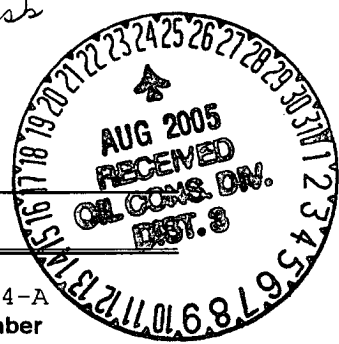


UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT



APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work DRILL	5. Lease Number NMSF-078414-A
1b. Type of Well GAS	6. If Indian, All. or Tribe
2. Operator BURLINGTON RESOURCES Oil & Gas Company	7. Unit Agreement Name
3. Address & Phone No. of Operator PO Box 4289, Farmington, NM 87499 (505) 326-9700	8. Farm or Lease Name Lively
	9. Well Number #10M
4. Location of Well 1120' FNL, 720' FWL Latitude 36° 43.7457'N, Longitude 107° 42.2229'W	10. Field, Pool, Wildcat Blanco Mesaverde/Basin Dakota
	11. Sec., Twn, Rge, Mer. (NMPM) Sec. 17, T29N, R08W API # 30-045- 33180
14. Distance in Miles from Nearest Town 9 miles intersection Blanco, NM Post Office	12. County San Juan
	13. State NM
15. Distance from Proposed Location to Nearest Property or Lease Line 720'	
16. Acres in Lease	17. Acres Assigned to Well W/2 320 acres
18. Distance from Proposed Location to Nearest Well, Drlg, Compl, or Applied for on this Lease 280'	
19. Proposed Depth 7514'	20. Rotary or Cable Tools Rotary
21. Elevations (DF, FT, GR, Etc.) 6350' GR	22. Approx. Date Work will Start
23. Proposed Casing and Cementing Program See Operations Plan attached	
24. Authorized by: <u>Joni Clark</u> Regulatory Specialist	<u>6/16/05</u> Date

PERMIT NO. _____

APPROVED BY Joni Clark

TITLE Manager - Min

DATE 8/22/05

Archaeological Report attached

Threatened and Endangered Species Report attached

NOTE: This format is issued in lieu of U.S. BLM Form 3160-3

Title 18 U.S.C. Section 1001, makes 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 presentations as to any matter within its jurisdiction.

NO HPA NOTIFICATION REQUIRED UNDER ORDER R-8768F.

This action is subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4

NMOCD

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

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

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 15, 2000

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

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

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-	² Pool Code 71599/72319	³ Pool Name Basin Dakota/Blanco Mesaverde
⁴ Property Code 18182	⁵ Property Name LIVELY	⁶ Well Number 10M
⁷ OGRID No. 14538	⁸ Operator Name BURLINGTON RESOURCES OIL AND GAS COMPANY LP	⁹ Elevation 6350'

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
D	17	29-N	8-W		1120'	NORTH	720'	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 W/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

<p>16</p> <p>N 88-32-36 E 2589.14'</p> <p>1120'</p> <p>720'</p> <p>LAT: 36°43.7457' N. LONG: 107°42.2229' W. NAD 1987</p> <p>USA SF-078414-A</p> <p>17</p>	<p>17 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>RECEIVED JUN 2 2005 KINGSTON NM</p> <p><u>Frances Bond</u> Signature Frances Bond Printed Name Regulatory Specialist Title 6/16/05 Date</p> <p>18 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 <u>3-18-05</u></p> <p>Signature and Seal of Professional Surveyor: <u>Glen W. Russell</u> Certificate Number 15703</p>
--	---

Office

Energy, Minerals and Natural Resources

May 27, 2004

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

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

WELL API NO.

