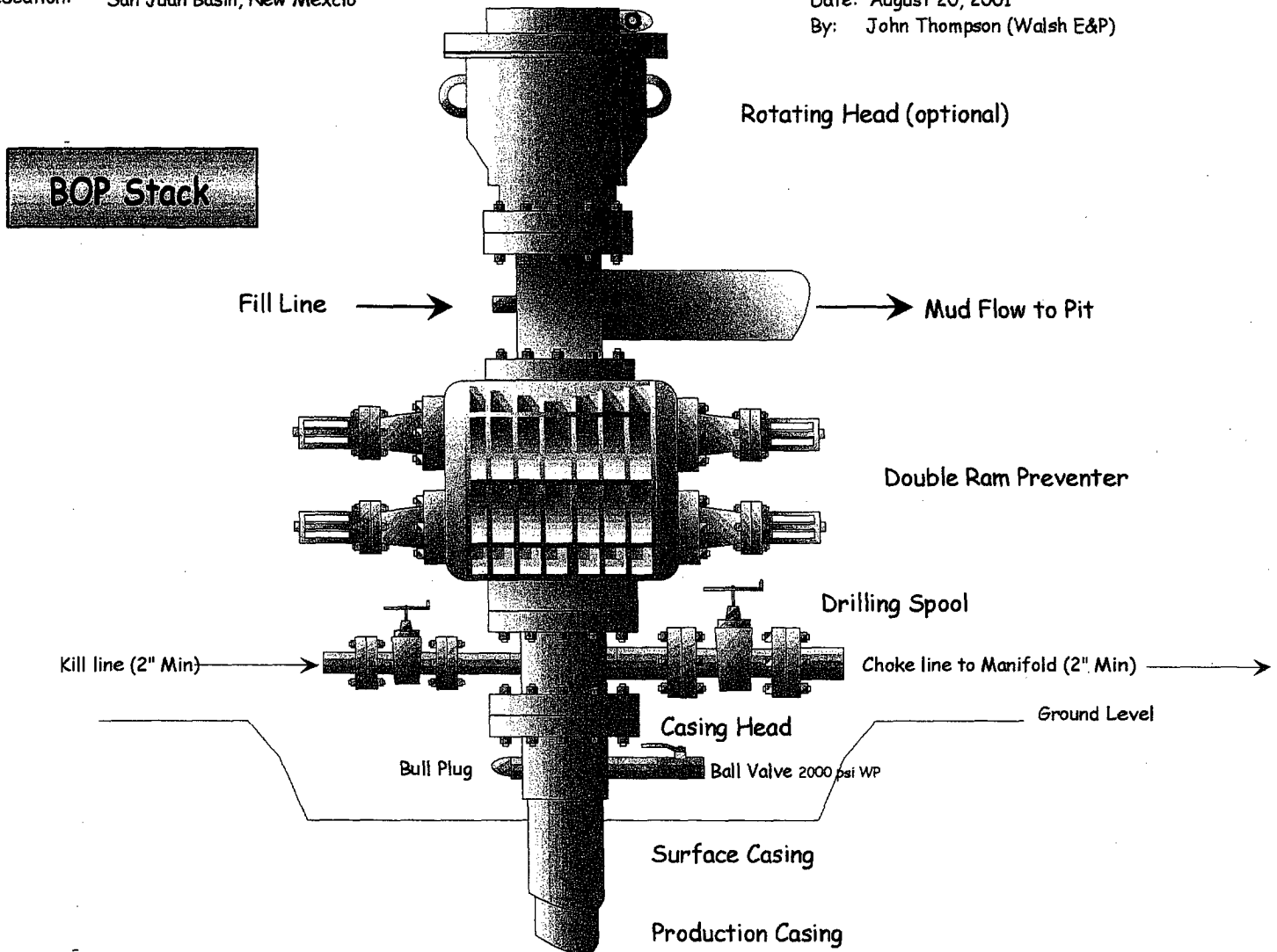
### Typical BOP setup

EXHIBIT #1

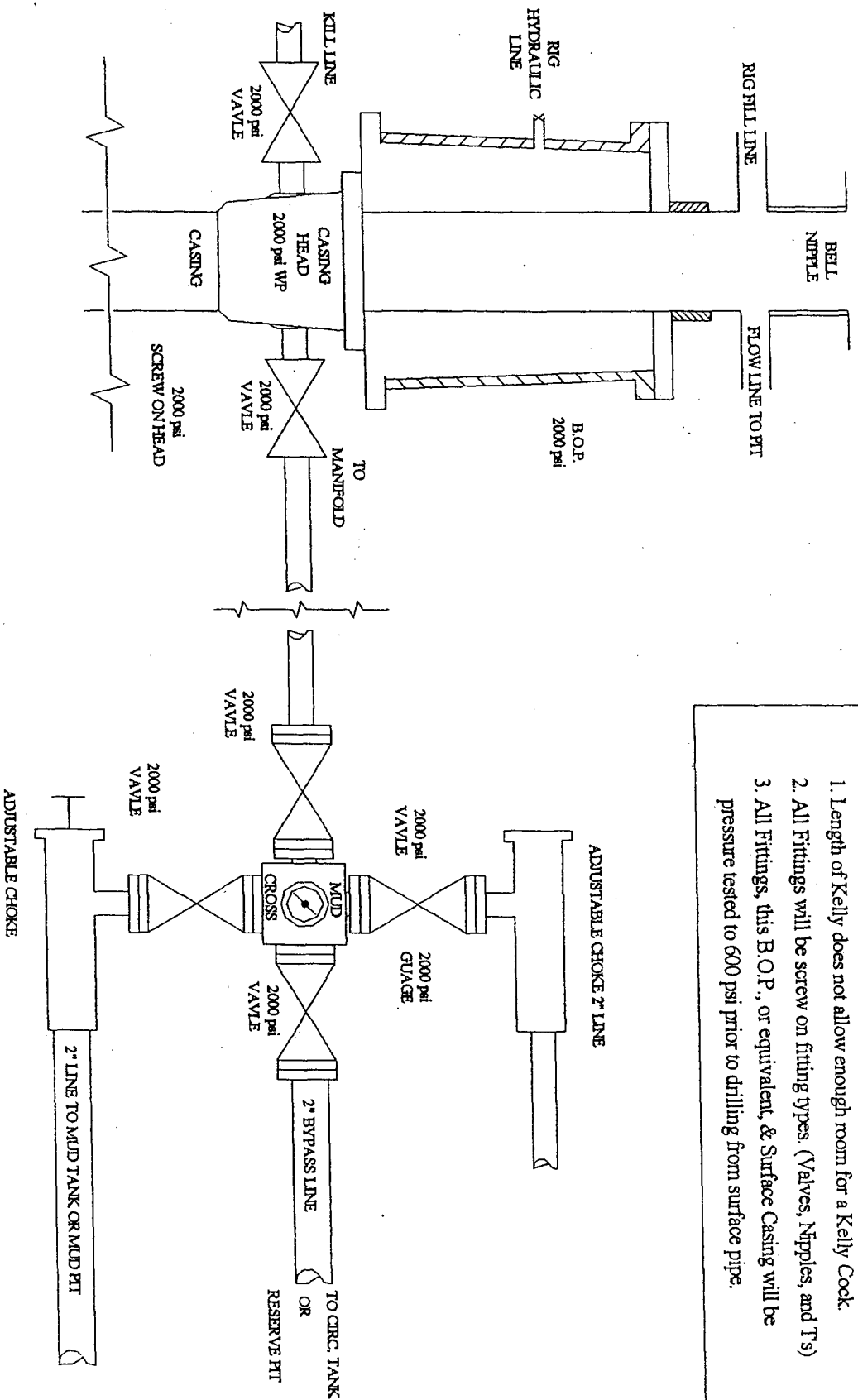
Location: San Juan Basin, New Mexico

Date: August 20, 2001

By: John Thompson (Walsh E&P)



# BLOW OUT PREVENTER (B.O.P.)



## Notes:

1. Length of Kelly does not allow enough room for a Kelly Cock.
2. All Fittings will be screw on fitting types. (Valves, Nipples, and Ts)
3. All Fittings, this B.O.P., or equivalent, & Surface Casing will be pressure tested to 600 psi prior to drilling from surface pipe.

\*\* 2000 psi Rubber hose will be used from Well Head to Manifold  
& from Well Head to Kill Line.