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UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

070 Farmington, NM

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

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. SF 078138
b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator San Juan Resources of Colorado		7. If Unit or CA Agreement, Name and No.
3a. Address c/o Walsh Engineering, 7415 E. Main, Farmington, NM 87402		8. Lease Name and Well No. U.S. Grant #1
3b. Phone No. (include area code) (505) 327-4892		9. API Well No. 3004532185
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 1455' FNL and 1730 FEL At proposed prod. Zone		10. Field and Pool, or Exploratory Basin Dakota & Blanco MV
14. Distance in miles and direction from nearest town or post office* 2 miles south of Aztec, NM		11. Sec., T., R., M., or Blk, and Survey or Area G Sec. 19, T30N, R11W
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1184'	16. No. of Acres in lease	12. County or Parish San Juan
17. Spacing Unit dedicated to this well N/2 327.10 acres	19. Proposed Depth 6745' +/-	13. State NM
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 250'	20. BLM/BIA Bond No. on file	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5661' GR	22. Approximate date work will start* April 1, 2004	23. Estimated duration 2 weeks

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 office. |

25. Signature <i>Paul C. Thompson</i>	Name (Printed/Typed) Paul C. Thompson, P.E.	Date 2/9/2004
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Agent		
Approved by (Signature) <i>[Signature]</i>	Name (Printed/Typed) AFU	Date 6-27-05
Title AFU	Office FEO	

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)

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

OPERATOR

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

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

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 30-045-32185		*Pool Code 72319 / 71599	*Pool Name BLANCO MESAVERDE / BASIN DAKOTA
*Property Code 34695	*Property Name U.S. GRANT		*Well Number 1
*OGRIID No. 20208	*Operator Name SAN JUAN RESOURCES OF COLORADO INC.		*Elevation 5661'


¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot 1st	Feet from the	North/South line	Feet from the	East/West line	County
G	19	30N	11W		1455	NORTH	1730	EAST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot 1st	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 327.10 Acres - N/2					¹³ Joint or Infill Y	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

¹⁶ 1384.02' LOT 1 43.48 Acres 2633.40' LOT 2 43.62 Acres 2633.50'	1275.12'	1455' 1730'	2620.86'	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. <u>Paul C. Thompson</u> Signature <u>PAUL C. THOMPSON</u> Printed Name <u>AGENT</u> Title <u>2/9/04</u> 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. Survey Date: <u>OCTOBER 17, 2003</u> Signature and Seal of Professional Surveyor  <u>JASON C. EDWARDS</u> Certificate Number 15269
	19			
	LOT 3 43.78 Acres			
	LOT 4 43.92 Acres 1406.46'		1279.08'	

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NOV 2005
OIL CONSERVATION DIV.
DIST. 3

SAN JUAN RESOURCES OF COLORADO, INC. U.S. GRANT #1
1460' FNL & 1570' FEL, SECTION 19, T30N, R11W, NMPM
SAN JUAN COUNTY, NEW MEXICO ELEVATION: 5666'

