

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANGEMENT
APPLICATION OFOR PERMIT TO DRILL OR REENTER

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

DIST. 3

2006 OCT 10 PM

5. Lease Serial No. **NM-03566**

6. If Indian, Allottee or tribe Name

7. If Unit or CA Agreement, Name and No

1a. Type of Work: DRILL REENTER

1b. Type of Well: Oil Well Gas Well Gas Other Single Zone Multiple Zone

8. Lease Name and Well Ng.

STEWART LS 6E

2. Name of Operator
BP AMERICA PRODUCTION COMPANY

9. API Well No.
30-045-33996

3a. Address
P.O. BOX 3092 HOUSTON, TX 77079-2064

3b. Phone No. (include area code)
281-366-4081

10. Field and Pool, or Exploratory
Basin Dakota & Blanco Mesaverde

4. Location of Well (Report location clearly and in accordance with any State requirements.*)

At surface **2145' FSL & 860' FEL NESE**

At proposed prod. Zone **SAME**

Lot 9

11. Sec., T., R., M., or Blk. and survey or Area
SECTION 28 T30N & R10W

I

14. Distance in miles and direction from nearest town or post office*
7.4 MILES SOUTHEAST FROM AZTEC, NM

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. Ujnit line, if any) **860'**

16. No. of Acres in lease
322.26

17. Spacing Unit dedicated to this well
322.26

EP

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. (est) **1000'**

19. Proposed Depth
7360' MD

20. BLM/BIA Bond No. on file
WY2924

21. Elevations (show whether DF, KDB., RT, GL, etc.)
6226' GL

22. Approximate date work will start*
01/15/07

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:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification.
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature
Kristina Hurts

Name (Printed/typed)
Kristina Hurts

Date
10/03/2006

Title
Regulatory Analyst

Approved by (Signature)
Jim Lovato

Name (Printed/Typed)

Date
1/3/07

Title
Adm APM Minerals

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.

*(Instructions on reverse)

3/4

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



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

NMOCD *1/8/07*

District I
 PO Box 1980, Hobbs NM 88241-1980
 District II
 PO Drawer KK, Artesia, NM 87211-0719
 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

Form C-102
 Revised February 21, 1994

OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

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

2006 OCT 10 PM 2 12

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

OIL CONS. DIV

¹ API Number 30-045-33996	² Pool Code 71599; 72319	³ Pool Name Basin Dakota & Blanco Mesaverde	DIST. 3
⁴ Property Code 001129	⁵ Property Name Stewart LS		⁶ Well Number # 6E
⁷ OGRID No. 778	⁸ Operator Name BP AMERICA PRODUCTION COMPANY		⁹ Elevation 6226

