

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

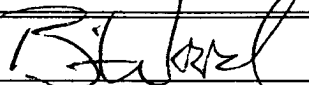
FORM APPROVED  
OMB No. 1004-0137  
Expires March 31, 2007

5. Lease Serial No. <b>I-149-IND-9110</b>	
6. If Indian, Allottee or Tribe Name <b>NAVAJO ALLOT. 011555</b>	
7. If Unit or CA Agreement, Name and No. <b>N/A</b>	
8. Lease Name and Well No. <b>NAVAJO 3234-#34</b>	
9. API Well No. <b>30-045-32863</b>	
10. Field and Pool, or Exploratory <b>BAS. FRUIT. COAL &amp; W. K'Z PC</b>	
11. Sec., T. R. M. or Blk. and Survey or Area <b>M 32-27N-11W NMPM</b>	
12. County or Parish <b>SAN JUAN</b>	
13. State <b>NM</b>	
14. Distance in miles and direction from nearest town or post office* <b>12 AIR MILES SSW OF BLOOMFIELD</b>	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) <b>660'</b>	16. No. of acres in lease <b>160</b>
17. Spacing Unit dedicated to this well <b>W2 &amp; SW4</b>	18. Distance from proposed location* to nearest well, drilling, completed, applied for, or this lease, ft. <b>N/A</b>
19. Proposed Depth <b>2,000'</b>	20. BLM/BIA Bond No. on file <b>BIA NATION WIDE 76S63050708</b>
21. Elevations (Show whether DF, KDB, RT, GL, etc.) <b>6,209' GL</b>	22. Approximate date work will start* <b>10/01/2005</b>
23. Estimated duration <b>2 WEEKS</b>	

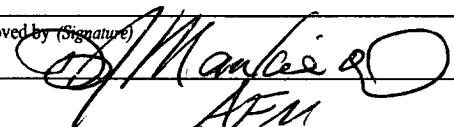
24. Attachments

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.                                                                                                | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).    |
| 2. A Drilling Plan.                                                                                                                             | 5. Operator certification                                                                          |
| 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). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature 	Name (Printed/Typed) <b>BRIAN WOOD</b>	Date <b>01/18/2005</b>
---------------------------------------------------------------------------------------------------	-------------------------------------------	---------------------------

Title <b>CONSULTANT</b>	PHONE: (505) 466-8120	FAX: (505) 466-9682
----------------------------	-----------------------	---------------------

Approved by (Signature) 	Name (Printed/Typed)	Date <b>5-18-05</b>
-------------------------------------------------------------------------------------------------------------	----------------------	------------------------

Title <b>AFM</b>	Office <b>FFO</b>
---------------------	----------------------

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 page 2)

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department  
**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised June 10, 2003  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies  
2005 JAN 21 10 4 52  
 AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

*API Number 30045-32863		*Pool Code 71629 & 79680		*Pool Name BASIN FRUITLAND COAL & WEST KUTZ PC	
*Property Code 34840		*Property Name Navajo 32			*Well Number 33 34
*OCRID No. 25773		*Operator Name Dominion Oklahoma Texas Exploration & Production Inc.			*Elevation 6209

**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
M	32	27N	11W		660	South	1100	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				
<table border="1"> <tr> <td>*Dedicated Acres 320 &amp; 160</td> <td>*Joint or Infill</td> <td>*Consolidation Code C</td> <td>*Order No.</td> </tr> </table>										*Dedicated Acres 320 & 160	*Joint or Infill	*Consolidation Code C	*Order No.
*Dedicated Acres 320 & 160	*Joint or Infill	*Consolidation Code C	*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

<p>16</p>	<p><b>17 OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Brian Wood</i></p> <p>Signature</p> <p>Printed Name <b>BRIAN WOOD</b></p> <p>Title and E-mail Address <b>CONSULTANT</b></p> <p>Date <b>JAN. 22, 2005</b></p>
	<p><b>18 SURVEYOR CERTIFICATION</b> 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>January 28, 2005</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor</p> <p>Certificate Number <b>9672</b></p>

