

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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. NM33030 |
| 1b. Type of Well: <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other: CBM <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone | | 6. If Indian, Allottee or Tribe Name |
| 2. Name of Operator TEXAKOMA OIL & GAS CORPORATION | | 7. If Unit or CA Agreement, Name and No. 32519 |
| 3a. Address 5400 LBJ FRWY, SUITE 500 DALLAS, TX 75240 | | 8. Lease Name and Well No. BLACKHILLS 25 2 |
| 3b. Phone No. (include area code) Ph: 972.701.9106 Fx: 972.701.9056 | | 9. API Well No. 30045 31607 |
| 4. Location of Well (Report location clearly and in accordance with any State requirements) At surface SWSE 685FSL 1975FEL At proposed prod. zone | | 10. Field and Pool, or Exploratory BASIN FRUITLAND COAL |
| 14. Distance in miles and direction from nearest town or post office* TWENTY-FIVE MILES SOUTH/SOUTHEAST OF FARMINGTON | | 11. Sec., T., R., M., or Blk. and Survey or Area Sec 25 T26N R13W Mer NMP |
| 15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 685 | 16. No. of Acres in Lease 320.00 | 12. County or Parish SAN JUAN |
| 18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft. 2500 | 19. Proposed Depth 1600 MD | 13. State NM |
| 21. Elevations (Show whether DF, KB, RT, GL, etc.) 6144 GL | 22. Approximate date work will start 04/30/2003 | 20. BLM/BIA Bond No. on file S/2 |
| 23. Estimated duration 10 | | |

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 (Electronic Submission) | Name (Printed/Typed) TOM SPRINKLE | Date 04/01/2003 |
| Title DRILLING/COMPLETION MANAGER | | |
| Approved by (Signature) /s/ David J. Markiewicz | Name (Printed/Typed) | Date JUN - 9 2003 |
| Title | Office | |

Application approval does not warrant or certify 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.

Additional Operator Remarks (see next page)

Electronic Submission #19843 verified by the BLM Well Information System
For TEXAKOMA OIL & GAS CORPORATION, sent to the Farmington

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

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

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State of New Mexico
Energy, Minerals & Mining Resources Department
OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C - 102

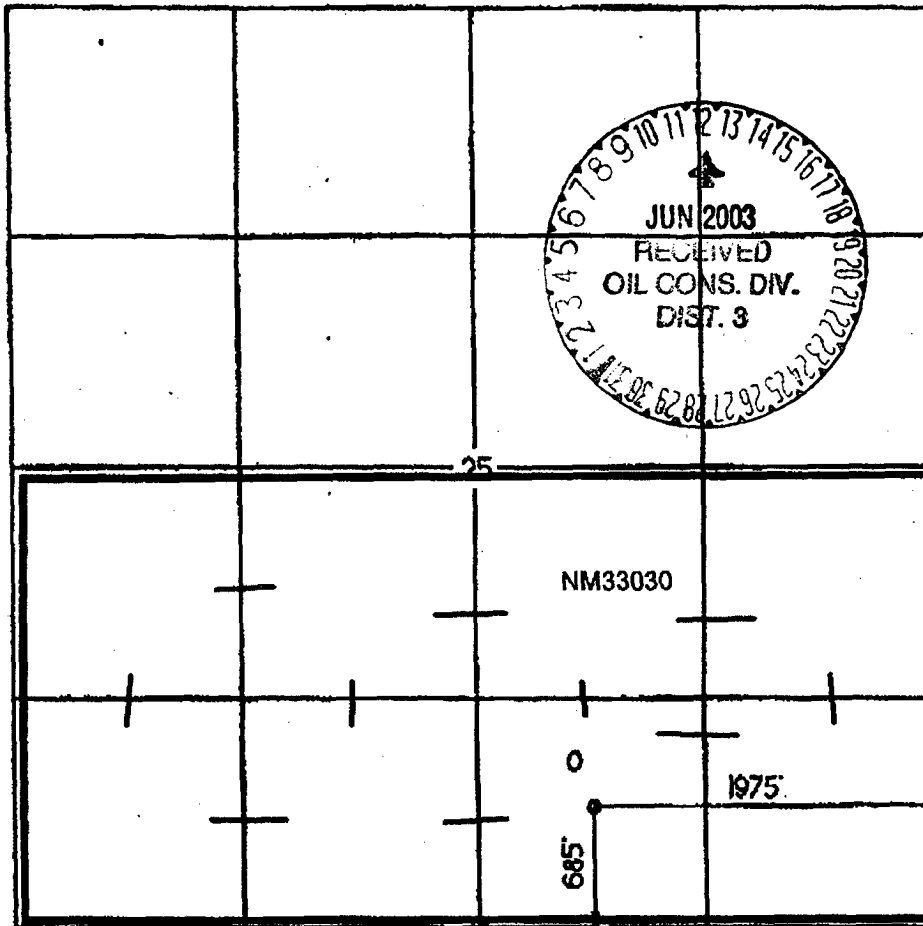
☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-------------------------------------|-------------------------------------------------|-----------------------------------|
| APA Number 30 - 045 31607 | Pool Code 71629 | Pool Name BASIN FRUITLAND COAL |
| Property Code | Property Name TEXAKOMA BLACKHILLS 25 | Well Number 2 |
| OGRD No. 022521 | Operator Name TEXAKOMA OIL & GAS CORPORATION | Elevation 6144' |