¹⁰ Surface Location

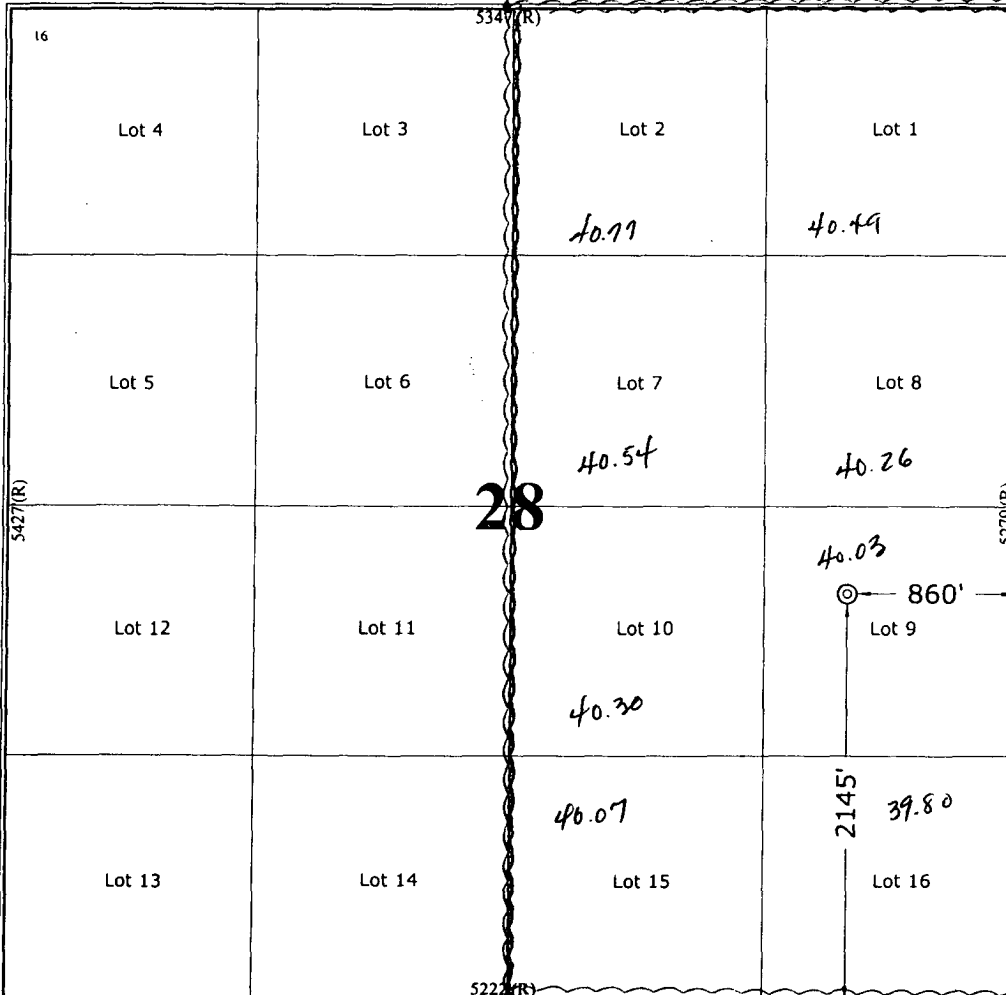
UL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Lot 9 (I)	28	30 N	10 W		2145	SOUTH	860	EAST	SAN JUAN

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 326.67 300.26 E/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



¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *Cherry Hlava*
 Printed Name: Cherry Hlava
 Title: Regulatory Analyst
 Date: Oct. 3, 06

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.

Date of Survey: June 29, 2006

Signature and Seal of Professional Surveyor

7016
 Certificate Number

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. <u>30-045-33996</u> New Well
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Stewart LS
8. Well Number 6E
9. OGRID Number 000778
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
BP AMERICA PRODUCTION COMPANY

3. Address of Operator
P.O. BOX 3092 HOUSTON, TX 77079-2064

4. Well Location
 Unit Letter I : 2145 feet from the South line and 860 feet from the East line
 Section 28 Township 30N Range 10W NMPM SAN JUAN County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
6298'

Pit or Below-grade Tank Application or Closure

Pit type DRILLING Depth to Groundwater >100' Distance from nearest fresh water well >1000' Distance from nearest surface water 600'

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 <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/>		SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: LINED DRILLING PIT <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

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.

Construct a lined drilling pit per BP America – San Juan Basin Drilling/ Workover Pit Construction Plan issued date of 11/17/2004. Pit will be closed according to closure plan on file.

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 Cherry Hlava TITLE Regulatory Analyst DATE 10/03/06