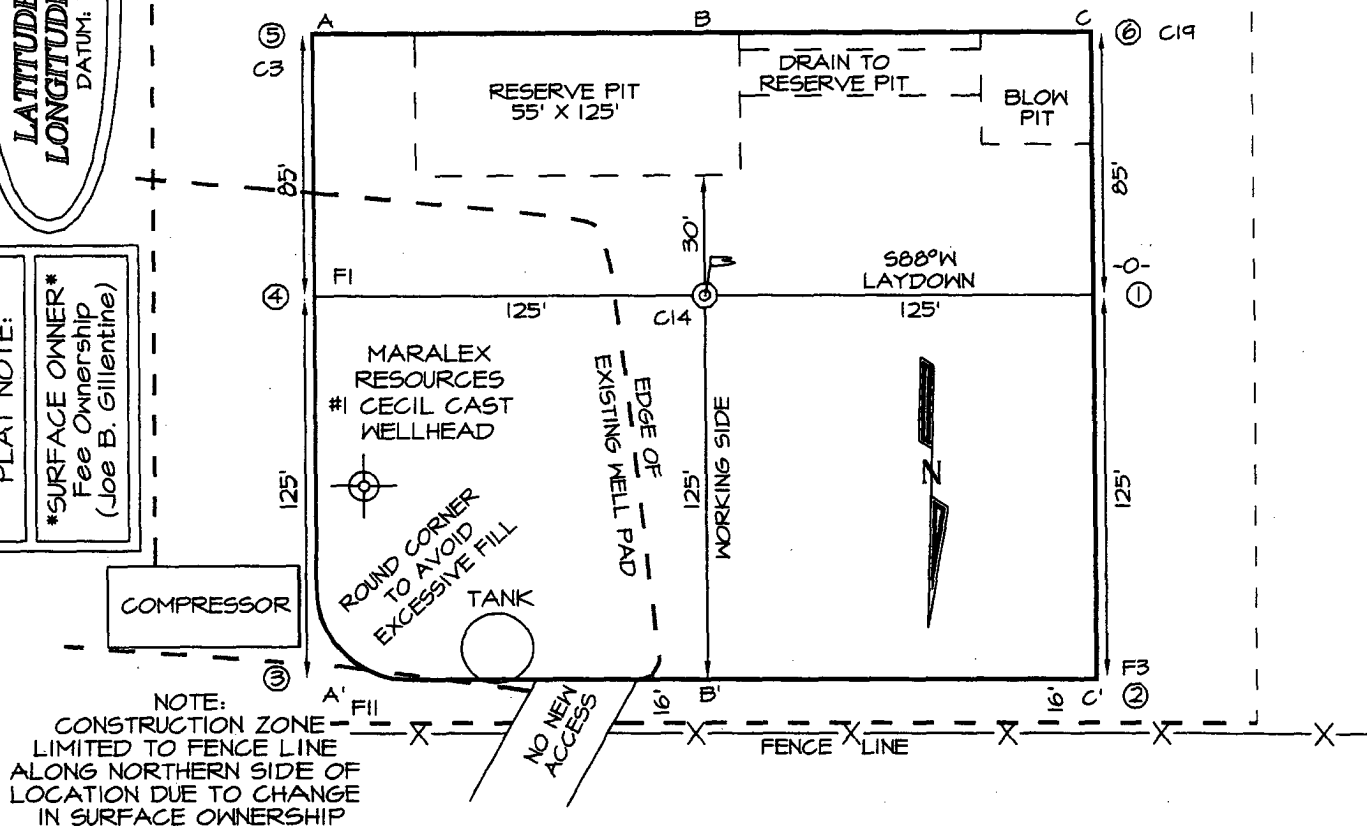
LATITUDE: 36.80098°
LONGITUDE: 108.02766°
 DATUM: NAD1927

PLAT NOTE:

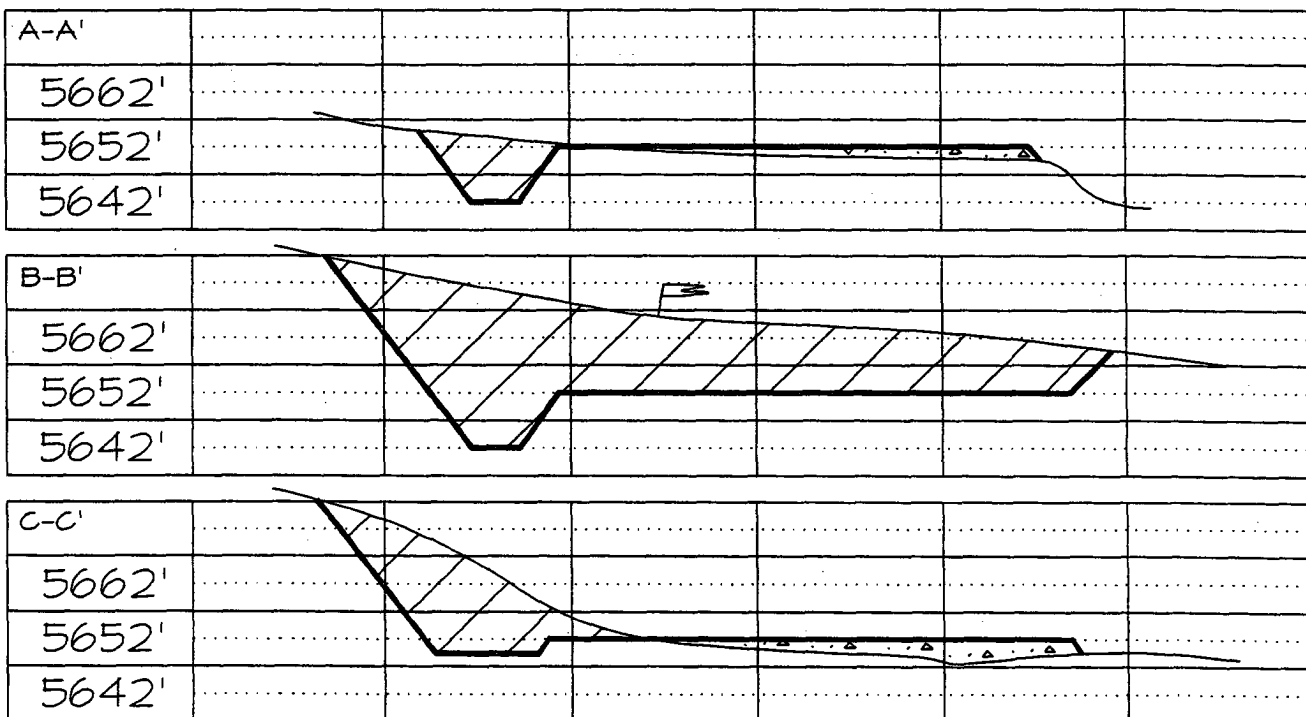
SURFACE OWNER
 Fee Ownership
 (Joe B. Gillentine)

