

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

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

2006 DEC 15

Lease Serial No. 43
NOG 01101552

RECEIVED
6. If Indian, Allottee or Tribe Name
070 FARMINGTON Navajo Allotment 29

Ia. Type of Work: ☒ DRILL ☐ REENTER

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

2. Name of Operator
D.J. Simmons, Inc.

3a. Address 3b. Phone No. (include area code)

1009 Ridgeway Place, Suite 200, Farmington N.M. 87401 (505) 326-3753

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

At surface P 475' FSL x 656' FEL

At proposed prod. zone same

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

8. Lease Name and Well No.

Kimbeto 147

9. API Well No.

30-045-34121

10. Field and Pool, or Exploratory

Kimbeto Wash Gallup Oil

11. Sec., T., R., M., or 131k. and Survey or Area

Section 14, T23N, R9W

14. Distance in miles and direction from nearest town or post office*
3.0 miles south of Nageezi, NM and approx. 2.5 miles southwest of US Highway 550

12. County or Parish

San Juan

13. State

NM

15. Distance from proposed*
location to nearest
property or lease line, ft.
(Also to nearest drig. unit line, if any) 656'

16. No. of Acres in lease

160

17. Spacing Unit dedicated to this well

40

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

N/A

19. Proposed Depth

4900'

20. BLJA/BIA Bond No. on file

BIA Bond RLB 0002876

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

6704 .00' GL

22. Approximate date work will start*

03/21/07

23. Estimated duration

20 days

24. Attachments Drilling Plan, Well Plat and Surface Plan

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 officer.

25. Signature

Name (Printed/Typed)

Date

Rodney L. Seale

12/11/06

Title

Operations Engineer

Approved by (Signature)

Name (Printed/Typed)

Date

Title

Office

Application approval does not warrant or certify the 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.

Min. BOPC test requirement: 1500th

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)

NOTIFY AZTEC OCD 24 HRS
PRIOR TO CASING & CEMENT

RCVD JUL 25 '07

OIL CONS. DIV.

DIST. 3

NMOCD

7-26-07

BH

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

OIL CONSERVATION DIVISION

2006 DEC 15 PM 3 43
2006 Box 2088
Santa Fe, NM 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-34121	² Pool Code 96598	³ Pool Name KIMBETO WASH GALLUP OIL
⁴ Property Code 36620	⁵ Property Name KIMBETO 14	⁶ Well Number 1
⁷ OGRID No. 5578	⁸ Operator Name D. J. SIMMONS INC.	⁹ Elevation 6704.80'

¹⁰ Surface Location

UL or lot no. P	Section 14	Township 23N	Range 9W	Lot Idn	Feet from the 474.88	North/South line SOUTH	Feet from the 656.35	East/West line EAST	County SAN JUAN
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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
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¹² Dedicated Acres 160 40	¹³ Joint or Infill	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

16					¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief Rodney L. Seale Signature Rodney L. Seale Printed Name Operations Engineer Title 12/15/06 Date	
					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 DECEMBER 14, 2006 Date of Revision SEPTEMBER 1, 2006 Date of Survey Signature and Seal of Professional Surveyor JOHN D. WAYNE NEW MEXICO 9673 Certificate Number N.M. PLS 9673	

SECTION 14

NAVAJO 29
LEASE 0110155 2

NAD83 LAT=N36.221004
LONG=W107.751460
GOS=PODP#4

474.88' 656.35'

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. 30-045-34121
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. NOG 01101552 Navajo Allotment 29
7. Lease Name or Unit Agreement Name Kimbeto 14
8. Well Number 1
9. OGRID Number 5578
10. Pool name or Wildcat Kimbeto Wash Gallup, Oil

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 <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>	
2. Name of Operator DJ Simmons, Inc.	
3. Address of Operator 1009 Ridgeway Place Suite 200, Farmington, New Mexico 87401	
4. Well Location Unit Letter P : 475 feet from the South line and 656 feet from the West line Section 14 Township 23N Range 9W NMPM San Juan County	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 6704. 80 GL	
Pit or Below-grade Tank Application <input checked="" type="checkbox"/> or Closure <input type="checkbox"/>	
Pit type <u>Reserve Pit</u> Depth to Groundwater <u>>400'</u> Distance from nearest fresh water well <u>>1000'</u> Distance from nearest surface water <u>>1000'</u>	
Pit Liner Thickness: <u>12</u> mil Below-Grade Tank: Volume _____ bbls; Construction Material <u>Earthen Bermed</u>	

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
OTHER <u>New reserve pit</u> <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.