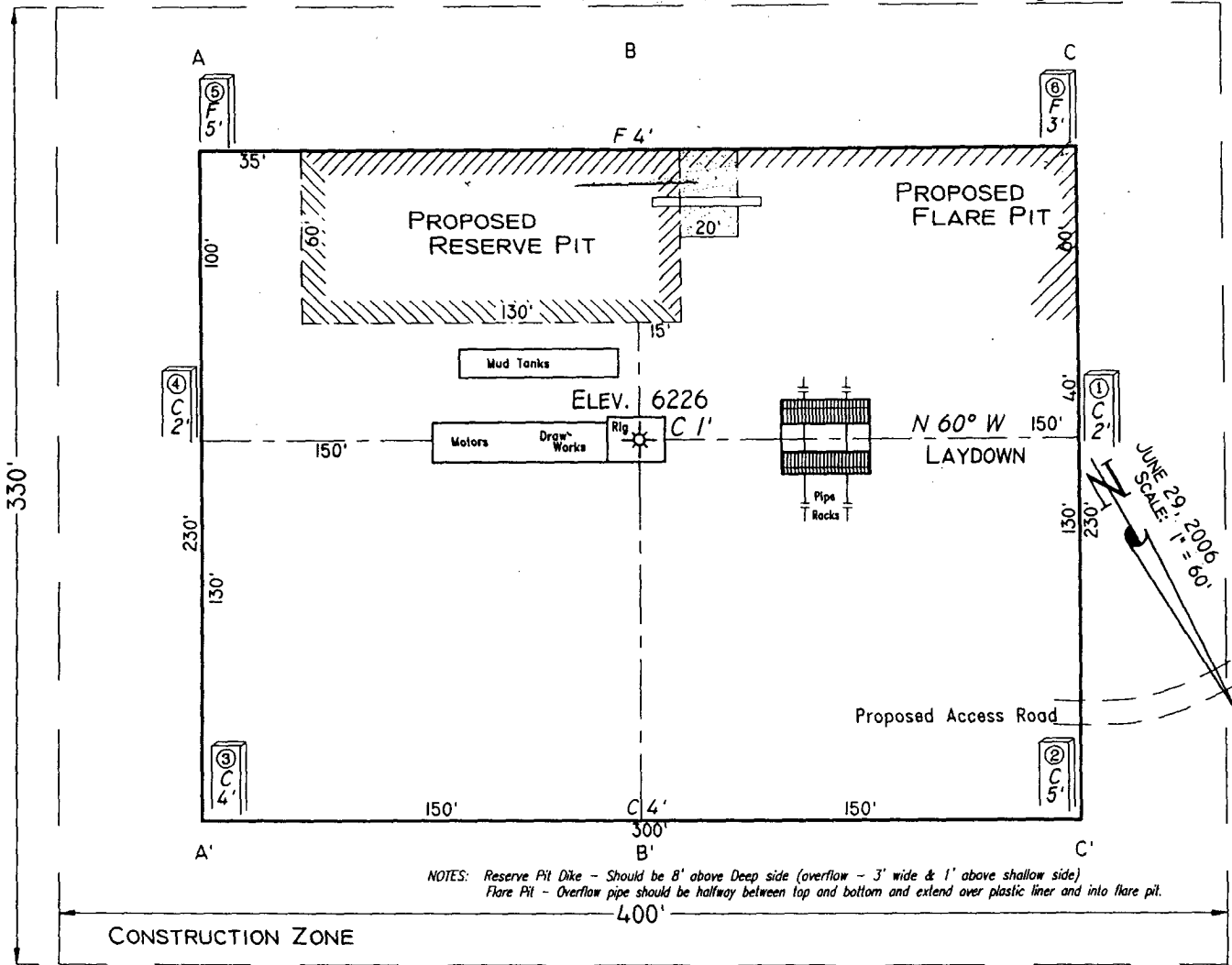
Type or print name Cherry Hlava E-mail address: hlavacl@bp.com Telephone No. 281-366-4081
 For State Use Only

APPROVED BY: [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #3 DATE JAN 08 2007

Conditions of Approval (if any):

PAD LAYOUT PLAN & PROFILE
BP AMERICA PRODUCTION COMPANY
Stewart LS # 6E
 2145' F/SL 860' F/EL
 SEC. 28, T30N, R10W, N.M.P.M.
 SAN JUAN COUNTY, NEW MEXICO

