

District I
1625 N. French Dr., Hobbs, NM 88240
District II
130 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-101
May 27, 2004

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to appropriate District Office

☐ AMENDED REPORT

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

Operator Name and Address Patina San Juan, Inc. 5802 U. S. Highway 64 Farmington, NM 87401 (505) 632-8056		OGRID Number 173252
Property Code 34335	Property Name HONDO 27	API Number 30-045-32585
Proposed Pool 1 BASIN FRUITLAND COAL		Well No. 12
Proposed Pool 2		

Surface Location

UL or lot no. L	Sec. 27	Township 31N	Range 13W	Lot Idn L	Feet from the 1650	North/South line SOUTH	Feet from the 775	East/West line WEST	County SAN JUAN
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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
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Additional Well Information

Work Type Code N	Well Type Code G	Cable/Rotary R	Lease Type Code P	Ground Level Elevation 5549'
Multiple Y	Proposed Depth 1900'	Formation Fruitland Coal	Contractor N/A	Spud Date OCTOBER 2004
Depth to Groundwater >100'		Distance from nearest fresh water well >1000'		Distance from nearest surface water >200'
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 40 mils thick Clay <input type="checkbox"/> Pit Volume: _____ bbls Drilling Method: Closed-Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

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"	36#	250'	140 sx	SURFACE
8 3/4"	7"	23#	1900'	180 sx	SURFACE

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.

Patina San Juan, Inc. proposes to drill a vertical well at the above described location and test the Fruitland Coal formation. A 12 1/4" surface hole will be drilled to 250' where 9 5/8" casing will be set and cemented to surface with 140sxs (173 cu ft) of Type III cement with 1/4#/sx Celloflake and 2% CaCl₂. 2000 psi single rams will be installed and pressure tested to 1000 psi. A 8 3/4" hole will be drilled to approximately 1900' with spud mud w/gel and polymer sweeps used from surface to 250' to clean hole. Induction and density logs will be run from TD to base of surface csg. 7" production casing will be run to TD and cemented to surface with 180 sx (339 cu ft) Premium Lite high strength 35/65 pozmix cement. The Fruitland Coal formation will be selectively perforated and completed. The well will be connected to Williams Field Services gathering system.

23 I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Printed name: JEAN M. MUSE

Title: REGULATORY/ENGINEERING TECHNICIAN

E-mail Address: jmuse@patinasanjuan.com

Date: 09/17/04

Phone: 505-632-8056

OIL CONSERVATION DIVISION

Approved by:

Title: DEPUTY OIL & GAS INSPECTOR, DIST. #8

Approval Date: SEP 20 2004

Expir: SEP 20 2005

Conditions of Approval Attached

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

District II
PO Drawer 00, 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

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-32585		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 34335	*Property Name HONDO 27		*Well Number 12
*GRID No. 173252	*Operator Name PATINA SAN JUAN, INC.		*Elevation 5549'

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
L	27	31N	13W		1650	SOUTH	775	WEST	SAN JUAN

