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UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

2003 APR 16 AM 9:26

070 Farmington, NM

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

APPLICATION FOR PERMIT TO DRILL OR REENTER

a. Type of Work: ☒ DRILL ☐ REENTER

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

2. Name of Operator

Breck Operating Company

3A. Address

c/o Walsh Engineering, 7415 E. Main, Farmington, NM 87402

3b. Phone No. (include area code)

(505) 327-4892

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

At surface 700' FNL and 4700' FWL

At proposed prod. Zone 735' 1610'

14. Distance in miles and direction from nearest town or post office*

6 miles southeast of Bloomfield, NM

15. Distance from proposed*

location to nearest
property or lease line, ft.
(Also to nearest drig. unit line, if any)

660'

16. No. of Acres in lease

320

17. Spacing Unit dedicated to this well

320 acres W/2

18. Distance from proposed location*
to nearest well, drilling, completed,
applied for, on this lease, ft.

600'

19. Proposed Depth

2075'

20. BLM/BIA Bond No. on file

21. Elevations (Show whether DF, KDB, RT, GL, etc.)

5895' 5882' GL

22. Approximate date work will start*

May 15, 2003

23. Estimated duration

1 week

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.
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.
6. Such other site specific information and/or plans as may be required by the authorized office.

25. Signature Paul C. Thompson Name (Printed/Typed) Paul C. Thompson, P.E. Date 4/15/03

Title

Agent

Approved by (Signature) _____ Name (Printed/Typed) _____ Date _____

Title

Office

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)
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

NMOC

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
PO Drawer DD, 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 30-045-31632		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 2223	*Property Name KUTZ GOVERNMENT		*Well Number 8S
*GRID No. 002799	*Operator Name BRECK OPERATING COMPANY		*Elevation 5895'

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
C	21	28N	10W		735	NORTH	1615	WEST	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 320.0 Acres - (W/2)	¹³ Joint or Infill Y	¹⁴ Consolidation Code	¹⁵ Order No.
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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

<div><p>¹⁶</p><p>SF-077383-A</p><p>21</p><p>5276.70'</p><p>5273.40'</p><p>1615'</p><p>735'</p><p>5280.00'</p></div>	<p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p><i>Paul C. Thompson</i></p> <p>Signature</p> <p>PAUL C. THOMPSON</p> <p>Printed Name</p> <p>AGENT</p> <p>Title</p> <p>6/3/03</p> <p>Date</p>
	<p>¹⁸ SURVEYOR CERTIFICATION</p> <p>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.</p> <p>Date of Survey: MAY 30, 2003</p> <p>Signature and Seal of Professional Surveyor</p> <div><p>JASON C. EDWARDS</p><p>Certificate Number 15269</p></div>

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

RECEIVED

Lease Serial No.

SF 077383-A

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Breck Operating Co. c/o Walsh Engineering

3a. Address

7415 E. Main, Farmington, NM, 87402

3b. Phone No. (include area code)

505-327-4892

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

735" FNL and 1615' FWL, Sec. 21, T28N, R10W

8. Well Name and No.

Kutz Government #8S

9. API Well No.

10. Field and Pool, or Exploratory Area

Basin Fruitland Coal

11. County or Parish, State

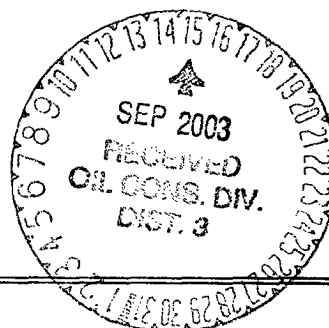
San Juan

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Move
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Location
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomple horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

In order to avoid some protected cactus, this location has been moved slightly. Attached is a new plat, cut and fill diagram, topo map and pipeline survey. All other aspects of the APD will remain the same.



14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Paul C. Thompson, P.E.

Title

Agent

Signature

Paul C. Thompson

Date

June 3, 2003

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

/s/ David J. Markiewicz

Title

Date

SEP 11 2003

Conditions of approval, if any, are attached. Approval of this notice 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.

Office

Title 18 U.S.C. Section 1001, 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)

NMOC

BRECK OPERATING CO.
OPERATIONS PLAN
Kutz Government #8S

I. Location: 760' FNL & 1760' FWL Date: April 15, 2003
Sec 21 T28N R10W
San Juan County, NM

Field: Basin Fruitland Coal Elev: GL 5882'
Surface: BLM
Minerals: SF - 077383-A

II. Geology: Surface formation _ Nacimiento

<u>A. Formation Tops</u>	<u>Depths</u>
Ojo Alamo	900'
Kirtland	1125'
Fruitland	1460'
Pictured Cliffs	1925'
Total Depth	2075'

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

Water and gas - 1460' and 1925'.

B. Logging Program: Induction/GR and neutron/density logs at TD.

C. No over pressured zones are expected in this well. No H₂S zones will be penetrated in this well. Max. BHP = 500 psig.

III. Drilling

A. Contractor:

B. Mud Program:

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

The production 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.

C. Minimum Blowout Control Specifications:

Double ram type or annular type 2000 psi working pressure BOP with a rotating head. See the attached exhibits (#1 and #2) 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.

C. Cont.

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
8-3/4"	120'	7"	20# K-55
6-1/4"	2075'	4-1/2"	10.5# K-55

B. Float Equipment:

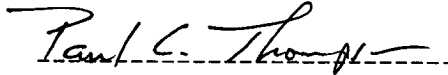
a) Surface Casing: None

b) Production Casing: 4-1/2" 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 other joint from the top of the well.

V. Cementing:

Surface casing: 7" - Use 30 sx (36 cu. ft.) of C1 "B" with 2% CaCl₂ (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 600 psi for 30 min.

Production Casing: 4-1/2" - Before cementing circulate hole with at least 1-1/2 hole volumes of mud. Precede cement with 30 bbls of fresh water. Lead with 150x(310 cu.ft) of C1 "B" with 2% SMS, 1/4#/sk. celloflake. (Yield = 2.06 cu.ft./sk; slurry weight = 12.5 PPG). Tail with 100 sx (118 cu.ft.) of C1 "B" with 2% CaCl₂, and 1/4#/sk. celloflake/sk. (Yield = 1.18 cu. ft./sk; slurry weight = 15.6 PPG) Total cement volume is 428 cu.ft. (100% excess to circulate cement to surface).


Paul C. Thompson, P.E.