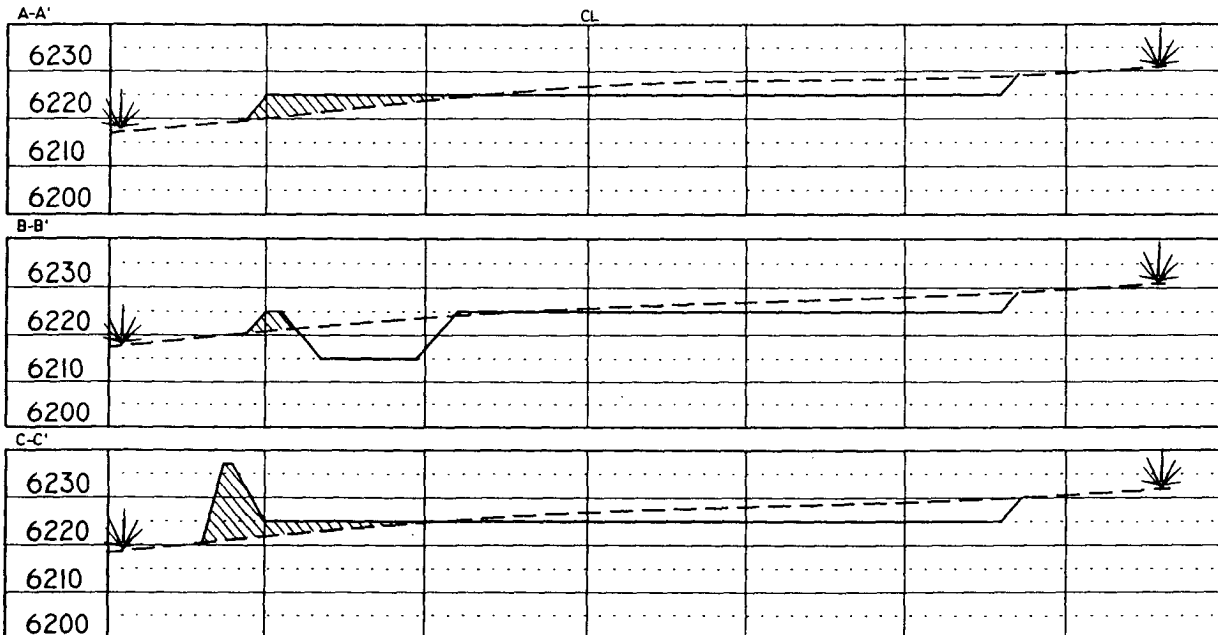
Lat: 36.78186°
 Long: 107.88373° (83)



NOTES: Reserve Pit Dike - Should be 8' above Deep side (overflow - 3' wide & 1' above shallow side)
 Flare Pit - Overflow pipe should be halfway between top and bottom and extend over plastic liner and into flare pit.

Area of Construction Zone - 330'x400' or 3.03 acres, more or less.

SCALE: 1"=60' HORIZ.
 1"=40' VERT.



NOTE: 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.

Cuts and fills shown are approximate - final finished elevation is to be adjusted so earthwork will balance. Corner stakes are approximate and do not include additional areas needed for sideslopes and drainages. Final Pad Dimensions are to be verified by Contractor.

VANN SURVEYS
 P. O. Box 1306
 Farmington, NM

BP AMERICA PRODUCTION COMPANY

DRILLING AND COMPLETION PROGRAM

9/8/2006

Lease: Stewart LS	Well Name & No.: Stewart LS #6E	Field: Blanco Mesaverde/Basin Dakota
County: San Juan, New Mexico	Surface Location: 28-30N-10W: 2145' FSL, 860' FEL	
Minerals:	Surface: Lat: 36.7818762 deg; Long: -107.8831302 deg	
Rig:	BH Location: same	

OBJECTIVE: Drill 250' below the top of the Two Wells Mbr, set 4-1/2" production liner, Stimulate DK, MF, and PL intervals.