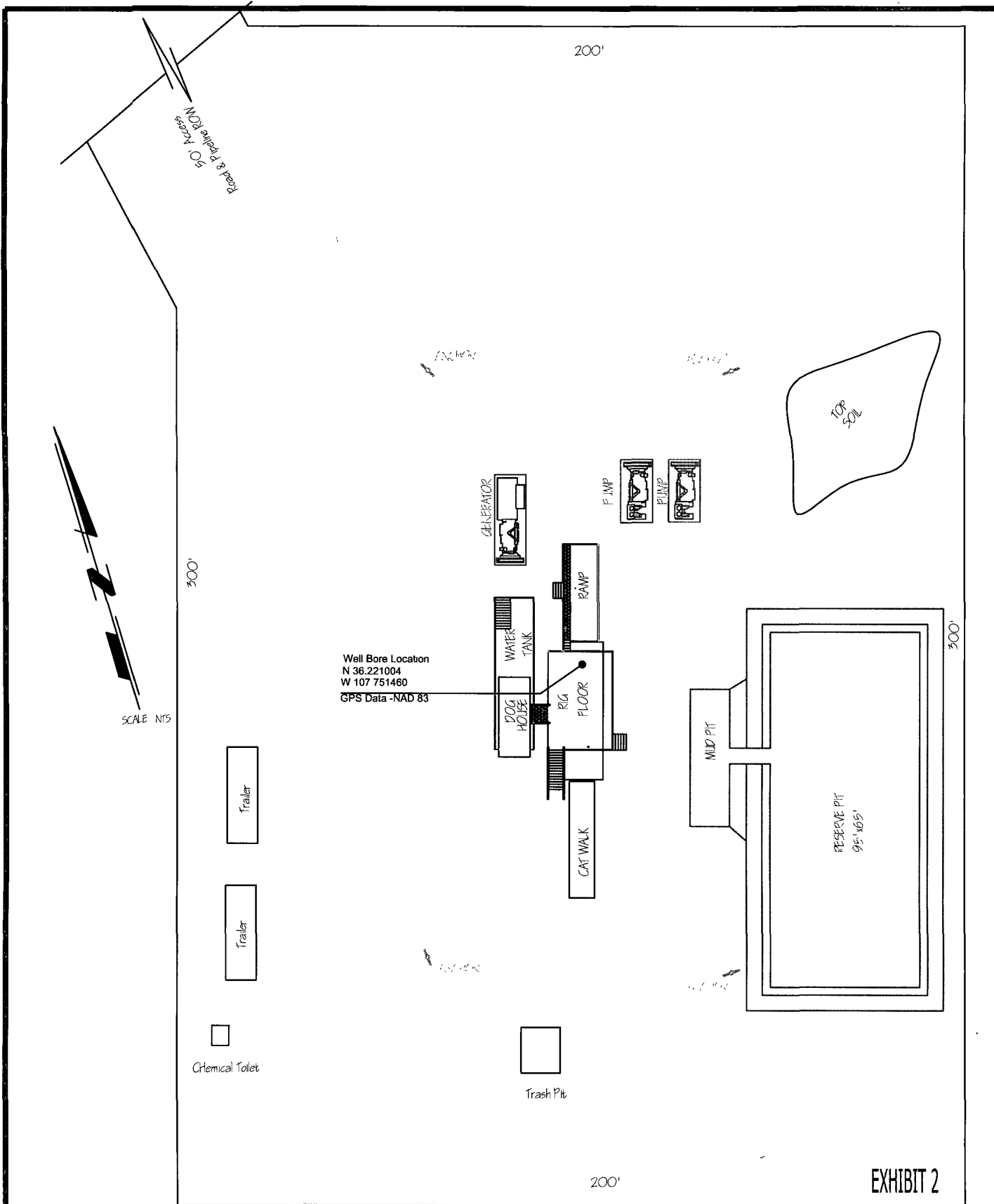
See: Attached APD, Exhibit 2, Drilling Equipment Layout, for pit location. Pit will be closed per NMOCD guidelines.

