

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

2006 DEC 15 PM 3 40

RECEIVED

APPLICATION FOR PERMIT TO DRILL OR REENTER

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

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NOG 01101553	
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name Navajo Allotment 31	
2. Name of Operator D.J. Simmons, Inc.		7. If Unit or CA Agreement, Name and No.	
3a. Address 1009 Ridgeway Place, Suite 200, Farmington N.M. 87401		8. Lease Name and Well No. Kimbeto 1372	
3b. Phone No. (include area code) (505) 326-3753		9. API Well No. 30-045-34120	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface P 1190' FSL x 1153' FWL At proposed prod. zone same		10. Field and Pool, or Exploratory Kimbeto Wash Gallup Oil	
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		11. Sec., T., R., M., or 131k. and Survey or Area Section 13, T23N, R9W	
15. Distance from proposed* location to nearest property or lease line, ft (Also to nearest drig. unit line, if any) 1153'		12. County or Parish San Juan	
16. No. of Acres in lease 160		13. State NM	
17. Spacing Unit dedicated to this well 40			
18. Distance from proposed* to nearest well, drilling, completed, applied for, on this lease, ft. N/A		20. BLJA/BIA Bond No on file BIA Bond RLB 0002876	
19. Proposed Depth 4950'		21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6761 .00' GL	
22. Approximate date work will start* 04/03/07		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.  | 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 <i>Rodney L. Seale</i>	Name (Printed/Typed) Rodney L. Seale	Date 12/13/06
Title Operations Engineer		
Approved by (Signature) <i>[Signature]</i>	Name (Printed/Typed)	Date 7/26/07
Title Acting AFM Minerals	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. BoPE test requirement: 1500#*

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)

HOLD 0104 FOR *NSL*

NOTIFY AZTEC OCD 24 HRS  
PRIOR TO CASING & CEMENT

DEC 30 2007  
OIL CONS. DIV.  
DIST. 3

NMOCD 8-01-07

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 40

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

RECEIVED

070 FARMINGTON NM

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number <b>30-045-34120</b>	<sup>2</sup> Pool Code <b>96598</b>	<sup>3</sup> Pool Name <b>KIMBETO WASH GALLUP OIL</b>
<sup>4</sup> Property Code <b>35771</b>	<sup>5</sup> Property Name <b>KIMBETO 13</b>	<sup>6</sup> Well Number <b>13-2</b>
<sup>7</sup> OGRID No <b>5578</b>	<sup>8</sup> Operator Name <b>D. J. SIMMONS INC.</b>	<sup>9</sup> Elevation <b>6760.95'</b>