30-045-

5. Indicate Type of Lease

STATE ☐FEE ☐

6. State Oil & Gas Lease No.

NMSF-078414-A

7. Lease Name or Unit Agreement Name

Lively

8. Well Number

10M

9. OGRID Number

14538

10. Pool name or Wildcat

Basin Dakota/Blanco Mesaverde

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

BURLINGTON RESOURCES OIL & GAS COMPANY LP

3. Address of Operator

3401 E. 30TH STREET, FARMINGTON, NM 87402

4. Well Location

Unit Letter D : 1120 feet from the North line and 720 feet from the West lineSection 17 Township 29N Range 8W NMPM County San Juan, NM

11. Elevation (Show whether DR, RKB, RT, GR, etc.)

Pit or Below-grade Tank Application

☒ or Closure ☐Pit type New Drill Depth to Groundwater <100' Distance from nearest fresh water well>1000' 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 ☐TEMPORARILY ABANDON ☐PULL OR ALTER CASING ☐PLUG AND ABANDON ☐CHANGE PLANS ☐MULTIPLE COMPL ☐

OTHER:

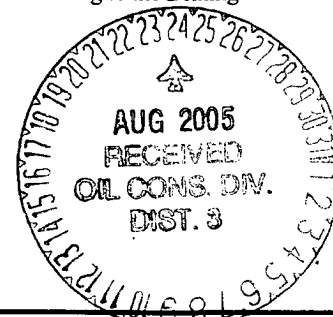
New Drill ☒

SUBSEQUENT REPORT OF:

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

Burlington Resources proposes to construct a new drilling pit and an associated vent/flare pit. Based on Burlington's interpretation of the Ecosphere's risk ranking criteria, the new drilling pit will be a lined pit as detailed in Burlington's Revised Drilling / Workover Pit Construction / Operation Procedures dated November 11, 2004 on file at the NMOCD office. A portion of the vent/flare pit will be designed to manage fluids and that portion will be lined as per the risk ranking criteria. Burlington Resources anticipates closing these pits according to the Drilling / Workover Pit Closure Procedure dated August 2, 2004 on file at the NMOCD office.



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 or closed according to NMOCD guidelines ☐, a general permit ☒ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE

TITLE

Sr. Regulatory Specialist

DATE

4/5/2005

Type or print name

Joni Clark

E-mail address:

jclark@br-inc.com

Telephone No.

