UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

FORM APPROVED OMB No. 1004-0136 Expires January 31, 2004

5. Lease Serial No.

MDA 701-04-0014

6. If Indian, Allottee or Tribe Name

			JICARILLA APACHE N	IATION		
la. Type of Work: DRILL REENTI	ER 2006 JUL 28 PM	4 30	7. If Unit or CA Agreement, N	ame and No.		
1b. Type of Well: Oil Well Gas Well Other	Single Zone Multi) ple Zone	8. Lease Name and Well No. JAECO 28-3 No. 9			
2. Name of Operator	Jig Taid	9. API Well No.				
JICARILLA APACHE ENERGY CORP		30-039-500	69			
3a. Address		10. Field and Pool, or Explorate	ту			
P.O. Box 710 Dulce, New Mexico 87528		BLANCO MESAVERD	E			
4. Location of Well (Report location clearly and in accordance with		11. Sec., T., R., M., or Blk. and	Survey or Area			
, At surface 1250' FSL & 660' FEL						
At proposed prod. zone AS ABOVE		P 9, T28N, R3W, NMPM				
14. Distance in miles and direction from nearest town or post office*			12. County or Parish	13. State		
27.5 MILES SSW OF DULCE, NM			RIO ARRIBA	NM		
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1250'	16. No. of Acres in lease 8863.50	, ,	y Unit dedicated to this well H HALF - 320 ACRES	,		
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1446'	19. Proposed Depth 6389'	20. BLM/BIA Bond No. on file ON FILE				
21. Elevations (Show whether DF, KDB, RT, GL, etc.)	22. Approximate date work will st	tart*	23. Estimated duration			
7146' UGL	DECEMBER 10, 2006		15 DAYS			
	24. Attachments	<u> </u>				
The following, completed in accordance with the requirements of Onsh	ore Oil and Gas Order No.1, shall be at	tached to this	form:			

- 1. Well plat certified by a registered surveyor.
- 2. A Drilling Plan.
- 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).
- 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- 5. Operator certification.
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature	Name (Printed/Typed)	Date
Chrobo Herry	CHARLES NEELEY	7-26-06
Title		
CONTRACT DRILLING ENGINEER	•	
Approved by (Signature)	Name (Printed/Typed)	Date /
		> 15/07
Title	Office	
_ Actine AFM Munerala		
Application approval does not warrant or certify that the applicant holds leg	al or equitable title to those rights in the subject leas	e which would entitle the applicant to conduct

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)

RCVD MAR19'07 OIL CONS. DIV.

DIST. 3

SEE ATTACHED FOR CONDITIONS OF APPROVAL

MOTHEY AZTEC OCD 24 hVS IN TIME TO WITNESS C89 & CEMENT

3/22/07



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

DISTRICT II 1301 W. Grand Ave., Artesia, N.M. 88210

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

State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office State Lease - 4 Copies