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 Rodney L. Seale TITLE: Operations Engineer DATE 12/12/06

Type or print name Rodney L. Seale E-mail address: resale@djsimmoninc.com Telephone No. 505 326 3753
For State Use Only

APPROVED BY: [Signature] TITLE Deputy Oil & Gas Inspector, District #3 DATE JUL 26 2007
Conditions of Approval (if any):



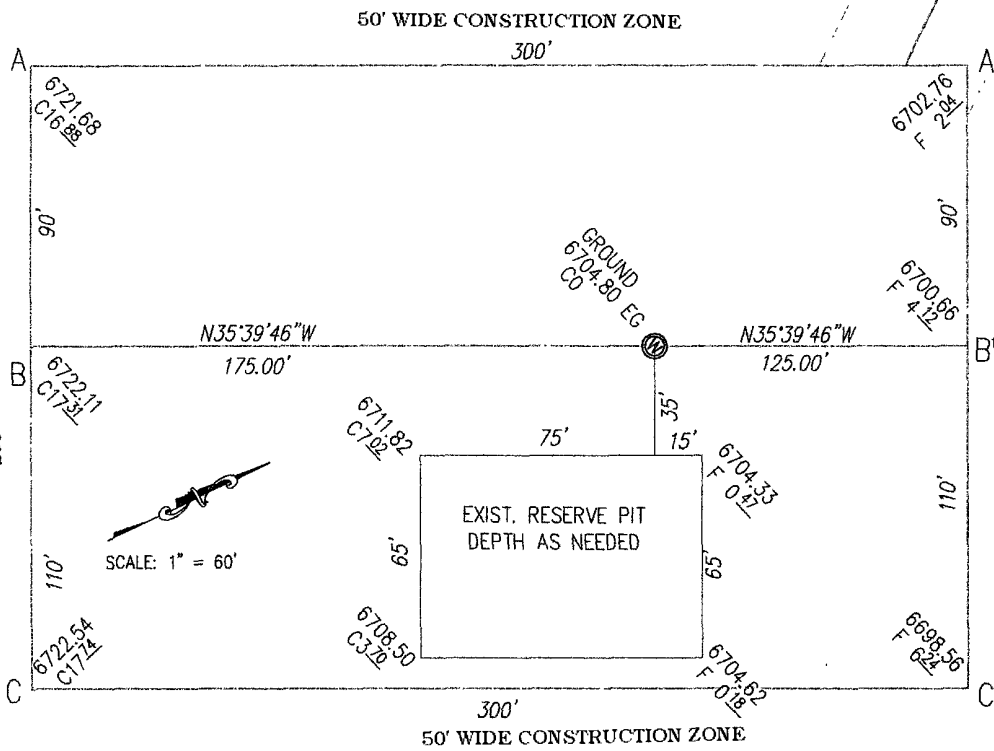
DJ SIMMONS, INC.

DJ SIMMONS, INC.
1009 Ridgeway Place, Suite 200
Farmington, NM. 87401
Phone 505 326-3753
Fax 505 327-4659