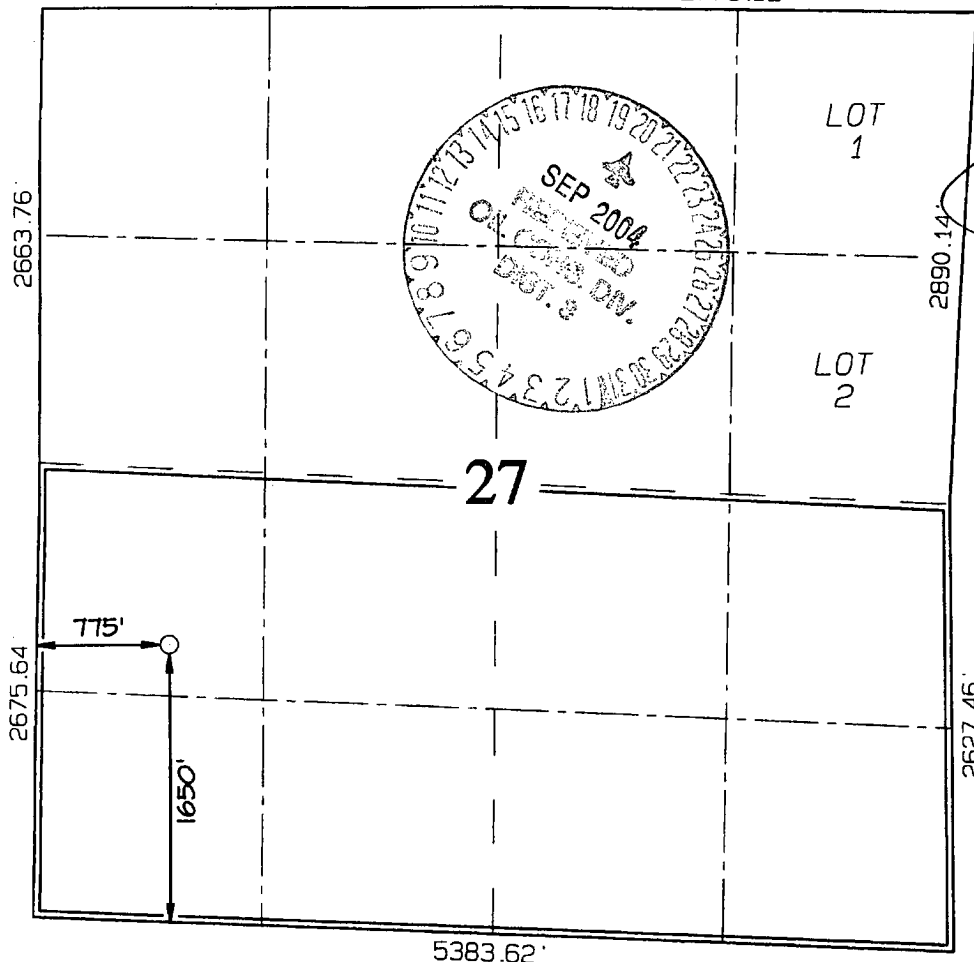
¹¹ Bottom Hole Location If Different From Surface

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 320.0 Acres - (S/2)					¹³ Joint or Infill		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

2693.46'

2776.62'



¹⁷ OPERATOR CERTIFICATION

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

Signature: *Jason Muse*
Printed Name: JASON MUSE
Title: Reg/Engn. Tech
Date: 9/17/04

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.

Survey Date: AUGUST 27, 2004

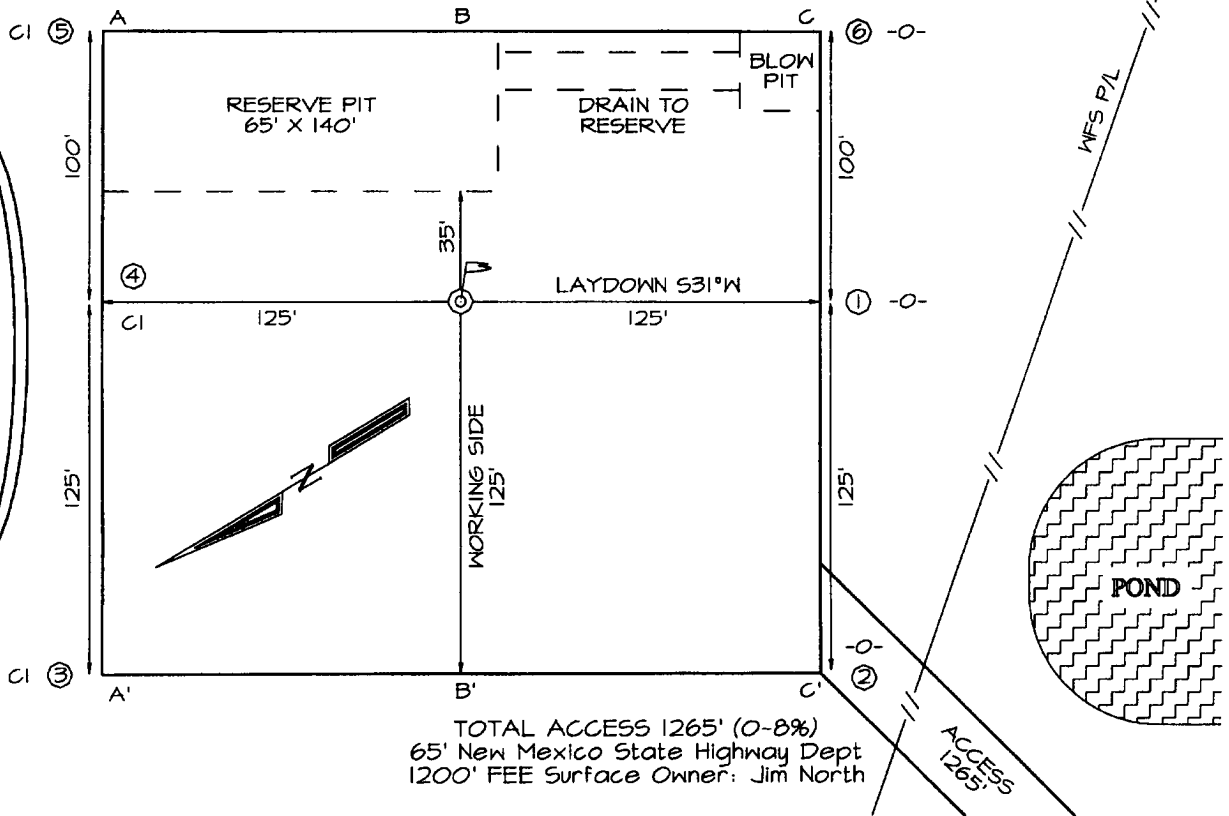
Signature and Seal of Professional Surveyor