Fee Lease - 3 Copies

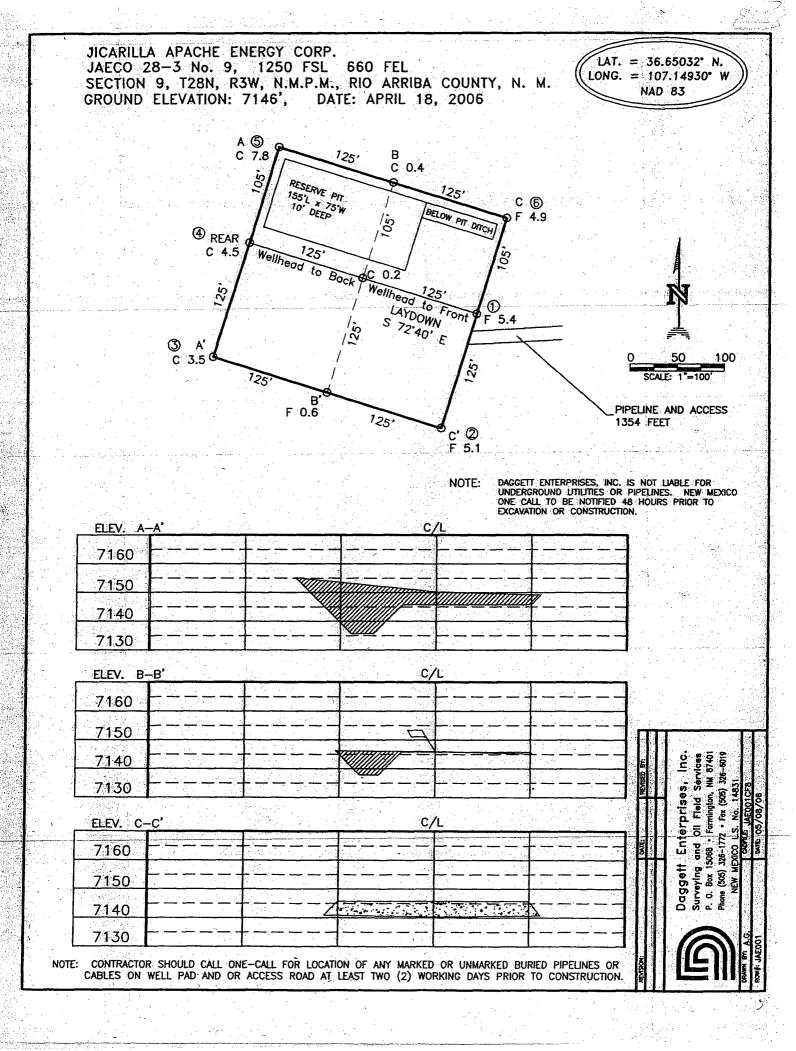
☐ AMENDED REPORT

DISTRICT IV 1220 South St. Francis Dr., Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

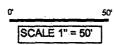
30-039	_	2009		² Pool Code 72319	II AND A	ONLAGE		³ Pool Name ANCO-MESA	•		
*Property Code)				Property JAECO 2					• Well Number	
70GRID No. 11859		-		*Operator Name JICARILLA APACHE ENERGY CORP.						*Elevation 7146*	
					¹⁰ Surface	Location	ì				
UL or lot no.	Section 9	Township 28-N	Range 3—W	Lot Idn	Feet from the 1250'	North/Sol		eet from the 660'	East/West line EAST	County RIO ARRIBA	
		I.	" Botto	m Hole	Location 1	f Differe	nt From	Surface			
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/So	uth line	eet from the	East/West line	County	
P2 Dedicated Acres		13 Jo	oint or Infill		14 Consolidation C	ode	,	Order No.			
S/320 A	cres		N						OIL CONS.	A Commence	
NO ALLOWA	BLE W	ILL BE A	SSIGNED ON-STA	TO THIS	S COMPLETI	ON UNTIL	ALL IN	TERESTS HA	AVE BEEN C	ONSOLIDATED	
						F) 2 1/2" B 1917 GL	I hereby is true a belief, on interest including right to contract interest,		ation contained herein at of my knowledge and n-either owns a working crest in the land note-location or has a cotion pursuant to a a mineral or working ng agreement or a	
		 		9		i, u h	00-06-34 W	18 SU	RVEYOR ÇEF	Dote Participation Tification To shown on this plot	
							Z. ^K	was plotted from or under my succorrect to the	n field notes of actum pervision, and that the best of my belisf. 3, 2006	il surveys mode by me he same is true and	
			LAT LONG	: 36.650 : 107.14	32° N. (NAI 930° W. (NAI	83) 83) 7220,	660'	Signature for	14831)	Suneyor:	
FD 2 1/2" BC 1917 GLO			N 89-5 5295.4	57-16 W ' (M)		FD	2 1/2° BC	Certificate Nurr	HOPES BONN		