326-9700

For State Use Only

APPROVED BY

TITLE

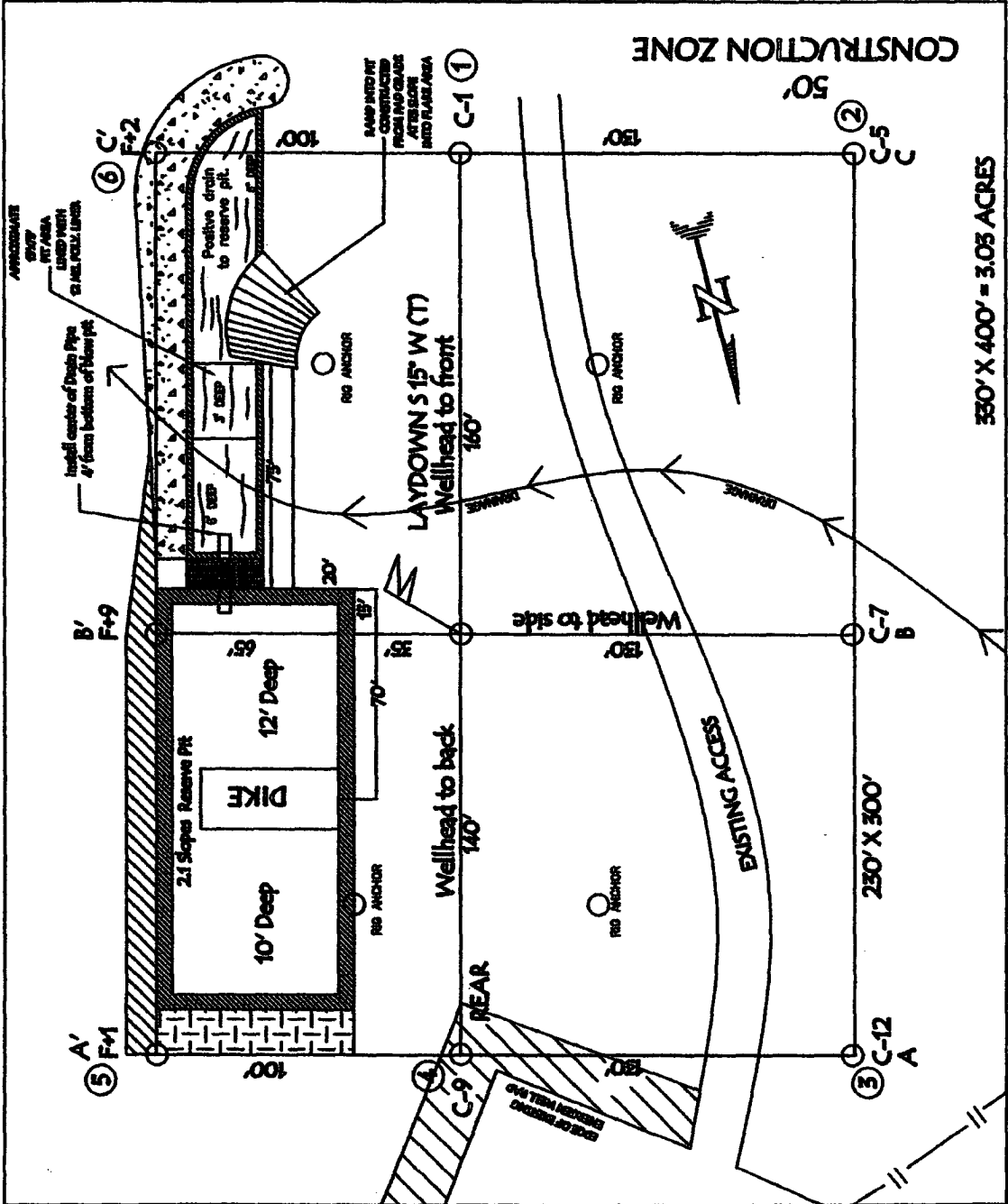
DEPUTY OIL & GAS INSPECTOR, DIST. 3

DATE

AUG 24 2005

Conditions of Approval (if any):

GROUND ELEVATION: 6350', DATE: MARCH 11, 2005



LATITUDE: 36° 43.7457' LONGITUDE: 107° 42.2229' NAD27

NOTE: VECTOR SURVEY IS NOT LIABLE FOR UNDERGROUND UTILITIES OR PIPELINES.
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.

RESERVE PIT DIKS. TO BE 8' ABOVE DEEP SIDE (OVERFLOW - 3' WIDE AND 1' ABOVE SHALLOW SIDE).
BLOW PNT. OVERFLOW PIPE 4' ABOVE BOTTOM OF BLOW PNT.

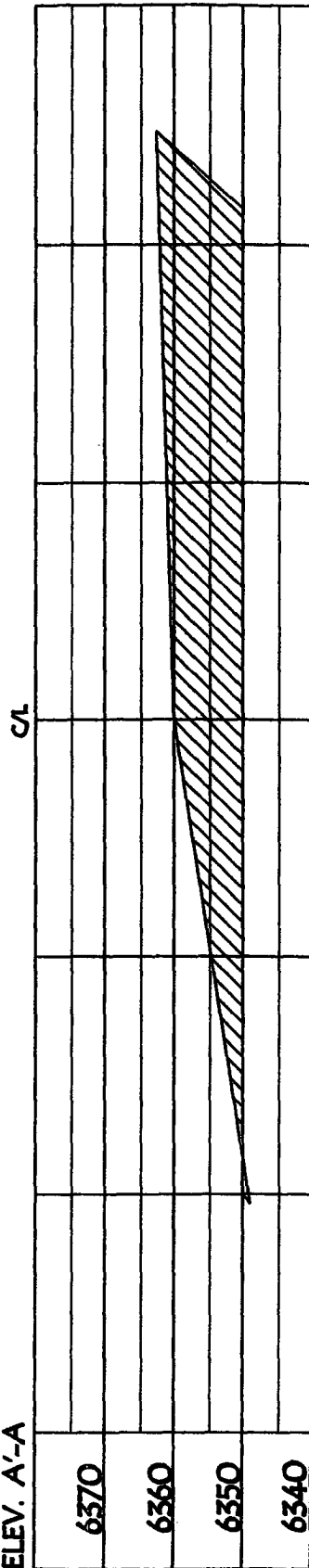
BURLINGTON RESOURCES OIL & GAS COMPANY LP