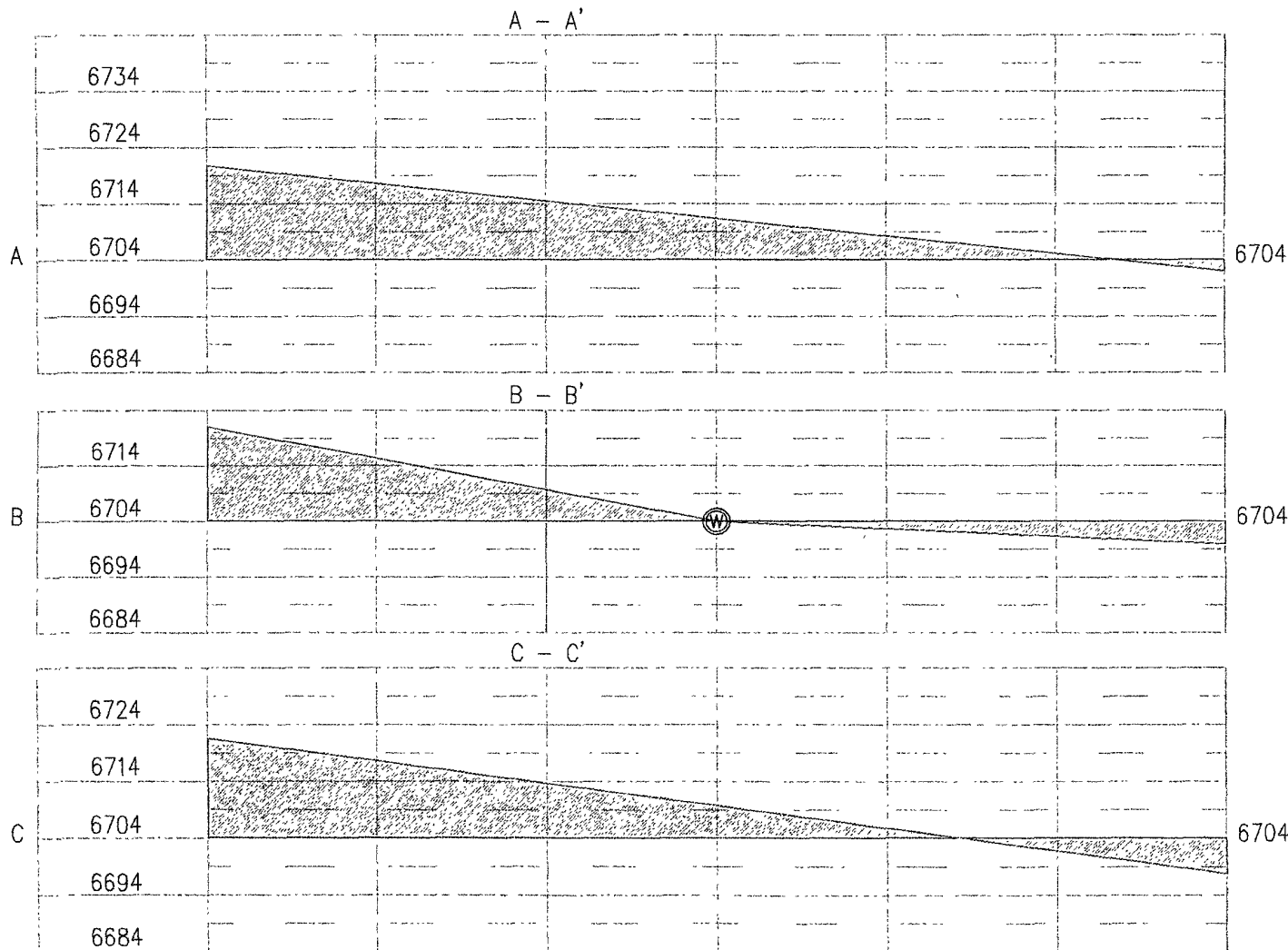
Reviewed By: Ken Manchester
Drawn By: Craig Starkey
Approved By: Rod Seale
Date: Nov. 26, 2006

Kimbeto 14-1
Drilling Equipment Layout Plan
Section 14, T23N, R9W, N.M.P.M.
475 FSL & 656 FEL
San Juan, County, New Mexico

50' WIDE CONSTRUCTION ZONE



D. J. Simmons Inc.
 OPERATOR
 Kimbeto #14-1
 WELL NAME and NUMBER
 474.88' F/SL 656.35' F/EL
 FOOTAGES
 14 23N 9W
 SEC. TWP. RGE.
 N3622.1004' W107.751460' 83
 LAT. LONG. NAD
 PODP #4
 GPS
 San Juan, New Mexico
 COUNTY STATE
 December 14, 2006
 REVISED DATE:
 September 1, 2006
 DATE
 SCALE
 Horiz. 1" = 50'
 Vert. 1" = 30'



PLAT 1E

D.J. SIMMONS INC.
KIMBETO 14 #1
475' FSL, 656' FEL
Unit P Sec. 14 T23N R9W
San Juan County, NM

BOP equipment and all accessories will meet or exceed BLM requirements in 43 CFR Part 3160 for a 3000 psi system. A 3000 psi double ram hydraulic BOP will be used. Accumulator system capacity will be sufficient to close all BOPE with a 50% safety factor. Fill, kill, and choke manifold lines will be 2". Accessories will include upper and lower Kelly cocks with handles, stabbing valve to fit drill pipe on floor at all times, 3000 psi choke manifold with 2" adjustable and 2" positive chokes, and pressure gauge. BOPs will be tested every 24 hours. Tests will be recorded on IADC log.

4. CASING & CEMENT

<u>Hole Size</u>	<u>O.D.</u>	<u>Weight (lb/ft)</u>	<u>Grade</u>	<u>Age</u>	<u>Connection</u>	<u>GL Setting Depth</u>
12-1/4"	9-5/8"	36#	LS X-42	New	ST&C	350'
7-7/8"	5-1/2"	15.5#	J-55	New	ST&C	4900'
A 5-1/2" stage tool will be set @						3600'

Surface casing will be cemented to the surface with ~438 cu. ft. (~345 sx) Type III cmt or equivalent (1.27 ft³/sx yield, 15.2 ppg, & 5.8 gps) with 2% CaCl₂ and ¼#/sx celloflake. Volume based on 200% excess. We plan to run a minimum of at least 3 centralizers. A plug will be displaced to within 20' of the shoe. WOC = 12 hours. Surface casing will be tested to 500 psi for 30 minutes.