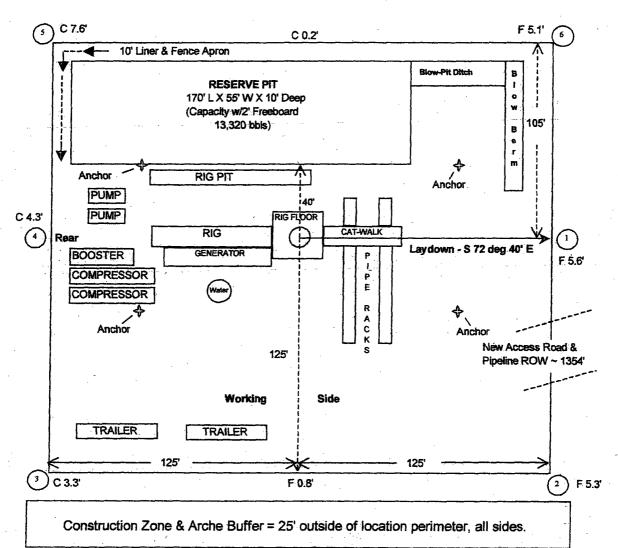
Submit 3 Copies To Appropriate Office		of New Mexico rals and Natural Resources	Form C-103 May 27, 2004
District I 1625 N. French Dr., Hobbs, NM District II	88240	ERVATION DIVISION	WELL API NO. 30-039-30009
1301 W. Grand Ave., Artesia, N. District III	1220 Sc	outh St. Francis Dr.	5. Indicate Type of Lease STATE FEE
1000 Rio Brazos Rd., Aztec, NM <u>District IV</u> 1220 S. St. Francis Dr., Santa Fe,	Sant	a Fe, NM 87505	6. State Oil & Gas Lease No.
87505 SUNDR	Y NOTICES AND REPORT	7. Lease Name or Unit Agreement Name	
	R PROPOSALS TO DRILL OR TO E "APPLICATION FOR PERMIT" (Jicarilla Apache MDA 701-04-0014
1. Type of Well: Oil Wel	l 🔲 Gas Well 🗵 Other	r	8. Well Number JAECO 28-3 No. 9
Name of Operator Jicarilla Apache Energy	, Corn		9. OGRID Number 11859
3. Address of Operator	Colp		10. Pool name or Wildcat
P.O. Box 710, Dulce N	M, 87528		Blanco Mesaverde
4. Well Location			
Unit Letter P Section		ine and 660 feet from the East li	ne o Arriba County New Mexico
Section		Range 3 West NMPM Riw whether DR, RKB, RT, GR, etc.	
	7146' UGL	· · · · · · · · · · · · · · · · · · ·	
Pit or Below-grade Tank Applic	,	and the second fleet makes will \$10	DDD 66 Printernes flower was wort grant or worten 200 6
Pit Liner Thickness: 15	mil Below-Grade Tan		1000 ft Distance from nearest surface water <200 ft Construction Material Location Dirt
		o Indicate Nature of Notice,	
NOTICE PERFORM REMEDIAL WO	OF INTENTION TO: ORK (T) PLUG AND ABANI	_	SSEQUENT REPORT OF: RK
TEMPORARILY ABANDO	=		RILLING OPNS. P AND A
PULL OR ALTER CASING	<u>=</u>		
OTHER: Application	for New Drilling Reserve Pit	☑ OTHER:	П
13. Describe proposed	or completed operations. (Cl	early state all pertinent details, ar	nd give pertinent dates, including estimated date
	posed work). SEE RULE 110	3. For Multiple Completions: A	ttach wellbore diagram of proposed completion
or recompletion.			
			lined, constructed, operated and closed in Administration and JAECO procedures.
accordance with 141	VIOCD guidelines and BEIVI,	DIA, Jicarma Apaciic On & Cas	Administration and JALSCO procedures.
		•	·
		,	
	,		
		•	
			·
I hereby certify that the information grade tank has been/will be const	rmation above is true and com facted or closed according to NMO	nplete to the best of my knowledge CD guidelines 3 , a general permit	ge and belief. I further certify that any pit or below- or an (attached) alternative OCD-approved plan
SIGNATURE /	to Herry	TITLE Contract Drilling I	Engineer DATE <u>J-21-</u> 01
Type or print name Charle For State Use Only	s Neeley	E-mail address: neelece@ms	sn.com Telephone No. 505-486-0211
> State Use Only	the -	BETUTY OIL & GAS IN	ISPECTOR, DIST. Ø
APPROVED BY: Conditions of Approval (if a	my):	TITLE	DATEMAR 2 2 2007
	 , ,.		