JASON C. EDWARDS
Certificate Number 15269

PATINA SAN JUAN, INC. HONDO 27 #12
1650' FSL & 775' FWL, SECTION 27, T31N, R13W, NMPM
SAN JUAN COUNTY, NEW MEXICO ELEVATION: 5549'

LATITUDE: 36°52'05"
LONGITUDE: 107°11'52"
 DATUM: NAD1927



A-A'						
5559'						
5549'						
5539'						

B-B'						
5559'						
5549'						
5539'						

C-C'						
5559'						
5549'						
5539'						

Operations Plan
Patina San Juan, Inc.
Hondo #27-12
San Juan County, New Mexico

1. LOCATION:

SW SW
Section 27, T31N, R13W
San Juan County, New Mexico

Field: Basin Fruitland Coal
Surface: Fee
Minerals: Fee

2. SURFACE FORMATION, ESTIMATED TOPS AND WATER, OIL, GAS OR MINERAL BEARING FORMATIONS (TVD):

Surface formation – Nacimiento

<i>Formation</i>	<i>Depth</i>
Fruitland**	924'
Pictured Cliffs ***	1672'
TD	1900'

Legend: * Freshwater bearing formation
 ** Possible hydrocarbon bearing formation
 *** Probable hydrocarbon bearing formation
 # Possible H2S bearing formation

All fresh water and prospectively valuable minerals encountered during drilling will be recorded by depth and adequately protected.

3. PRESSURE CONTROL EQUIPMENT:

BOP equipment will be tested to the lesser of its rated working pressure, 70-percent of the internal yield of the surface casing or 1,000psi. See attachments for BOP and choke manifold diagrams.

Production Hole BOP Requirements and Test Plan

11" – 2,000 psi single ram (blind)

11" – 2,000 psi single ram (pipe)

Test as follows:

- | | | |
|------------------------------|------------------|---------------|
| a) Pipe rams: | 1,000 psi (High) | 250 psi (low) |
| b) Choke manifold and lines: | 1,000 psi (High) | 250 psi (low) |

All ram type preventers and related equipment will be hydraulically tested at nipple-up. They will also be retested in either of the following events:

- A pressure seal is broken.
- 30 days have elapsed since the last successful test of the equipment.

Furthermore, BOP's will be checked daily as to mechanical operating condition. All ram type preventers will have hand wheels, which will be operative and accessible at the time the preventers are installed. See attached Exhibit for details on the BOP equipment.