LIVELY 10M, 1120' FNL & 720' FWL

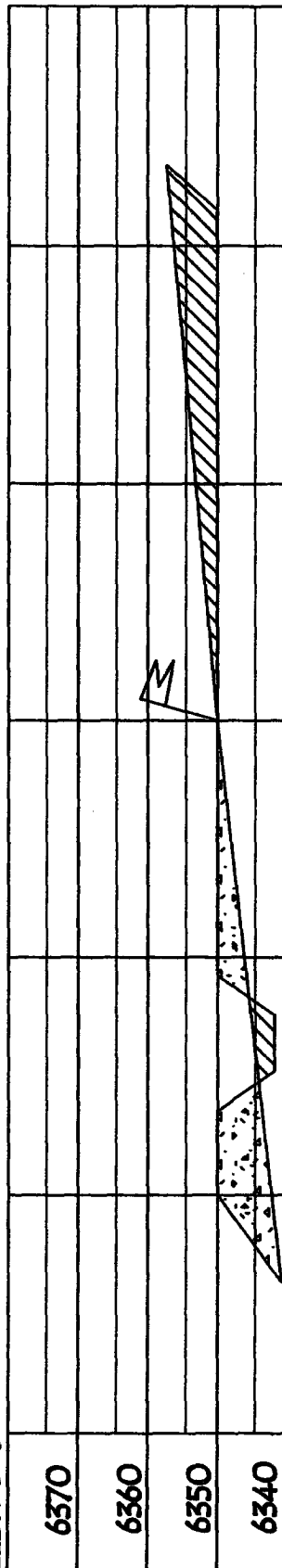
SECTION 17, T-29-N, R-8-W, NMPM, SAN JUAN COUNTY, NM

GROUND ELEVATION: 6350', DATE: MARCH 11, 2005

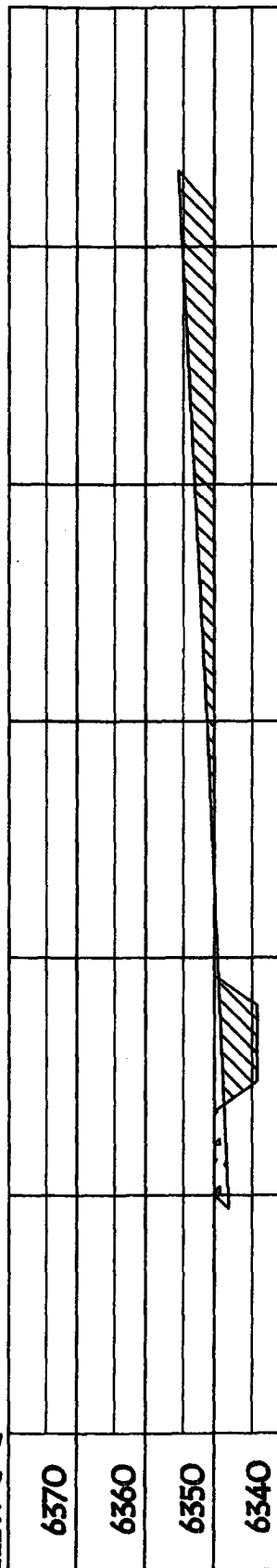
ELEV. A'-A



ELEV. B'-B



ELEV. C'-C



NOTE: VECTOR SURVEYS IS NOT LIABLE FOR UNDERGROUND UTILITIES OR PIPELINES.
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.

OPERATIONS PLAN

Well Name: LIVELY 10M
Location: 1120' FNL & 720' FWL, Section Sec 17 T29N R08W
San Juan County, New Mexico
Formation: Basin Dakota/Blanco Mesaverde
Elevation: 6350' GL

<u>Formation Tops:</u>	<u>Top</u>	<u>Bottom</u>	<u>Contents</u>
Surface	San Jose	1922'	
Ojo Alamo	1922'	2059'	aquifer
Kirtland	2059'	2837'	gas
Fruitland Coal	2837'	2997'	gas
Pictured Cliffs	2997'	3142'	gas
Lewis	3142'	3619'	
Huerfanito Bentonite	3619'		
Chacra	3964'	4597'	gas
Massive Cliff House	4597'	4674'	gas
Menefee	4674'	5187'	gas
Massive Point Lookout	5187'	5657'	gas
Mancos Shale	5657'	6427'	
Gallup	6427'	7172'	gas
Greenhorn	7172'	7228'	gas
Graneros	7228'	7265'	gas
Two Wells	7265'	7371'	gas
Paguate	7371'	7393'	gas
Upper Cubero	7393'	7427'	gas
Lower Cubero	7427'	7484'	gas
Encinal	7484'	7514'	gas
Total Depth:	7514'		gas