JAECO

Wellsite Layout Plat with Cut & Fills JAECO 28-3 No. 9

1250' FSL & 660' FEL Sec 9, T28N, R3W, NMPM Rio Arriba Co., New Mexico Elevation: 7146' UGL

Jicarilla Apache Energy Corp JAECO 28-3 No. 9

1250' FSL & 660' FEL Section 9, T28N, R3W, NMPM Rio Arriba County, New Mexico

TEN POINT DRILLING PLAN

1. Surface Formation: San Jose

2. Surface Elevation: 7146' UGL

Est **KB**, ft: 7158

3. Estimated Formation Tops:

	Top	Top	l	<u> </u>
Formation	MD (KB), ft	Subsea, ft	Rock Type	Comments
San Jose	Surface	Surface	Sandstone & Shale	Sticking
Nacimiento	2309	.4849	Shale & Sandstone	Bit ballling, sticking & LC
Ojo Alamo	3454	3704	Sandstone	Gauge Hole
Kirtland	3598	3560	Shale w/Sandstone	
Fruitland	3696	3462	Coal, Shale, Sandstone	Gas, Water
Pictured Cliffs	3758	3400	Sandstone, Shale, Coal	Gas - Mud Loss
Lower PC	3944	3214	Sandstone & Shale	Gas - Mud Loss
Lewis	4204	2954	Shale	
Huerfanito	4604	2554	Shale	Bentonite
Cliff House	5842	1316	Sandstone	Gas
Menefee	5855	1303	Coal, Shale, Sandstone	Gas & Oil
Pt. Lookout	6108	1050	Sandstone & Shale	Gas
Mancos	6314	844	Shale	-

Total Depth:

6389

769

4. Casing and Cementing Program:

Drill a 12 1/4" Hole to 320'. A string of new 9 5/8" 36# J-55 or K-55 ST&C casing will be set and cemented to the surface in a single stage with 180 sacks (212.5 cf) of Class "B" cement (yield = 1.18 cf/sk) containing 2% CaCl₂ and 1/4 lb/sack cellophane flake. Slurry volume assumes 100% excess over calculated hole volume. Clearance between couplings and hole is 1.625". If cement does not circulate to surface, cement will be topped off using 1" pipe down the 12 1/4" by 9 5/8" annulus.

Safety factors utilized in the design of this casing string were: burst = 1.1; collapse = 1.125; and tension = 1.8 or 100,000 lb overpull whichever is greater.

Hole	•	Casing Data			Collapse	Burst	Jt. Strength
Dia	OD	Wt/FT	Grade	Thread	(psi)	(psi)	(Lbs.)
12 1/4"	9 5/8"	36	J-55	STC	2,020	3,520	394,000
		36	K-55	STC	2,020	3,950	452,000

WOC 12 HOURS. Nipple up 11" 2000# BOPE. Install proper size test plug, calibrated test guage and recorder. Pressure test BOPE at 250 psi for 5 minutes and 2000 psi for 10 minutes. Pull test plug, drill wiper plug, float collar and cement to within 10' of casing shoe. Close pipe rams and pressure test surface casing to 1500 psi for 30 minutes.

Drilling Plan
Jicarilla Apache Energy Corporation
JAECO 28-3 No. 9

4. Casing and Cementing Program: Continued

Drill an 8 3/4" hole to 4274' feet, approximately 70' feet into the Lewis Shale.

Run Induction and Compensated density/neutron logs from <u>4274</u>' to the surface casing shoe.

A string of new 7" 20#, J-55, STC Intermediate casing will be set at 4274' with a mechanical DV tool set at 2364', 55' below Nacimiento top. Stage 1 (4274' - 2364', 1910') will be cemented with 173-sacks (324.6 cf) of 35/65 Poz/B + 6% Gel + 5#/sk Gilsonite and 1/4 #/sk cellophane flake mixed at 12.1 ppg, yield 1.88 cf/sk. Followed by 149 sacks (188.1 cf) Class B with 5#/sk Gilsonite, '/4#/sk cellophane flake and mixed at 15.2 ppg, yield 1.26 cf/sk.