Submit 3 Copies To Appropriate District Office  
 District I  
 1625 N. French Dr., Hobbs, NM 88240  
 District II  
 1301 W. Grand Ave., Artesia, NM 88210  
 District III  
 1000 Rio Brazos Rd., 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-103  
 May 27, 2004

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

WELL API NO.	30-045-
5. Indicate Type of Lease	STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.	I-149-IND-9110
7. Lease Name or Unit Agreement Name	NAVAJO
8. Well Number	32-34
9. OGRID Number	25773
10. Pool name or Wildcat	BASIN FRUIT. COAL & W. KUTZ PC

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  
 DOMINION OKLAHOMA TEXAS EXPLORATION & PRODUCTION, INC.  
 3. Address of Operator 14000 QUAIL SPRINGS PKWY, #600  
 OKLAHOMA CITY, OK 73134-2600

4. Well Location  
 Unit Letter M : 660 feet from the SOUTH line and 1100 feet from the WEST line  
 Section 32 Township 27N Range 11W NMPM County SAN JUAN

11. Elevation (Show whether DR, RKB, RT, GR, etc.)  
 6,209' GL

Pit or Below-grade Tank Application  or Closure

Pit type Reserve Depth to Groundwater ~609' Distance from nearest fresh water well >1 mi Distance from nearest surface water ~1000'  
 Pit Liner Thickness: 12 mil Below-Grade Tank: Volume \_\_\_\_\_ bbls; Construction Material \_\_\_\_\_

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

NOTICE OF INTENTION TO:

- PERFORM REMEDIAL WORK  PLUG AND ABANDON   
 TEMPORARILY ABANDON  CHANGE PLANS   
 PULL OR ALTER CASING  MULTIPLE COMPL

SUBSEQUENT REPORT OF:

- REMEDIAL WORK  ALTERING CASING   
 COMMENCE DRILLING OPNS.  P AND A   
 CASING/CEMENT JOB

OTHER: RESERVE PIT

OTHER:

13. 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 recompletion.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed & closed according to NMOCD guidelines  a general permit  or an (attached) alternative OCD-approved plan .