AUXILIARY EQUIPMENT:

- a) Manually operated kelly cock (upper and lower)
- b) Full opening manually operated safety valves in the full open position, capable of fitting all drill stem connections.

4. CASING DESIGN:

Casing Program:

Hole Size	Depth	Casing Size
12 1/4"	250'	9 5/8"
8 3/4"	1900'	7"

Hole Size	Casing Type	Top (MD)	Bottom (MD)	Wt. (lb./ft)	Grade	Thread	Condition
9-5/8"	Surface	0'	250'	36.0	J55	STC	New
7"	Production	0'	1900'	23.0	J55	STC	New

OD	Casing Data			Collapse (psi)	Burst (psi)	Min. Tensile (Lbs.)
	Wt/Ft	Grade	Thread			
9-5/8"	36.0 lbs.	J55	STC	2,020	3,520	394,000
7"	23.0 lbs.	J55	STC	3,270	4,360	284,000

MINIMUM CASING DESIGN FACTORS:

COLLAPSE: 1.125

BURST: 1.00

TENSION: 1.80

Area Fracture Gradient Range: 0.85 to 1.30 psi/foot

Maximum anticipated reservoir pressure: 900 psi

Maximum anticipated mud weight: 9.0 ppg

Maximum surface treating pressure: 1,500 psi

Float Equipment:

Surface Casing: Guide shoe on bottom and 3 centralizers on the bottom 3 joints.

Production Casing: 7" whirler type cement nosed guide shoe and a float collar on top of bottom joint with centralizers over potential hydrocarbon bearing zones.

CEMENTING PROGRAMS:

9-5/8" Surface casing:

140 sxs Type III cement with 2% CaCl₂, 1/4#/sx cellofakes. 100% excess to circulate cement to surface. WOC 12 hrs. Pressure test surface casing to 1000 psi for 30 minutes.

Slurry weight: 15.2 ppg
Slurry yield: 1.27 ft³/sack

Volume basis:	40' of 9-5/8" shoe joint	17 cu ft
	250' of 12-1/4" x 9-5/8" annulus	78 cu ft
	<u>100% excess (annulus)</u>	<u>78 cu ft</u>
	Total	173 cu ft

Note:

1. Design top of cement is the surface.
2. Have available 100 sx Type III cement with 2% CaCl₂ for top out purposes.

7" Production casing:

180 sacks of Premium lite high strength 35/65 pozmix cement.

Slurry weight: 12.4 ppg
Slurry yield: 1.91 ft³/sack

Volume basis:	40' of 7" shoe joint	9 cu ft
	7" x 8 3/4" hole	244 cu ft
	250' of 9 5/8" x 7" casing overlap	42 cu ft
	<u>15% excess (annulus)</u>	<u>44 cu ft</u>
	Total	339 cu ft

Note:

1. Design top of cement is the surface.
2. Actual cement volumes to be based on caliper log plus 15%.


5. MUD PROGRAM:

The surface hole will be drilled with spud mud. Gel and polymer sweeps will be used from surface to 250 feet as necessary to keep hole clean.

The production hole will be drilled with LSND mud from base of surface casing to TD. Anticipated mud weight ranges from 8.5 – 9.0 ppg. Mud weight will be increased as required to maintain hole stability and control gas influx.

Sufficient mud materials to maintain stable wellbore conditions (for either well control or lost circulation scenarios) will be maintained at the well site.

No chrome-based additives will be used in the mud system.