Circulate and WOC between stages for four (4) hours. Stage 2 (2364'- surface) will be cemented with 290 sacks (550.6 cf) of 35/65 Poz/B + 6% Gel + 10#/sk Gilsonite and 1/4 #/sk cellophane flake mixed at 12.5 ppg, yield 1.90 cf/sk. Followed by 50 sks (63cf) Class B with 5#/sk Gilsonite and 1/4 #/sk cellophane flake, mixed at 15.2 ppg, yield 1.26 cf/sk. Slurry volumes assume a 75% excess over gauge hole volume for stage 1 and 83% over gauge volume for stage 2 (consistant with our experience in the area). Cement volume is subject to change after review of open hole caliper logs.

Clearance between couplings and hole is 1.094 ". Safety factors utilized in the design of this casing string were: burst = 1.1; collapse = 1.125; and tension = 1.8 or 100,000 lb over pull, whichever is greater.

Hole	Casing Data				Collapse	Burst	Jt. Strength
Dia	OD	Wt/FT	Grade	Thread	(psi)	(psi)	(Lbs.)
8.75"	7.0"	20	J-55	STC	2,270	3,740	234,000

<u>WOC 12 Hours:</u> Nipple up BOP, tag cement & drill out DV, pressure test casing to 500 psi, drill out float collar and cement to within 10' of casing shoe, close pipe rams and pressure test casing/BOPE to 2000 psi for 30 minutes.

Air drill a 6 1/4" hole from 4274' to 6389' TD, approximately 75' feet into the Upper Mancos.

Run Dual Induction and Compensated density/neutron logs from TD to the intermediate casing.

A new 4 ½" 10.5#, J-55, STC production liner will be run from 6389' TD to a minimum overlap of 120 feet inside the 7" intermediate casing (6389' - 4154', 2235'). This string will be cemented in a single stage with 10 bbls POZ spacer w/4% gel, .2% Halad 9, .15# Fe & 3% KCl mixed at 11.0 ppg followed by 260 sacks (343.5 cf) 50/50 Poz/H containing 2% Gel, 5#/sk Gilsonite, 1/4 #/sk Flocele, 4% H-9 and 0.2% HR-5, mixed at 13.5 ppg, yield 1.32 cf/sk. Slurry volume assumes a 50% excess over gauge hole volume. Cement volume is subject to change after review of the open hole caliper log. Clearance between couplings and hole is 1.25". Safety factors utilized in the design of this casing string were burst = 1.1; collapse = 1.125; and tension = 1.8 or 100,000 lb overpull, whichever is greater.

Hole	Casing Data				Collapse	Burst	Jt Strength
Dia	OD	Wt/FT	Grade	Thread	(psi)	(psi)	(Lbs.)
6.25"	4.5"	10.5	J-55	STC	4,010	4,790	132,000

Drilling Plan
Jicarilla Apache Energy Corporation
JAECO 28-3 No. 9

4. Casing and Cementing Program: Continued

Bits: 12 1/4" surface hole - MT class 115 or 116 to ~320 feet. 8 3/4" intermediate hole - TCI class 447 to ~4274'. 6 1/4" production hole - Air hammer and bit - to TD

Centralizers:

Surface string: 3 - 9 5/8" X 12 1/4": One centralizer run in middle of shoe joint with lock ring and one centralizer each on the next two joints of casing.

Intermediate string: 4 - 7" X 8 ¾" turbolizers will be spaced such that one is just below the Basal Fruitland Coal, three (3) across the Fruitland/Kirtland and one (1) into the Ojo Alamo. One centralizer will be run on the 1st jt of casing, the PC will be centralized, a centralizer will be run above and one centralizer will be run below the DV tool.

Production string: 7 - 4 1/2" X 6 1/4" bow spring centralizers will be run across all prospective pays; provided well control conditions permit.

Float Equipment:

Surface string: Texas pattern guide shoe w/insert float (1 jt above shoe).

Intermediate string: Cement nose guide shoe, float collar and DV tool with 2 cement baskets below DV tool.

Production string: Cement nose float shoe and a float collar (1 jt above shoe).

5. Pressure Control Equipment:

A 2,000 psi BOP well control system will be utilized. BOP's and choke manifold will be installed and pressure tested to a minimum of 2000 psig before drilling out of surface casing. Pipe rams will be operated daily. Pipe and blind rams will be operated on each trip. BOP's, intermediate casing and choke manifold will be pressure tested to 2000 psi prior to drill out of the 7" intermediate casing shoe.