SIGNATURE Brian Wood TITLE CONSULTANT DATE 1-18-05

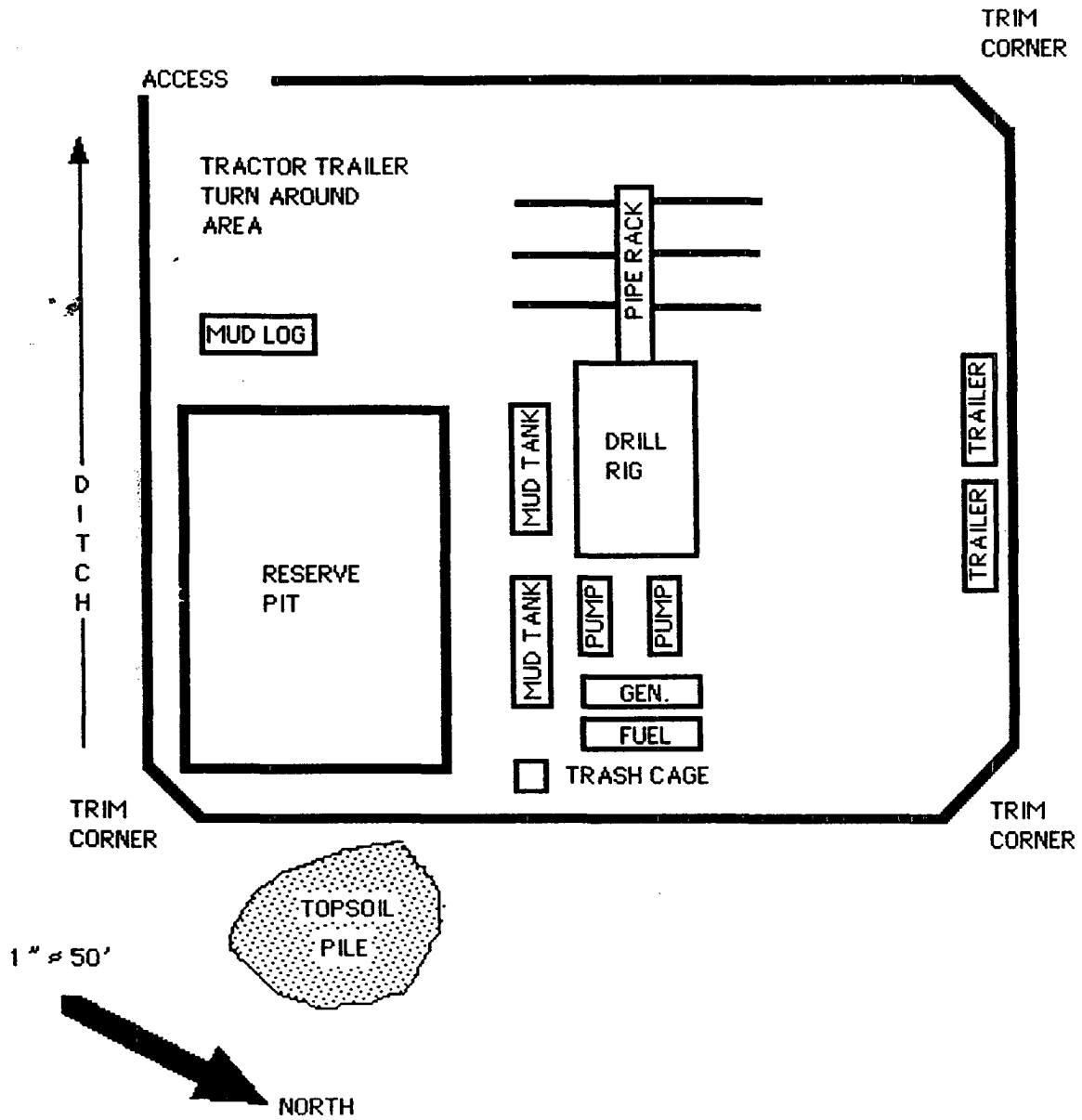
Type or print name BRIAN WOOD E-mail address: brian@permitswest.com Telephone No. 466-8120

For State Use Only

APPROVED BY: [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #3 DATE MAY 20 2005

Conditions of Approval (if any):