Logging Program:

Mud Logs/Coring/DST

Mud logs - none
Coring - none
DST - none
Open hole - none
Cased hole - Gamma Ray, CCL, CBL - surface to TD

Mud Program:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Vis.</u>	<u>Fluid Loss</u>
0 - 120' ²⁰⁰	Spud MUD/Air/Air Mist	8.4 - 9.0	40 - 50	no control
120 - 3242'	LSND	8.4 - 9.0	30 - 60	no control
3242 - 7514'	Air/Air Mist/Nitrogen	n/a	n/a	n/a

BURLINGTON RESOURCES/ Lively #10M APD

STIPULATION/CONDITION OF APPROVAL

This well is located within a 'vulnerable area'. In order to protect the integrity of the alluvium aquifer, a minimum surface csg. depth of 200' is stipulated as a condition of approval for this APD.

Casing Program (as listed, the equivalent, or better):

<u>Hole Size</u>	<u>Depth Interval</u>	<u>Csg. Size</u>	<u>Wt.</u>	<u>Grade</u>
12 1/4"	0' - 128' 200'	9 5/8"	32.3#	H-40
8 3/4"	0' - 3242'	7"	20/23#	J-55
6 1/4"	0' - 7393'	4 1/2"	10.5#	J-55
3 7/8"	7393' - 7514'	open hole		

Tubing Program:

<u>Depth Interval</u>	<u>Csg. Size</u>	<u>Wt.</u>	<u>Grade</u>
0' - 7514'	2 3/8"	4.7#	J-55

BOP Specifications, Wellhead and Tests:

Surface to Intermediate TD -

11" 2000 psi minimum double gate BOP stack (Reference Figure #1). After nipple-up prior to drilling out surface casing, rams and casing will be tested to 600 psi for 30 minutes.

Intermediate TD to Total Depth -

11" 2000 psi minimum double gate BOP stack (Reference Figure #1). After nipple-up prior to drilling out intermediate casing, rams and casing will be tested to 1500 psi for 30 minutes.

Surface to Total Depth -

2" nominal, 2000 psi minimum choke manifold (Reference Figure #3).

Completion Operations -

7 1/16" 2000 psi double gate BOP stack (Reference Figure #2). After nipple-up prior to completion, pipe rams, casing and liner top will be tested to 2000 psi for 15 minutes.

Wellhead -

9 5/8" x 7" x 4 1/2" x 2 3/8" x 2000 psi tree assembly.

General -

- Pipe rams will be actuated once each day and blind rams will be actuated once each trip to test proper functioning.
- An upper kelly cock valve with handle available and drill string valves to fit each drill string will be available on the rig floors at all times.
- BOP pit level drill will be conducted weekly for each drill crew.
- All BOP tests & drills will be recorded in daily drilling reports.
- Blind and pipe rams will be equipped with extension hand wheels.

Cementing:

9 5/8" surface casing -

Pre-Set Drilled - Cement with 23 sx Type I, II cement with 20% flyash mixed at 14.5 ppg, 1.61 cu ft per sack yield. (38 cu ft of slurry, bring cement to surface) Wait on cement for 24 hours for pre-set holes before pressure testing or drilling out from under surface.

Conventionally Drilled - Cement with 88 sx Type III cement with 0.25 pps Celloflake, 2% CaCl. (113 cu ft of slurry, 200% excess, bring cement to surface) Wait on cement for 8 hrs for conventionally set holes before pressure testing or drilling out from under surface. Wait on cement appropriate time until cement achieves 250 psi compressive strength at 60 degrees F. prior to nipple up of BOPE. Wait on cement for 8 hrs for conventionally set holes before pressure testing or drilling out from under surface. Test casing to 600 psi for 30 minutes.