7" & 4 ½" casing rams will be installed prior to running intermediate and production casing, respectfully.

A full opening internal blowout preventor or drill pipe safety valve (capable of fitting all connections) will be on the rig floor at all times.

An upper kelly cock will be utilized. The handle will be available on rig floor at all times. A BOPE pit level drill shall be conducted weekly for each drilling crew.

6. Mud Program:

The well will be spudded and drilled to surface casing depth with a high viscosity slurry of bentonite, lime and fresh water. A fresh water, low solids, non-dispersed mud system will be utilized to drill the well from surface casing to intermediate casing depth. Air will be used to drill from intermediate casing depth to total TD; Mud circulating equipment, water, and mud materials (not mixed) sufficient to maintain the capacity of the hole and circulating pits will be in place and operational during air drilling operations. Sufficient mud materials will be on location at all times to maintain mud properties and to control any lost circulation problem or unforeseen abnormal pressures. Mud volume markers will be in place and visually monitored and recorded on a routine basis.

Drilling Plan
Jicarilla Apache Energy Corporation
JAECO 28-3 No. 9

6. Mud Program: Continued

Mud Property Guidelines:

Interva	al (ft)	Weight (ppg)	Vis (sec/qt)	pН	Fluid Loss (c	c/30 min)
0 - 3	320'	8.6 – 9.2	40 - 35	9 – 9.5	No Control	,
320' -	<u>4274</u>	8.6 – 9.2	30 – 35	8.0 - 8.5	< 10	
4274	– TD	Air	Air	Air	Air	

Note: Raise mud viscosity to 45-60 for logging. Thin mud viscosity to 40-45 to run casing. Lost Circulation: may occur anywhere from the Nacimiento formation to intermediate depth. Have a minimum of 10% LCM in mud prior to running and cementing intermediate casing. Mud pH will be maintained with lime at the recommended levels to assure drill pipe corrosion protection.

7. Auxiliary Equipment:

All applicable equipment defined in Onshore Order No. 2 will be in place and operational during **Air Drilling Operations**.

8. Logging Program:

Dual Induction with GR and Neutron / Density logs will be run from TD to surface casing shoe. .

Coring and Drill Stem Testing Program:

No cores or drill stem tests are planned

9. Abnormal Pressure and/or Temperature:

Although not expected, abnormal pressures are possible in the Fruitland formation. Abnormal temperatures are not expected.

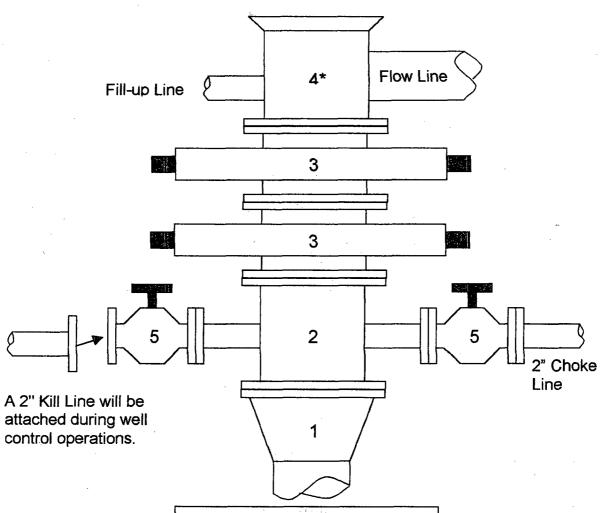
Estimated Bottom Hole, Pressure: 1970 psig BHT: 140 deg F

10. Anticipated Starting Date: December 10, 2006

Duration of Operations: It is estimated a total of 15 days will be required for drilling operations.

JAECO 28-3 No. 9

2000 psi BOP Stack Minimum Requirements



Components

- 1 Wellhead 9-5/8" (2M)
- 2 Drilling spool 11" (2M)
- 3 A double or two single rams with blinds on bottom 11" (2M)
- 4 Bell nipple*
- 5 2" Manual valves (2M)
- *Note: A Rotating Head will replace the Bell nipple during air drilling operations.

All line and valve sizes listed are minimum requirements.

JAECO 28-3 No. 9

2000 psi Choke Manifold Minimum Requirements