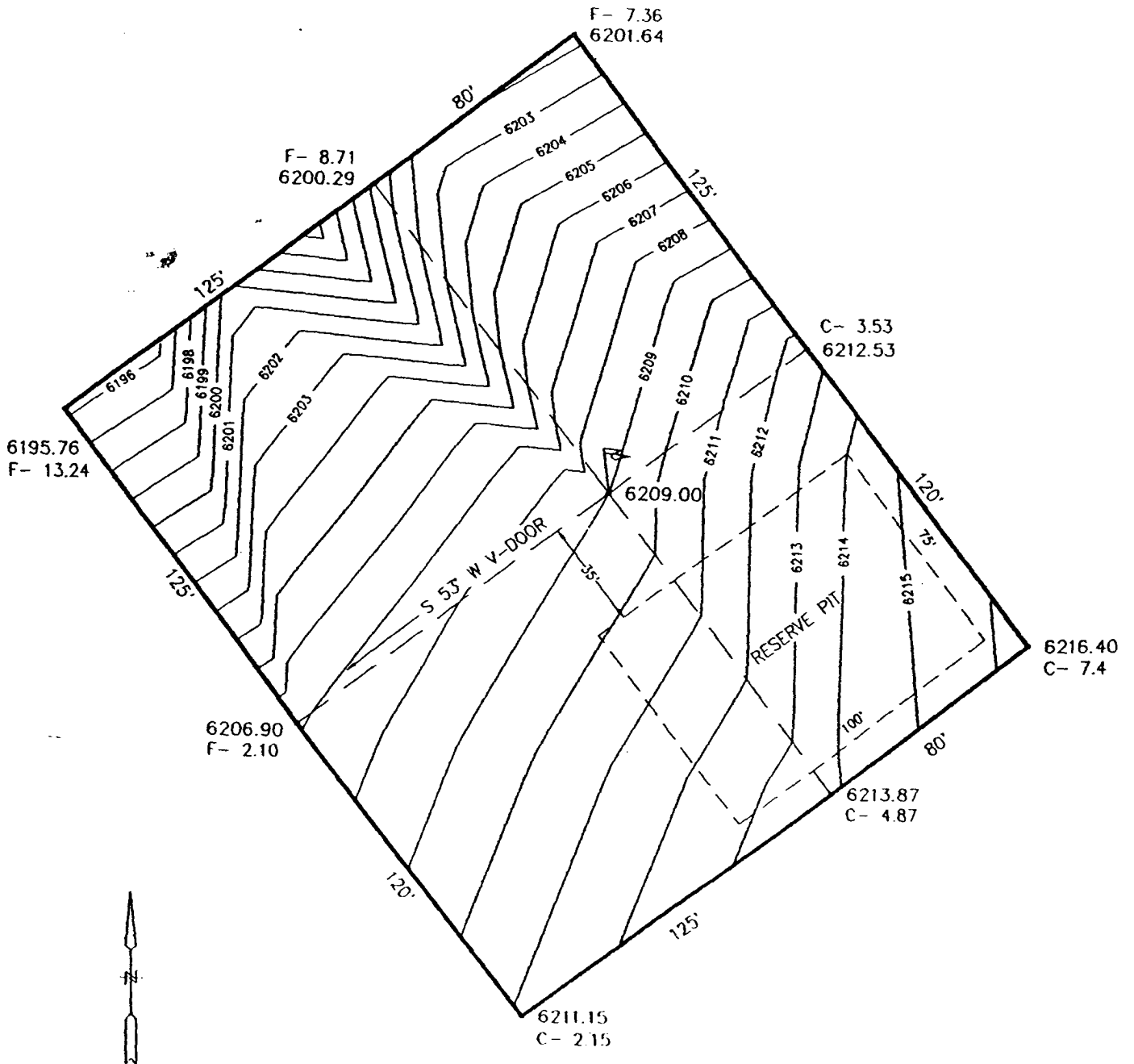
Dominion Oklahoma Texas Exploration & Production, Inc.  
Navajo 32-34  
660' FSL & 1100' FWL  
Sec. 32, T. 27 N., R. 11 W.  
San Juan County, New Mexico



# Dominion Oklahoma Texas Exploration & Production Inc. Navajo 32-34

## WELL PAD LAYOUT AND TOPOGRAPHY

NAVAJO 32-34  
660 F/SL & 1100 F/WL  
SECTION 32 T27N R11W N.M.P.M.  
SAN JUAN COUNTY, NEW MEXICO



Dominion Oklahoma Texas Exploration & Production, Inc.  
 Navajo 32-34  
 660' FSL & 1100' FWL  
 Sec. 32, T. 27 N., R. 11 W.  
 San Juan County, New Mexico

Drilling Program

1. ESTIMATED FORMATION TOPS

<u>Formation Name</u>	<u>GL Depth</u>	<u>KB Depth</u>	<u>Elevation</u>
Nacimiento	000'	14'	+6,209'
Ojo Alamo Sandstone	609'	623'	+5,600'
Kirtland Shale	759'	773'	+5,450'
Fruitland	1,234'	1,248'	+4,975'
Pictured Cliffs	1,684'	1,698'	+4,525'
Total Depth (TD)*	2,000'	2,014'	+4,209'

\* all elevations reflect the ungraded ground level of 6,177'

2. NOTABLE ZONES

<u>Gas Zones</u>	<u>Water Zones</u>	<u>Coal Zones</u>
Ojo Alamo	Nacimiento	Kirtland
Fruitland	Ojo Alamo	Fruitland
Pictured Cliffs	Fruitland	

Water zones will be protected with casing, cement, and weighted mud. Fresh water encountered during drilling will be recorded by depth, cased, and cemented. Oil and gas shows will be tested for commercial potential based on the well site geologist's recommendations.

3. PRESSURE CONTROL

The drilling contract has not yet been awarded, thus the exact BOP model to be used is not yet known. A typical 2,000 psi model is on PAGE 3. It will be installed once the surface casing is cemented.