Production casing will be cemented to surface ensuring cement coverage inside the surface casing with a two stage cement job. Total cement = 1212 cu. ft. (573 sx). Volumes are calculated at 50% excess for the first stage and 40% excess for the second stage. If necessary, a CBL will be run during completion operations to insure cement coverage. Casing will be pressure tested to 3000 psi for 30 minutes during completion operations.

1st Stage:

Cement will be ~338 cu. ft. (~168 sx) Premium Lite High Strength FM w/2% KCl, ¼#/sx Cello flake, 0.2% CD-32, 3# LCM-1, 5#/sx Pheno Seal, 0.5% FL-52 or equal, mixed at 10.32 gps, 12.5 ppg for a yield of 2.01 cu. ft. per sx. Volume based on 50% excess.

D.J. SIMMONS INC.
KIMBETO 14 #1
475' FSL, 656' FEL
Unit P Sec. 14 T23N R9W
San Juan County, NM

2nd Stage: A 5-1/2" stage tool will be set @ 3600'
Lead cement will be ~699 cu. ft. (~318 sx) Premium Lite FM w/3% Cacl₂, 1/4#/sx Cello flake, 0.4% FL-52, 0.4% SM, 3#/sx Pheno Seal, or equal, mixed at 12.12 gps, 12 ppg for a yield of 2.2 cu. ft. per sx. Volume based on 40% excess.

Tail cement will be ~175 cu. ft. (~87 sx) Premium Lite High Strength FM w/2% KCl, 1/4#/sx Cello flake, 0.2% CD-32, 3#/sx LCM-1, 0.5% FL-52, or equal, mixed at 10.32 gps, 12.5 ppg for a yield of 2.01 cu. ft. per sx. Volume based on 40% excess.

Cementing equipment will include a guide shoe, and float collar will be run 1 joint off bottom with a centralized shoe joint and next five joints. Centralizers will be run across the producing zones.

5. MUD PROGRAM

<u>Depth</u>	<u>Type</u>	<u>Wt./ppg.</u>	<u>Vis.</u>	<u>Fluid Loss</u>	<u>PH</u>
0'-350'	FW gel/lime spud mud	8.4-8.7	30-50	NC	10
350'-4900'	FW gel/Polymer	8.3-8.6	30-35	<20cc's	9.5

Lost circulation and absorption material will be on location.

6. CORING, TESTING, & LOGGING

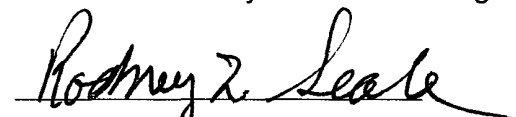
No cores or drill stem tests are planned. Open hole Induction and Neutron –Density logs will be run from 350' to TD. This well will be mud logged from 350' to TD.

7. DOWN HOLE CONDITIONS

No abnormal pressures, temperatures, nor hydrogen sulfide are expected. Maximum pressure will be 2200 psi.