METHOD OF DRILLING		APPROXIMATE DEPTHS OF GEOLOGICAL MARKER			
TYPE OF TOOLS	DEPTH OF DRILLING	Actual GL: 6226	Estimated KB: 6,240.0'		
Rotary	0 - TD	Marker	SUBSEA	TVD	APPROX. MD
LOG PROGRAM		Ojo Alamo	4,860'	1,380'	1,380'
Type	Depth Interval	Kirtland	4,691'	1,549'	1,549'
Single Run		Fruitland	4,083'	2,157'	2,157'
		Fruitland Coal	3,821'	2,419'	2,419'
		Pictured Cliffs	3,503'	2,737'	2,737'
		Lewis	3,325'	2,915'	2,915'
Cased Hole		Cliff House	1,981'	4,259'	4,259'
RST- CBL	TD to 7" shoe	Menefee	1,718'	4,522'	4,522'
	Identify 4 1/2" cement top	Point Lookout	1,216'	5,024'	5,024'

REMARKS: The recommended TD is intended to penetrate the ENCN (~-40') in order to evaluate, and possibly produce it. Offsetting wells encountered no water flow at this depth. See attached cross-section. The intermediate casing should be set 100 ft. into the MENF to minimize the risks encountered drilling through the possibly water productive CLFH.	Mancos	811'	5,429'	5,429'	
	Greenhorn	-755'	6,995'	6,995'	
	Graneros (bent,mkr)	-816'	7,056'	7,056'	
	Two Wells	# -870'	7,110'	7,110'	
	Paguete	# -949'	7,189'	7,189'	
	Cubero	# -1,006'	7,246'	7,246'	
	L. Cubero	# -1,052'	7,292'	7,292'	
	Encinal Cyn	# -1,083'	7,323'	7,323'	
	TOTAL DEPTH:		-1,120'	7,360'	7,360'
		# Probable completion interval		* Possible Pay	

SPECIAL TESTS	DRILL CUTTING SAMPLES		DRILLING TIME	
	FREQUENCY	DEPTH	FREQUENCY	DEPTH
None	30'/10' intervals	4,622' to TD	Geologist	0 - TD

MUD PROGRAM:					
Interval	TypeMud	#/gal	Vis, sec/qt	/30 min	Other Specification
200'	Spud	8.8 - 9.0	Sufficient to clean hole.		
4,622'	Water/LSND	8.4 - 9.0		<9	Sweep hole while whilst water drilling, LCM onsite
7,360'	Air	1	1000 cfm for hammer		Volume sufficient to maintain a stable and clean wellbore

CASING PROGRAM:							
CasingString	Depth	Size	Casing Size	Grade, Thread	Weight	Landing Point	Cement
Surface/Conductor	200'	13 1/2"	9-5/8"	H-40 ST&C	32#		cmt to surface
Intermediate	0' - 4000'	8-3/4"	7"	J/K-55 ST&C	20#		
Intermediate	4000' - 4622'	8 3/4"	7"	N-80 ST&C	23#	100' below MENF	cmt to surface
Production	7,360'	6-1/4"	4-1/2"	J-55	11.6#	DKOT	150' inside Intermediate - TOC survey required

CORING PROGRAM:
None

COMPLETION PROGRAM:
Rigless, 2-3 Stage Limited Entry Hydraulic Frac, FMC Unihead

GENERAL REMARKS:
Notify BLM/NMOC 24 hours prior to Spud, BOP testing, and Casing and Cementing.

BOP Pressure Testing Requirements			
Formation	Depth	Anticipated bottom hole pressure	Max anticipated surface pressure**
Cliffhouse	4,259'	500	0
Point Lookout	5,024'	600	0
Dakota	7,110'	2600	1035.8

Requested BOP Pressure Test Exception = 1500 psi

** Note: Determined using the following formula: ABHP - (.22*TVD) = ASP

Form 46 Reviewed by:	Logging program reviewed by:	DATE:	APPROVED:	DATE:
HGJ	JMP/GGZ	8-Sep-06		
Form 46 7-84bw	For Drilling Dept.		For Production Dept.	