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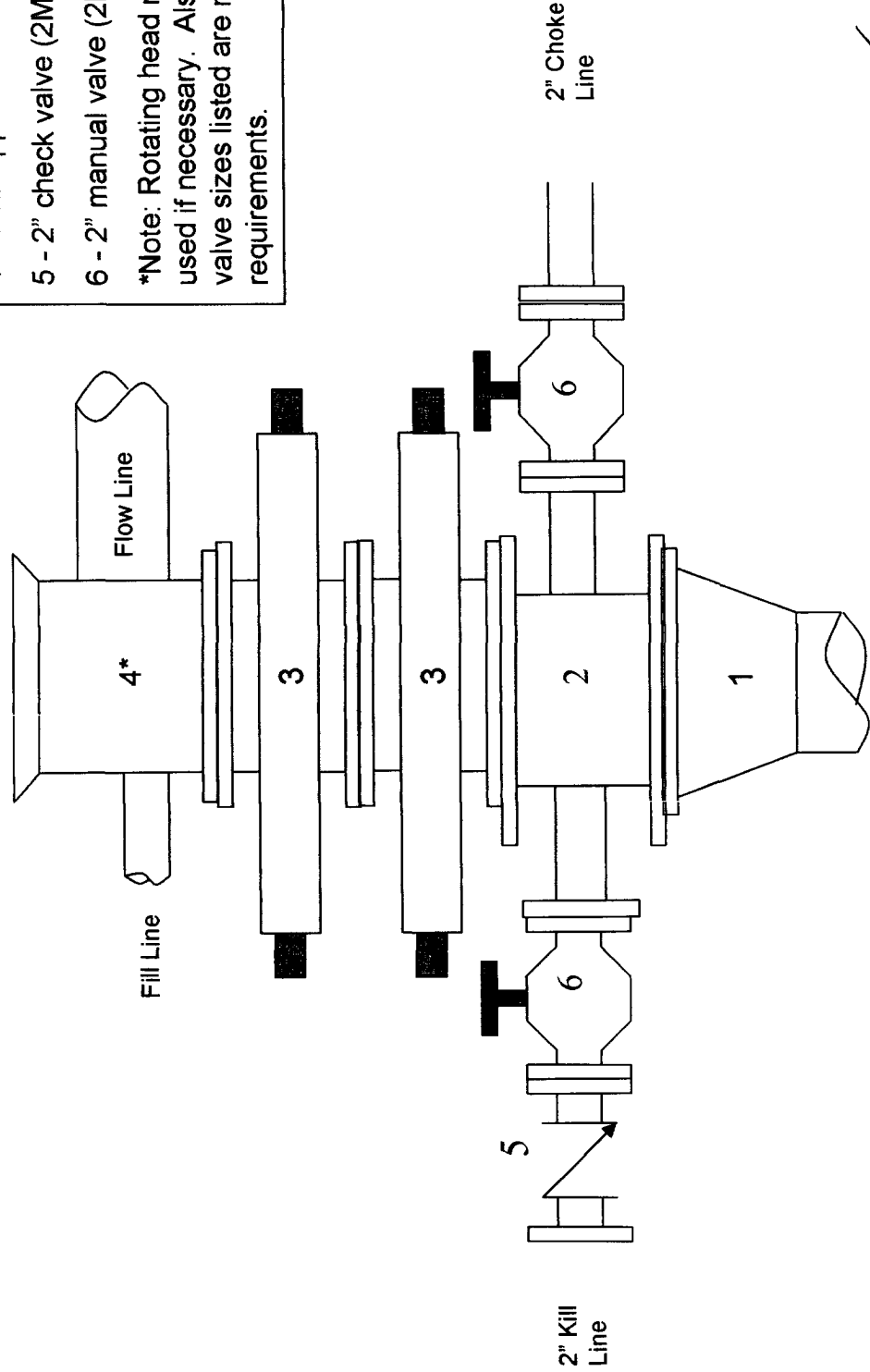
Hondo #27-12

2000 psi BOP stack
Minimum requirements

Components

- 1 - Wellhead 9-5/8" (2M)
- 2 - Drilling spool 11" (2M)
- 3 - A double or two single rams with blinds on bottom 11" (2M)
- 4 - Bell nipple*
- 5 - 2" check valve (2M)
- 6 - 2" manual valve (2M)

*Note: Rotating head may also be used if necessary. Also, all line and valve sizes listed are minimum requirements.



