

*Cactus @ first location*

*4-28-05 BLM received location  
Charge*

*Amended location*

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER  
AND FILED ELECTRONICALLY IN WIS 12/15/04 (EC 51910)

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

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. SF - 078096
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well Gas <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or tribe Name
2. Name of Operator BP AMERICA PRODUCTION COMPANY		7. If Unit or CA Agreement, Name and No
3a. Address P.O. BOX 3092 HOUSTON, TX 77079-2064	3b. Phone No. (include area code) 281-366-4081	8. Lease Name and Well No. MUDGE IS 7N
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 2040' PSL & 1945' FWL NESW <i>STRAIGHT LINE</i> (2040' PSL) (1945' FWL) At proposed prod. Zone SAME AS ABOVE		9. API Well No. 30-045-32769
14. Distance in miles and direction from nearest town or post office? 5.2 MILES N/E FROM AZTEC, NM		10. Field and Pool, or Exploratory BASIN DAKOTA & BLANCO MESAVERDE
11. Sec., T., R., M., or Bk. and survey or Area SECTION 23 T31N & R11W	12. County or Parish SAN JUAN	13. State NEW MEXICO
15. Distance from proposed Location to nearest Property or lease line, ft. (Also to nearest drig. Unit line, if any) 733'	16. No. of Acres in lease 320	17. Spacing Unit dedicated to this well 320
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 680'	19. Proposed Depth 7048' MD	20. BLM/BIA Bond No. on file WY2924
21. Elevations (show whether OF, KDB., RT, GL, etc.) 5847 GL	22. Approximate date work will start* 07/25/05	23. Estimated duration 7 DAYS

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 <i>Cherry Hlava</i>	Name (Printed/Typed) Cherry Hlava	Date 04/22/2005
Title Regulatory Analyst		
Approved by (Signature) <i>Jim Lovato</i>	Name (Printed/Typed)	Date 6/14/05
Title Pet. Eng	Office	

Application approval does not warrant or certify the applicant holds legal or equitable title to those rights to 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)

*BLM 2007 AZ*

Additional Operator Remarks  
Mudge LS 7N  
APD

**APD SUBMITTED ELECTRONICALLY IN WIS 12/15/04 (EC# 51910) ORIGINAL APD HAS NOT BEEN APPROVED DUE TO CACTUS PROBLEM.**

**WELL LOCATION WAS MOVED AND BP AMERICA IS RE-FILING APD BY PAPER COPY DUE TO WIS OUTAGE.**

NOTICE OF STAKING WAS SUBMITTED ON 09/23/2004

BP America Production Company respectfully requests permission to drill the subject well to a total depth of approximately 7048'. Complete in the Basin Dakota Pool, isolate the Dakota; complete into the Blanco Mesaverde, establish a production rate; drill out the bridge plug and commingle production downhole.

Application for Downhole Commingling authority (NMOCD order R-11363) will be submitted to all appropriate for approval after Permit to Drill has been approved.

If terrain allows it is our intent to pre-set the 9 5/8" casing on the above mentioned well by drilling a surface hole with air/air mist in lieu of drilling mud and the surface casing be cemented with 94.5 cu/ft type I-II, 20% FLYASH, 14.5 PPG, 7.41 gal/sk, 1.61 cf/sk Yield, 80 DEG BHST ready mix cement. If the area will not allow for pre-set the approved cement program will be followed.

**SUPPLEMENTAL TO SURFACE USE PLAN**

**New Facilities:**

A 4.5" diameter buried steel pipeline that is +/- 100 feet in length will be constructed. The pipe wall thickness is .156 and the pipe wall strength is 42,000#. It will be adjacent to the access road and tie the well into an existing gas meter operated by BP America Production Company. The pipeline will not be used to transport gas to drill the well. After the well is spud the pipeline will be authorized by a right-of-way issued by El Paso Field Services.

**APD/ROW**