Cementing Program

Well Name:	Stewart LS #6E			Well Flac	
Location:	28-30N-10W: 2145' FSL, 860' FEL			Formation:	Blanco Mesaverde/Basin Dakota
County:	San Juan			KB Elev (est)	6240
State:	New Mexico			GL Elev. (est)	6226

Casing Program:

Casing String	Est. Depth (ft.)	Hole Size (in.)	Casing Size (in.)	Thread	TOC (ft.)
Surface	200	13.5	9.625	ST&C	Surface
Intermediate	4622	8.75	7	ST&C	Surface
Production -	7360	6.25	4.5	ST&C	4472

Casing Properties: (No Safety Factor Included)

Casing String	Size (in.)	Weight (lb/ft)	Grade	Burst (psi.)	Collapse (psi.)
Surface	9.625	32	H-40	2270	1400
Intermediate	7	20	K-55	3740	2270
Intermediate	7	23	N80	6340	3830
Production -	4.5	11.6	J-55	5350	4960

Mud Program

Apx. Interval (ft.)	Mud Type	Mud Weight	<u>Recommended Mud Properties Prio Cementing:</u>	
			PV	<20
			YP	<10
			Fluid Loss	<15
0 - SCP	Water/Spud	8.6-9.2		
SCP - ICP	Water/LSND	8.6-9.2		
ICP - ICP2	Gas/Air Mist	NA		
ICP2 - TD	LSND	8.6 - 9.2		

Cementing Program:

	Surface	Intermediate	Production
Excess %, Lead	100	75	40
Excess %, Tail	NA	0	40
BHST (est deg. F)	75	120	183
Special Instructions	1,6,7	1,6,8	2,4,6

1. Do not wash pumps and lines.
2. Wash pumps and lines.
3. Reverse out
4. Run Blend Test on Cement
5. Record Rate, Pressure, and Density on 3.5" disk
6. Confirm densitometer with pressurized mud scales
7. 1" cement to surface if cement is not circulated.
8. If cement is not circulated to surface, run temp. survey 10-12 hr. after landing plug.

Notes:

*Do not wash up on top of plug. Wash lines before displacing production cement job to minimize drillout.

Surface:

Prelush	20 bbl.	FreshWater	
Slurry 1	154 sx Class C Cement		195 cuft
TOC@Surface	+ 2% CaCl2 (accelerator)		
			0.4887 cuft/ft OH

Slurry Properties:	Density (lb/gal)	Yield (ft ³ /sk)	Water (gal/sk)
Slurry 1	15.2	1.27	5.8

Casing Equipment:

- 9-5/8", 8R, ST&C
- 1 Guide Shoe
- 1 Top Wooden Plug
- 1 Autofill insert float valve
- Centralizers, as needed
- 1 Stop Ring
- 1 Thread Lock Compound

Cementing Program

Intermediate:

Fresh Water	20 bbl	fresh water	
Lead		406 sx Class "G" Cement	1067 cuft
Slurry 1		+ 3% D79 extender	
TOC@Surface		+1/4 #/sk. Cellophane Flake	
		+ 5 lb/sk Gilsonite	
Tail		59 sx 50/50 Class "G"/Poz	75 cuft
Slurry 2		+ 2% gel (extender)	
500 ft fill		+1/4 #/sk. Cellophane Flake	0.1503 cuft/ft OH
		+ 2% CaCl2 (accelerator)	0.1746 cuft/ft csg ann
		+ 5 lb/sk Gilsonite	

Slurry Properties:	Density	Yield	Water	
	(lb/gal)	(ft3/sk)	(gal/sk)	
Slurry 1	11.4	2.63	15.8	
Slurry 2	13.5	1.27	5.72	

Casing Equipment: 7", 8R, ST&C

- 1 Float Shoe (autofill with minimal LCM in mud)
- 1 Float Collar (autofill with minimal LCM in mud)
- 1 Stop Ring
- Centralizers as needed
- 1 Top Rubber Plug
- 1 Thread Lock Compound

Production:

Fresh Water	10 bbl	CW100	
Lead		100 LiteCrete D961 / D124 / D154	253 cuft
Slurry 1		+ 0.03 gps D47 antifoam	
TOC, 400' above 7" shoe		+ 0.5% D112 fluid loss	
		+ 0.11% D65 TIC	
Tail		143 sx 50/50 Class "G"/Poz	206 cuft
Slurry 2		+ 5% D20 gel (extender)	
1431 ft fill		+ 0.1% D46 antifoam	
		+ 1/4 #/sk. Cellophane Flake	
		+ 0.25% D167 Fluid Loss	
		+ 5 lb/sk Gilsonite	
		+0.1% d800, retarder	
		+0.15% D65, dispersant	
			0.1026 cuft/ft OH