COMPRESSOR

50' CONSTRUCTION ZONE



NOTE:
 CONSTRUCTION ZONE
 LIMITED TO FENCE LINE
 ALONG NORTHERN SIDE OF
 LOCATION DUE TO CHANGE
 IN SURFACE OWNERSHIP



SAN JUAN RESOURCES OF COLORADO, INC.
OPERATIONS PLAN
U.S. Grant #1

I. Location: 1455' FNL & 1730' FEL Date: February 9, 2004
 Sec 19 T30N R11W
 San Juan County, NM

Field: Blanco Mesa Verde/Basin Dakota Elev: GL 5661'
Surface: Fee
Minerals: Federal SF 078138

II. Geology: Surface formation _ Nacimiento

A. Formation Tops	Depths
Ojo Alamo	585'
Kirtland	685'
Fruitland	1555'
Pictured Cliffs	1995'
Lewis	2165'
Cliff House	3565'
Point Lookout	4315'
Mancos	4705'
Gallup	5570'
Greenhorn	6310'
Graneros	6370'
Dakota	6495'
Total Depth	6745'

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

Water and gas - 1555, 1995, 3565, 4315, and 6495.

B. Logging Program: FDC/CNL/GR/SP and DIL logs at TD.

C. The Dakota zone may be over pressured. No H₂S zones will be penetrated in this well. Max. BHP = 3000 psig.

III. Drilling

A. Contractor:

B. Mud Program:

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

The intermediate 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.

The production hole will be drilled with air or air/mist.

C. Minimum Blowout Control Specifications:

Double ram type 2000 psi working pressure BOP with a rotating head. See the attached Exhibit #1 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.

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
12-1/4"	250'	9-5/8"	36# J-55
8-3/4"	3905'	7"	20# J-55
6-1/4"	6745'	4-1/2"	11.6# J-55

B. Float Equipment:

a) Surface Casing: Notched collar on bottom and 3 centralizers on the bottom 3 joints.

b) Intermediate Casing: 7" 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 fifth joint from 1500'.

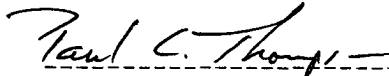
c) Production Casing: 4-1/2" whirler type cement nosed guide shoe and a float collar on top of the bottom joint.

V. Cementing:

Surface casing: 9-5/8" - Use 140 sx (165 cu. ft.) of Cl "B" with 2% CaCl_2 (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 1000 psi for 30 min.

Intermediate Casing: 7" - Before cementing circulate hole with at least 1-1/2 hole volumes of mud. Precede cement with 30 bbls of fresh water. **Lead** with 515 sx (1061 cu.ft) of Cl "B" 65/35 poz with 8% gel, 1% CaCl_2 , 1/4#/sk. Celloflake. (Yield = 2.06 cu.ft./sk; slurry weight = 12.1 PPG). **Tail** with 100 sx (118 cu.ft.) of Cl "B" with 1% CaCl_2 , 1/4#/sk. Celloflake. (Yield = 1.18 cu. ft./sk; slurry weight = 14.5 PPG). Total cement volume is 1179 cu.ft. (100% excess to circulate cement to surface). WOC for 12 hrs. Pressure test the BOP and casing to 1500 psi.

Production Casing: 4-1/2" - Blow hole clean. Precede cement with 20 bbls of gel water and 10 bbls of water. **Lead** with 160 sx (317 cu.ft.) of Premium Lite HS with 0.65% FL-52, 0.32% CD-32, 1/4 #/sk celloflake, and 4% phenoseal. (Yield = 1.98 cu.ft./sk; slurry weight = 12.5 PPG). **Tail** with 100 sx (196 cu.ft.) of Premium Lite HS with 0.65% FL-52, and 0.32% CD-32. (Yield = 1.96 cu.ft./sk; slurry weight = 12.5 PPG). Total cement volume is 513 cu.ft. (70% excess to circulate 100' above the intermediate casing shoe).



Paul C. Thompson, P.E.

San Juan Resources of Colorado

Well Control Equipment Schematic for 2M Service

Attachment to Drilling Technical Program

Exhibit #1 Typical BOP setup

Location: San Juan Basin, New Mexico

Date: August 20, 2001

By: John Thompson (Walsh E&P)