| Surface Location | | | | | | | | | |
|------------------------------------------------|------------|---------------|---------------|---------|-------------------------------|------------------------------|--------------------|--|--|
| UL or Lot 0 | Sec. 25 | Twp. 26 N. | Rgn. 13 W. | Lot No. | Feet from North/South 685' | Feet from East/West 1975' | County SAN JUAN | | |
| Bottom Hole Location if Different From Surface | | | | | | | | | |
| UL or Lot | Sec. | Twp. | Rgn. | Lot No. | Feet from North/South | Feet from East/West | County | | |
| Dedication S/320 | John ? | Consolidation | Order No. | | | | | | |

NO ALLOWABLE WELL ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



| | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|
| OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. | |
| Signature <i>Tom Sprinkle</i> | Printed Name TOM SPRINKLE |
| Title DRILLING MANAGER | |
| Date FEBRUARY 14, 2003 | |
| SURVEYOR CERTIFICATION I hereby certify that the well location 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. | |
| Date of Survey | |
| Signature <i>Tom Sprinkle</i> | Professional Seal 8844 |

EXHIBIT A

TEN-POINT PROGRAM
Texakoma Oil & Gas Corporation
BlackHills 25 No. 2
685' FSL & 1975' FEL, O-25-26N-13W
San Juan County, New Mexico
Lease No. NM 33030

1. THE GEOLOGICAL SURFACE FORMATION IS THE NACIMIENTO.
2. THE TOPS OF IMPORTANT GEOLOGICAL MARKERS: (BASED ON EXISTING LOG INFORMATION)

| | |
|-----------------|-------|
| KIRTLAND | 600' |
| FRUITLAND | 800' |
| PICTURED CLIFFS | 1300' |
| TOTAL DEPTH | 1600' |

3. ESTIMATED DEPTHS OF ANTICIPATED WATER, OIL, GAS OR MINERALS:

| <u>SUBSTANCE</u> | <u>FORMATION</u> | <u>ANTICIPATED DEPTH</u> |
|------------------|------------------|--------------------------|
| GAS | FRUITLAND COAL | 1100' |

4. THE CASING PROGRAM:

| <u>DEPTH</u> | <u>HOLE SIZE</u> | <u>CASING O.D.</u> | <u>WEIGHT</u> | <u>GRADE</u> | <u>TYPE</u> | <u>NEW/USED</u> |
|--------------|------------------|--------------------|---------------|--------------|-------------|-----------------|
| 0 - 165 | 8 - 3 / 4" | 7.00" | 20 # | J-55 | ST&C | NEW |
| 0 - 1600 | 6 - 1 / 4" | 4- 1 / 2" | 10.5 # | J-55 | ST&C | NEW |