Dominion Oklahoma Texas Exploration & Production, Inc.  
Navajo 32-34  
660' FSL & 1100' FWL  
Sec. 32, T. 27 N., R. 11 W.  
San Juan County, New Mexico

PAGE 2

Onshore Order 2 standards will be followed for BOP, choke manifold, accumulator system, closing unit power, and locking devices installation, operation, maintenance, and tests. Hydraulic controls will be located on the rig floor. Manual controls will be hand wheels. Remote control for the accumulator will be  $\geq 100'$  from the drill hole. Kill line will not be used as a fill line.

Ram type preventers and associated equipment (choke manifold, kelly cocks, etc.) will be tested to 100% of their rated working pressure (BOP stack isolated from casing by a test plug) for 10 minutes. Annular preventers will be tested to 50% of rated working pressure for 10 minutes. Tests will be run after initial installation, before drilling out of each casing shoe, and after any use under pressure; or a minimum of once every 14 days. Pipe rams will be operationally checked each 24 hour period, as will blind rams and annular preventer each time pipe is pulled out of the hole. Annular preventers will be functionally operated at least weekly. Such checks of BOP equipment will be noted on daily drilling reports.

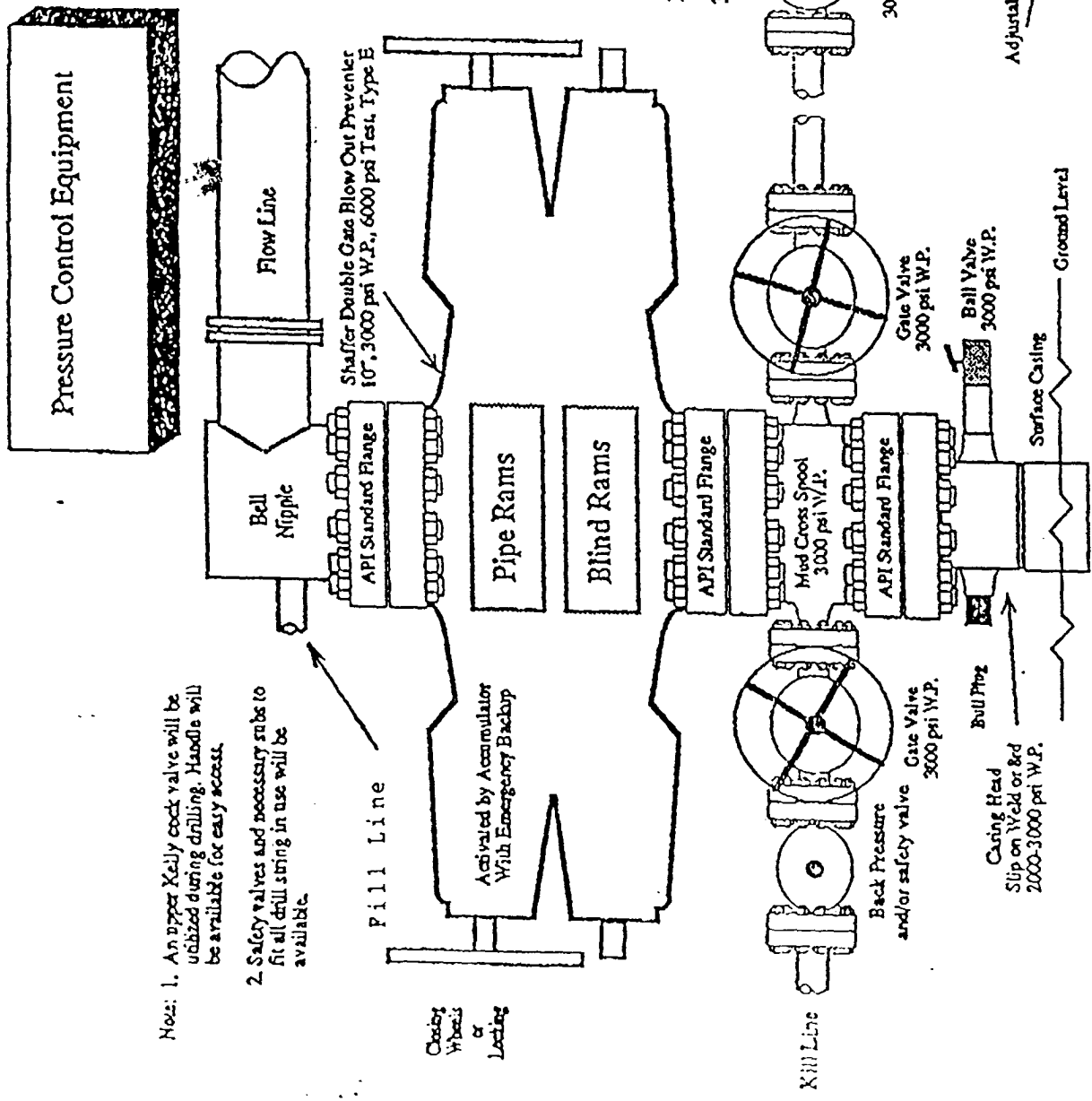
#### 4. CASING & CEMENT

<u>Hole Size</u>	<u>O. D.</u>	<u>Weight (lb/ft)</u>	<u>Grade</u>	<u>Age</u>	<u>GL Setting Depth</u>
12-1/4"	8-5/8"	24	J-55	New	250'
7-7/8"	5-1/2"	15.5	J-55	New	2,000'

Surface casing will be cemented to surface with  $\approx 212$  cubic feet (140 sacks) Class III + 2%  $\text{CaCl}_2$  + 1/4 pound per sack cello flake. Yield = 1.52 cubic feet per sack. Weight = 14.5 pounds per gallon. Excess = 100%. At least 3 centralizers will be set.