Saw tooth guide shoe on bottom. Bowspring centralizers will be run in accordance with Onshore Order #2.

7" intermediate casing -

Lead with 282 sacks Premium Lite cement with 3% calcium chloride, 0.25 pps Celloflake, 5 pps LCM-1, 0.4% fluid loss, 0.4% sodium metasilicate. Tail w/90 sacks Type III cmt w/1% calcium chloride, 0.25 pps Celloflake, 0.2% fluid loss (725 cu ft 50% excess to circulate to surface). WOC minimum of 8 hours before drilling out intermediate casing. If cement does not circulate to surface, a CBL or a temperature survey will be run to determine TOC. Test casing to 1500 psi for 30 minutes.

7" intermediate casing alternative two stage -

Stage collar set 300' above the top of the Fruitland. First stage: Lead w/16 sacks Premium Lite cement with 3% calcium chloride, .25 pps celloflake, 5 pps LCM-1, 0.4% fluid loss. Tail w/90 Type III cmt w/1% calcium chloride, 0.25 pps Celloflake, 0.2% fluid loss. Second stage: 266 sacks Premium Lite cement with 3% calcium chloride, .25 pps celloflake, 5 pps LCM-1, 0.4% fluid loss, 0.4% sodium metasilicate (725 cu ft - 50% excess to circulate to surface).

Cement nose guide shoe on bottom with float collar spaced on top of shoe joint. Bowspring centralizers spaced every other joint off bottom, to the base of the Ojo Alamo @ 2059'. Two turbolating centralizers at the base of the Ojo Alamo 2059'. Bowspring centralizers spaced every fourth joint from the base of the Ojo Alamo to the base of the surface casing.

4 1/2" Production Casing -

Pump 294 sxs Premium Lite HS FM w/0.25 pps celloflake, 0.3% CD-32, 6.25 pps LCM-1, 1% fluid loss, 6% gel, 7 pps CSE (582 cu.ft., 30% excess to achieve 100' overlap in 4-1/2" x 7" annulus). WOC a minimum of 18 hrs prior to completing.

Cementing: Continued

Cement float collar stacked on top of float shoe.

Note: If open hole logs are run, cement volumes will be based on 25% excess over caliper volumes.

Cement nose guide shoe on bottom with float collar spaced on top of shoe joint. The liner hanger will have a rubber packoff.

- If hole conditions permit, an adequate water spacer will be pumped ahead of each cement job to prevent cement/ mud contamination or cement hydration.

Special Drilling Operations (Air/Mist Drilling):

The following equipment will be operational while air/mist drilling:

- An anchored blooie line will be utilized to discharge all cuttings and circulating medium to the blow pit a minimum of 100' from the wellhead.
- The blooie line will be equipped with an automatic igniter or pilot light.
- Compressors will be located a minimum of 100' from the wellhead in the opposite direction from the blooie line.
- Engines will have spark arresters or water cooled exhaust.
- The rotating head will be properly lubricated and maintained.
- A float valve will be utilized above the bit.
- Mud circulating equipment, water, and mud materials will be sufficient to maintain control of the well.

Additional Information:

- The Mesa Verde and Dakota formations will be completed and commingled.
- No abnormal temperatures or hazards are anticipated.
- Anticipated pore pressures are as follows:

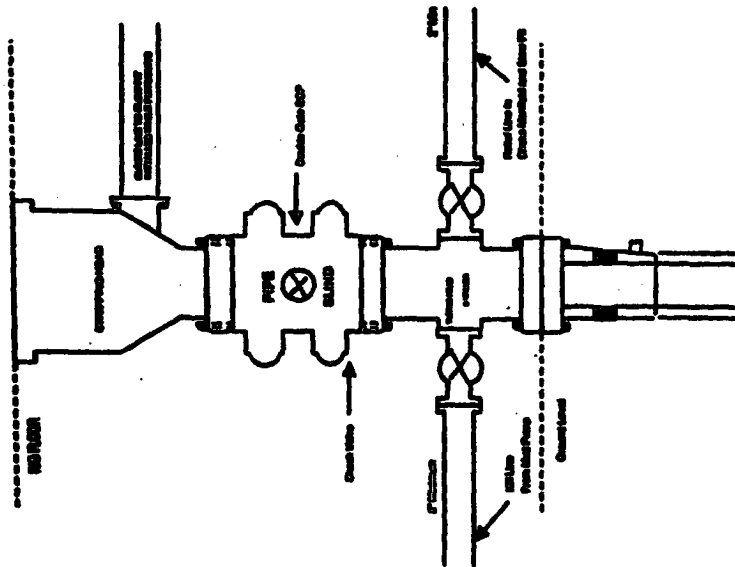
Fruitland Coal	300 psi
Pictured Cliffs	600 psi
Mesa Verde	700 psi
Dakota	2000 psi
- Sufficient LCM will be added to the mud system to maintain well control, if lost circulation is encountered below the top of the Pictured Cliffs.
- The west half of Section 17 is dedicated to the Mesa Verde and Dakota.
- This gas is dedicated.