PROPOSED CEMENT PROGRAM: To effectively isolate and seal off all water, oil, gas and coal-bearing Strata encountered by the utilization of spacers and centralizers at the base of the Ojo Alamo Formation or the base of the lowest usable water zone and by using cement volumes as follows (exact volumes to To be determined from caliper log):

SURFACE: Use 65 Sacks Class B w/0.25# Flocele/sk plus 2% CaCl₂ for 76 cf (200% excess). *Circulate Cement*

PRODUCTION: Use 67 Sacks Lite Standard Cement w/2% Econolite +5#/sk Gilsonite + 0.25 lbs/sk *Circulate Cement*
Flocele mixed to 12.2 and yield 2.25 cf/sk for 82 cf followed by 100 Sacks) Standard Class H Cement w/0.25#/sk Flocele
And 2% CaCl₂ mixed to 15.4 ppg and 1.23 yield calculated for 85% excess in the total slurry or a total 303 Cubic Feet (167 Sacks).

5. OPERATOR'S MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL:

Exhibit E is a schematic of the blowout preventer used by our drilling contractor for other wells in the area.

The BOP to be used is an Annular BOP with screwed connections with high pressure inlet and outlet hoses, all tested to 2,000 psig minimum.

EXHIBIT C

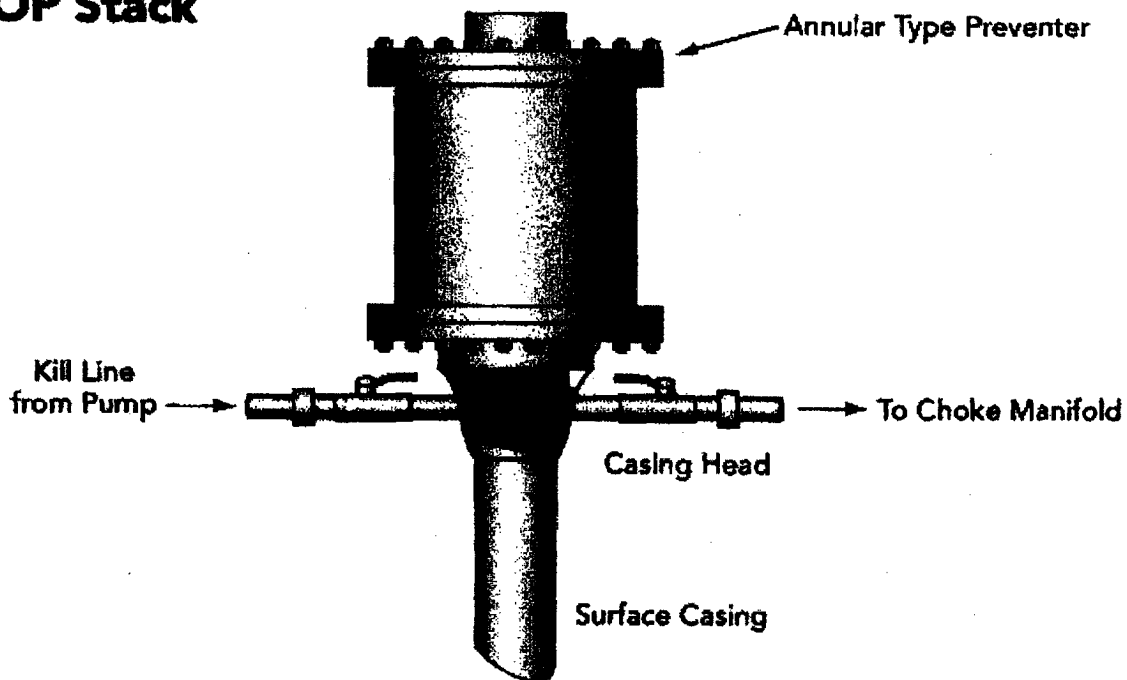


Well Control Equipment Schematic for 2M Service

BLACKHILLS 25 #2
685' FSL & 1975' FEL, O-25-26N-13W

San Juan County, New Mexico

BOP Stack



Choke & Kill Manifold