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Hondo #27-12

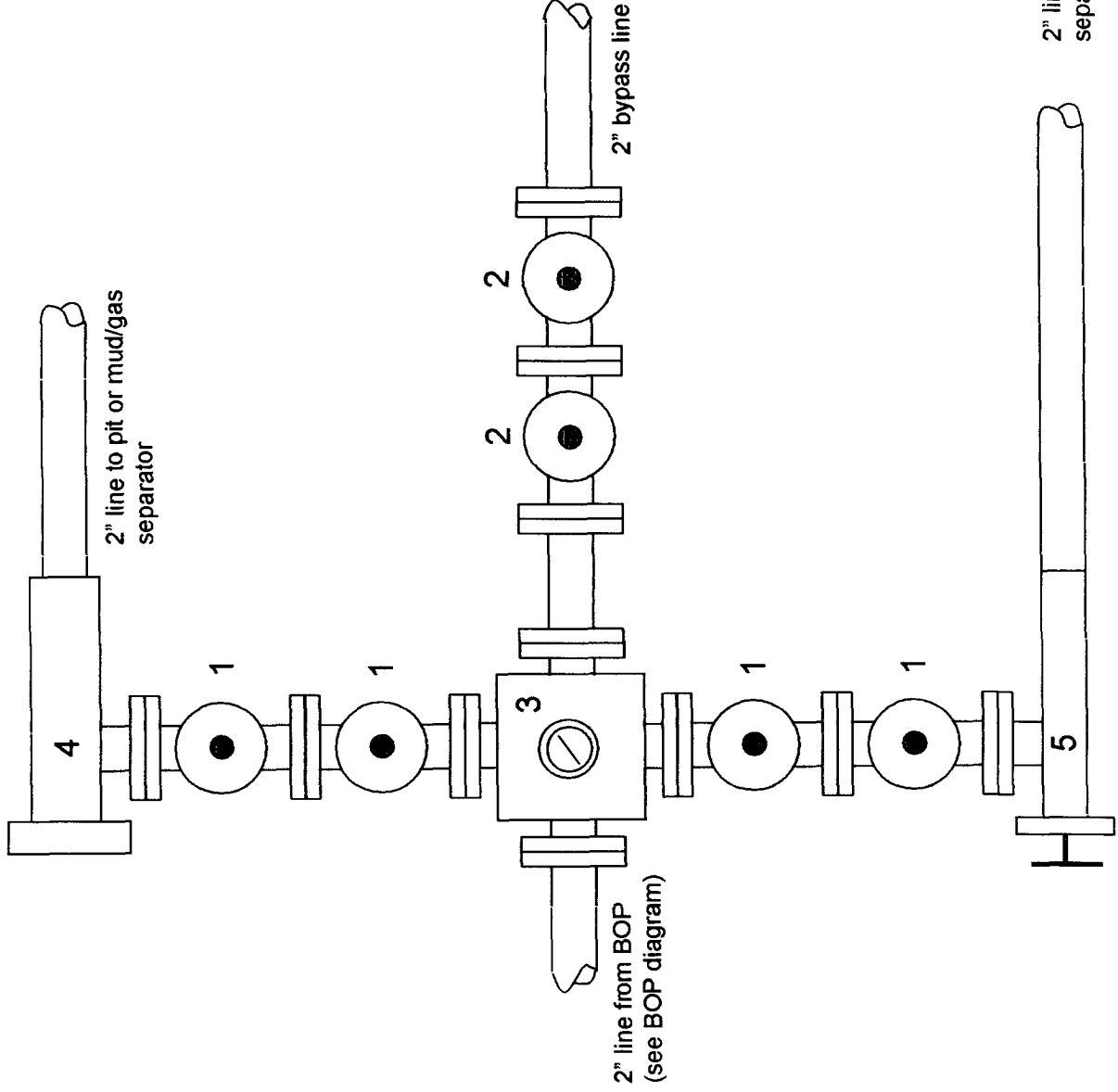
2000 psi Choke Manifold

Minimum requirements

Components

- 1 – 2" Valve (2M)
- 2 – 3" Valve (2M)
- 3 – Mud cross with gauge (2M) flanged below the gage.
- 4 – Adjustable beam choke (2M)
- 5 – Adjustable needle choke (2M)

Note: All line and valve sizes listed are minimum requirements.



2" line to pit or mud/gas separator

8-16-08