Drilling Engineer


Date

BURLINGTON RESOURCES

Completion/Workover Rig BOP Configuration 2,000 psi System

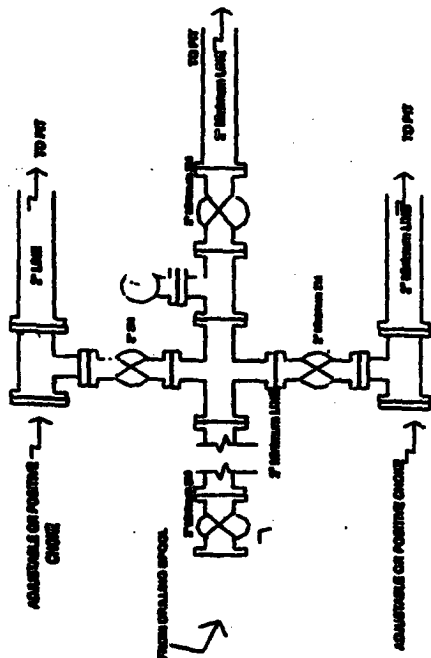


Minimum BOP Installation for all Completion/Workover Operations. 7-1/16" bore, 2000 psi minimum working pressure double gate BOP to be equipped with blind and pipe rams. A stopping head to be located on the top of the BOP. All BOP equipment is 2000 psi working pressure or greater excluding 600 psi stopping head.

Figure #2

4-20-01

Drilling Rig Choke Manifold Configuration 2000 psi System



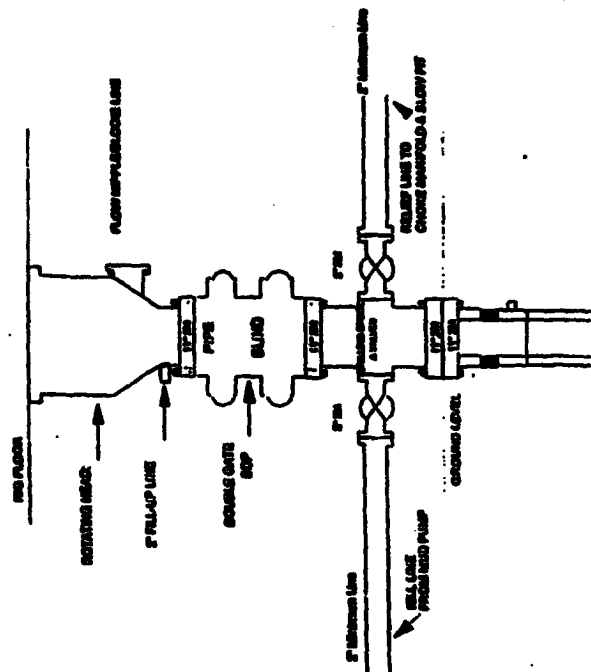
Choke manifold Installation from Surface Casing Head to Total Depth. 2,000psi working pressure equipment with two chokes.

Figure #3

4-20-01

Burlington Resources

Drilling Rig 2000 psi System



BOP Installation from Surface Casing Head to Total Depth. 11" Bore 10" flange, 2000 psi working pressure double gate BOP to be equipped with blind rams and pipe rams. A 600 psi rotating head on top of ram prevention. All BOP equipment is 2,000 psi working pressure.

Figure #1