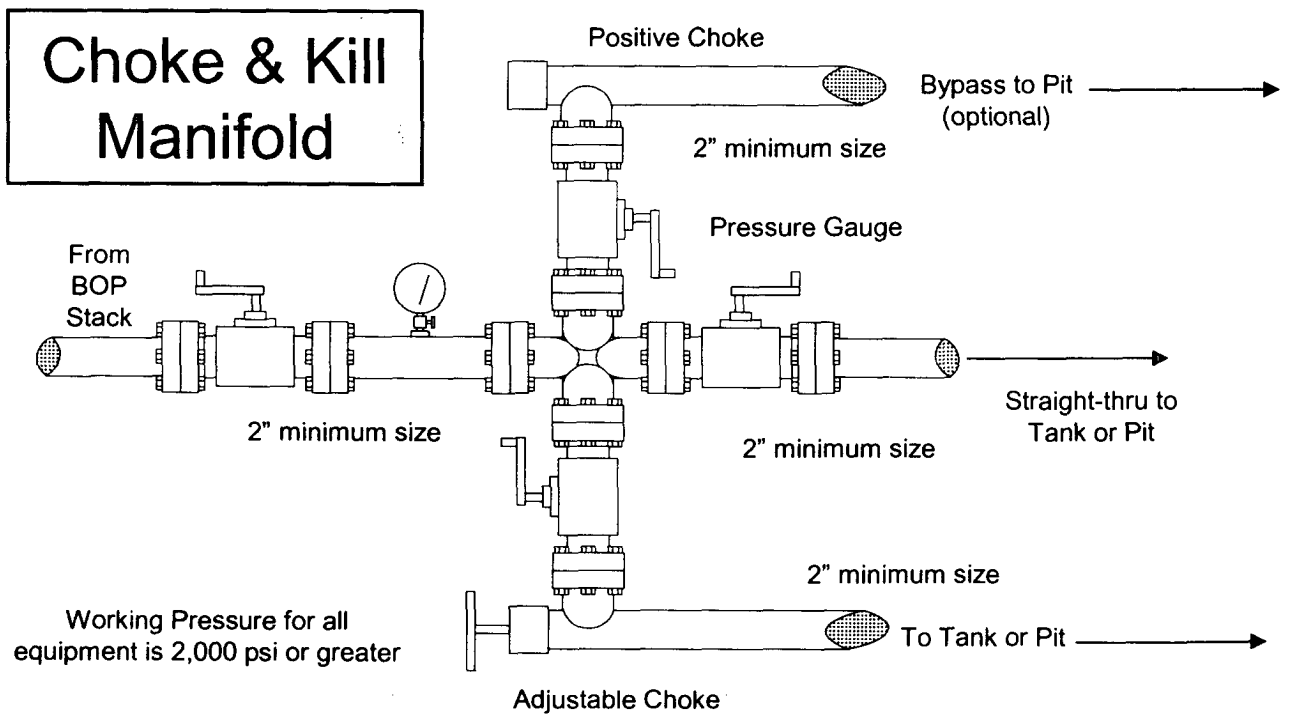
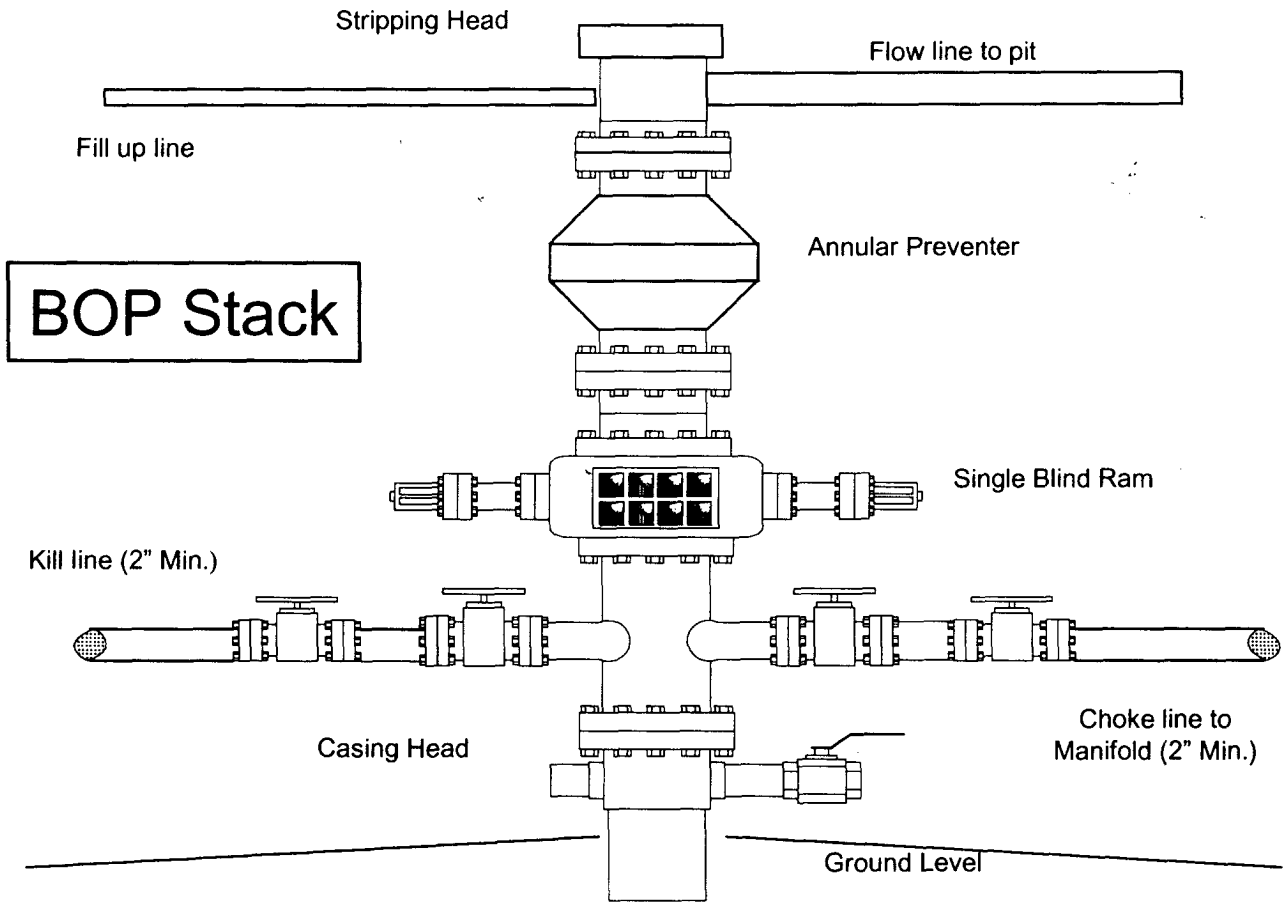
Slurry Properties:	Density	Yield	Water	
	(lb/gal)	(ft3/sk)	(gal/sk)	
Slurry 1	9.5	2.52	6.38	
Slurry 2	13	1.44	6.5	Top of Mancos
				5429

Casing Equipment: 4-1/2", 8R, ST&C

- 1 Float Shoe (autofill with minimal LCM in mud)
- 1 Float Collar (autofill with minimal LCM in mud)
- 1 Stop Ring
- Centralizers, as needed
- 1 Top Rubber Plug
- 1 Thread Lock Compound

BP American Production Company

Well Control Equipment Schematic



Additional Operator Remarks
Stewart LS 6E
APD

NOTICE OF STAKING WAS SUBMITTED ON 03/26/2004 & again on 8/7/06 (same location)

BP America Production Company respectfully requests permission to drill the subject well to a total depth of approximately 7360' MD. 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 +/- 2000 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