Production casing will be cemented to the surface with 536 cubic feet ( $\geq 50\%$  excess). Volumes to be determined by caliper. About 10 centralizers will be set. Lead cement will be  $\approx 200$  sacks Class B light cement (65% cement/35% Poz with 6% gel) with 5 pounds per sack gilsonite + 1/4 pound per sack cello flake. Yield = 1.99 cubic feet per sack. Weight = 12.4 pounds per gallon.

Minimum 2" Choke Line  
 Minimum 2" Kill Line  
 At Least One 2" Minimum Kill Line Valve



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

Choking  
 Wheels  
 or  
 Latching

Note: This equipment is designed to meet requirements for a 2-M rating standard per 43 CFR part 3160 (amended). Proper operation and testing of equipment will be carried out per standard. 2,000 psi equipment can be substituted in the drawing to meet minimum requirements per standard.



Dominion Oklahoma Texas Exploration & Production, Inc.  
Navajo 32-34  
660' FSL & 1100' FWL  
Sec. 32, T. 27 N., R. 11 W.  
San Juan County, New Mexico

PAGE 4

Tail cement will be  $\approx$ 100 sacks 50/50 Class B Poz with 2% gel + 1/4 pound per sack cello flake + 0.5% Halad-9. Yield = 1.38 cubic feet per sack. Weight = 13.5 pounds per gallon.

#### 5. MUD PROGRAM

<u>RANGE</u>	<u>MUD TYPE</u>	<u>WEIGHT</u>	<u>VISCOSITY</u>	<u>WATER LOSS</u>	<u>ADDITIVES</u>
0' - 250'	Fresh	8.3-8.7	28-35	NC	Paper, lime (pH 9-10)
250' -1600'	Fresh	8.3-8.7	28-30	NC	Paper, lime (pH 10-10.5)
1600' - TD	Quil-Gel	8.6-8.9	40-70	<8 cc	

#### 6. CORING, TESTING, & LOGGING

Side wall rotary cores may be cut. No drill stem tests are planned. GR-PEF-Litho-Density logs will be run from TD to bottom of surface casing. Microlog will be run from TD to top of Fruitland.

#### 7. DOWN HOLE CONDITIONS

No abnormal pressures, temperatures, nor hydrogen sulfide are expected. Maximum pressure will be  $\approx$ 500 psi.

#### 8. OTHER INFORMATION

The anticipated spud date is upon approval. It is expected it will take one week to drill and one week to complete the well.