8. OTHER INFORMATION

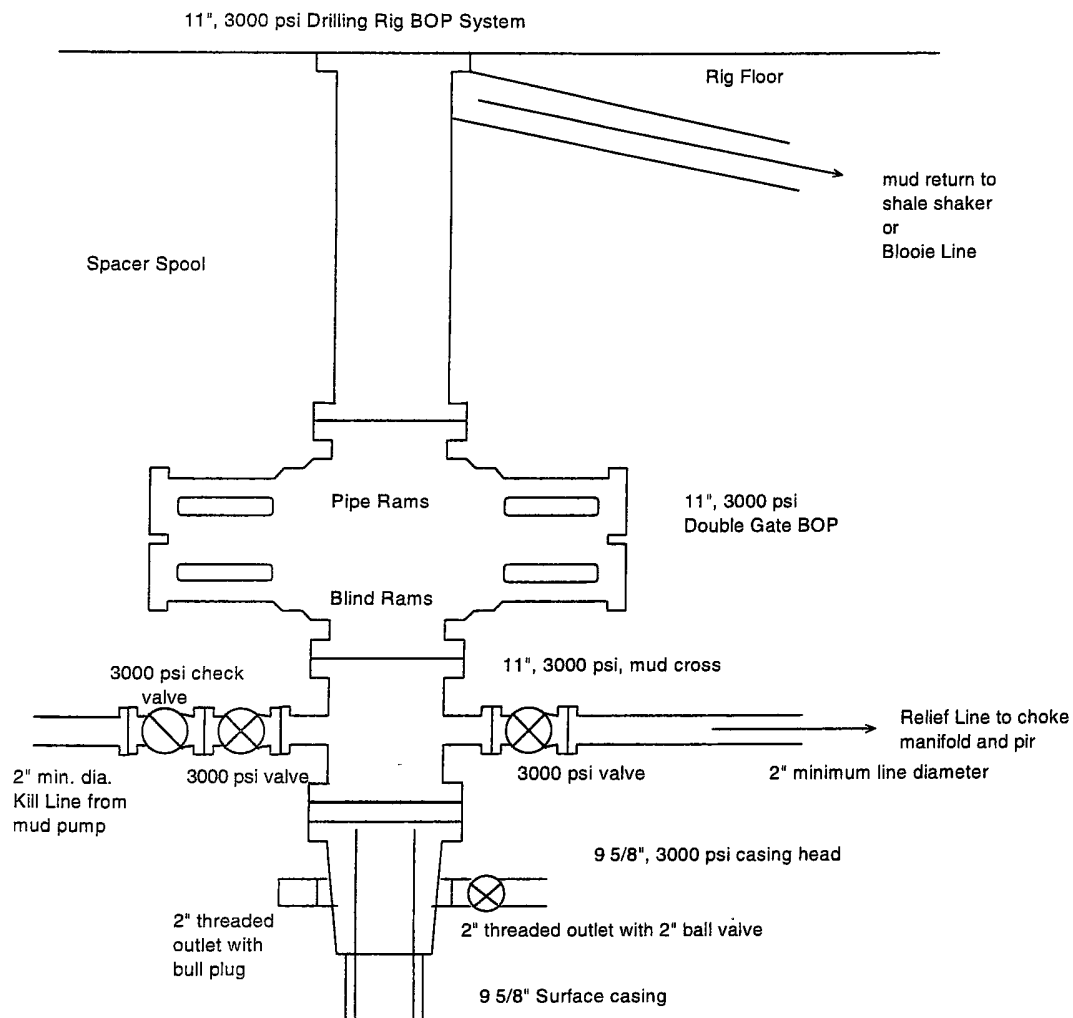
The anticipated spud date is March 20, 2007. It is expected it will take ~10 days to drill and ~12 days to complete the well. Completion will start about one month after the spud and will include hydraulic fracturing.



Rodney L. Seale
Operations Engineer

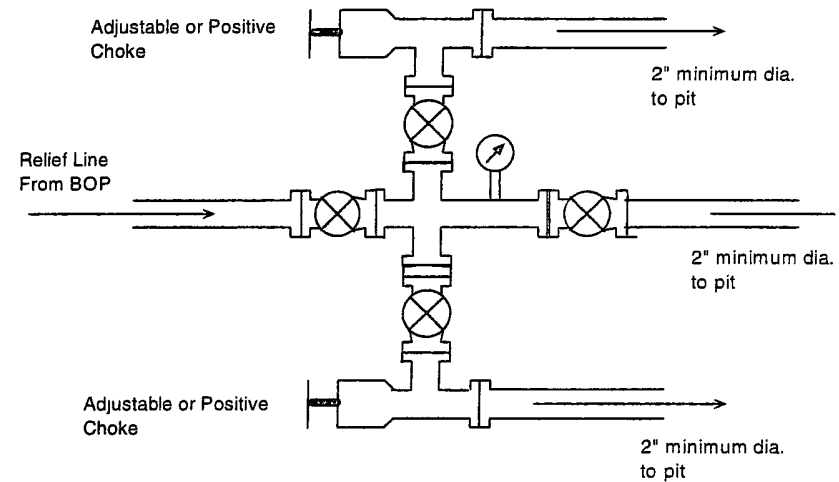
Date: December 12, 2006 ✓

Figure 1



BOP Installation from Surface Casing depth (300') to TD (5050'). 9 5/8", 3000 psi double gate BOP equipped with blind and pipe rams and rotating head. All equipment rated at 3000 psi or greater working pressure.

Figure 2



Choke manifold for BOP system shown in Figure 3. All equipment to be rated at 3000 psi or greater.