<sup>10</sup> Surface Location

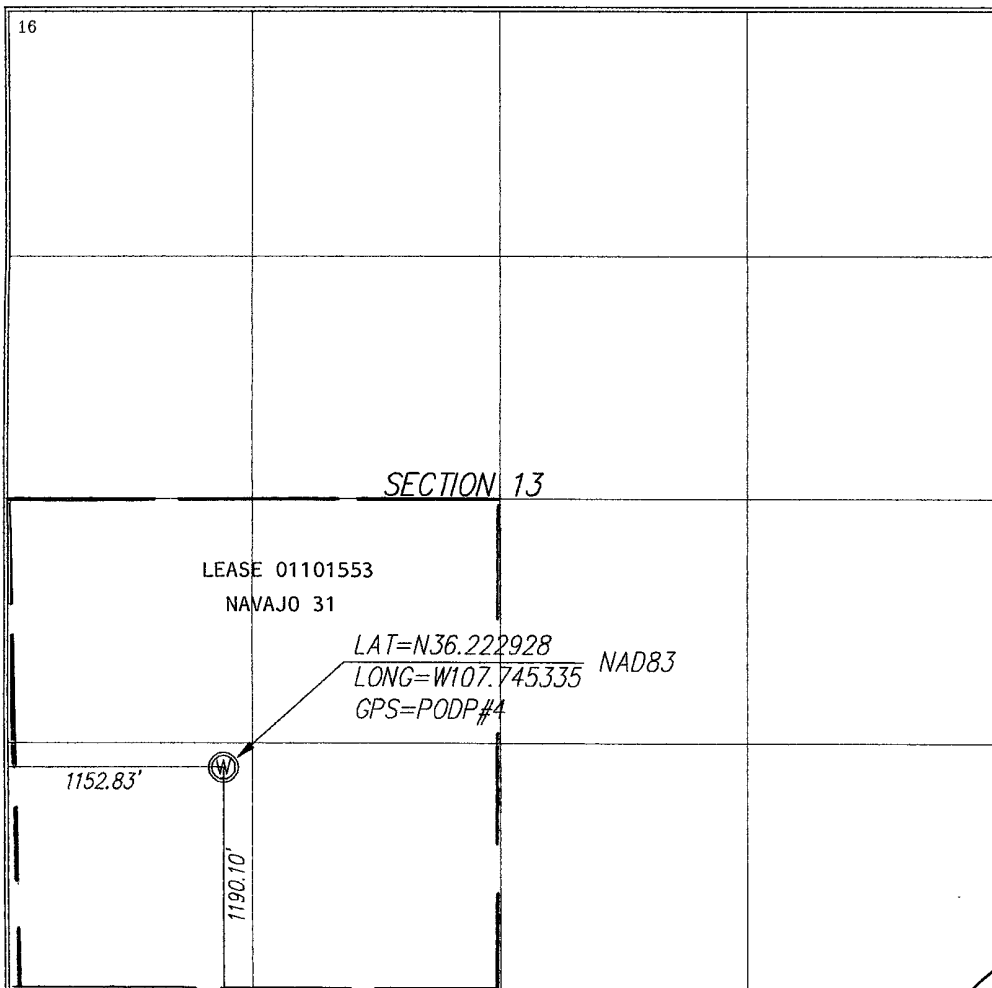
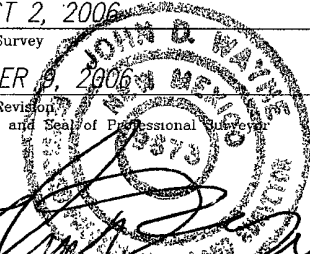
UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>N</b>	<b>13</b>	<b>23N</b>	<b>9W</b>		<b>1190.10</b>	<b>SOUTH</b>	<b>1152.83</b>	<b>WEST</b>	<b>SAN JUAN</b>

<sup>11</sup> 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

<sup>12</sup> Dedicated Acres <b>40.5</b>	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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></div>	<div><p><sup>17</sup> 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>Rodney L. Seale</i> Signature <b>Rodney L. Seale</b> Printed Name <b>Operation Engineer</b> Title <b>Dec. 13, 2006</b> Date</p><p><sup>18</sup> 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><b>AUGUST 2, 2006</b> Date of Survey <b>OCTOBER 9, 2006</b> Date of Revision Signature and Seal of Professional Surveyor  Certificate Number <b>N.M. PLS #9673</b></p></div>
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State of New Mexico  
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

WELL API NO.

30-045-34120

5. Indicate Type of Lease

STATE ☐ FEE ☐

6. State Oil &amp; Gas Lease No.

NOG 01101553

Navajo Allotment 31

7. Lease Name or Unit Agreement Name

Kimbeto 13

8. Well Number 2

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 ☒ Gas Well ☐ Other

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 N : 1190 feet from the South line and 1153 feet from the West line

Section 13 Township 23N Range 9W NMPM San Juan County

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

6760.95 GL

Pit or Below-grade Tank Application ☒ or Closure ☐Pit type Reserve Pit Depth to Groundwater >400' Distance from nearest fresh water well >1000' Distance from nearest surface water >1000'

Pit Liner Thickness: 12 mil Below-Grade Tank: Volume bbls; Construction Material Earthen Bermed

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

## NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐TEMPORARILY ABANDON ☐ CHANGE PLANS ☐PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐OTHER: Proposed drilling pit ☒

## SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐COMMENCE DRILLING OPNS. ☐ P AND A ☐CASING/CEMENT JOB ☐OTHER: ☐

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 reserve 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: reseale@djsimmoninc.com

Telephone No. 505 326 3753

For State Use Only

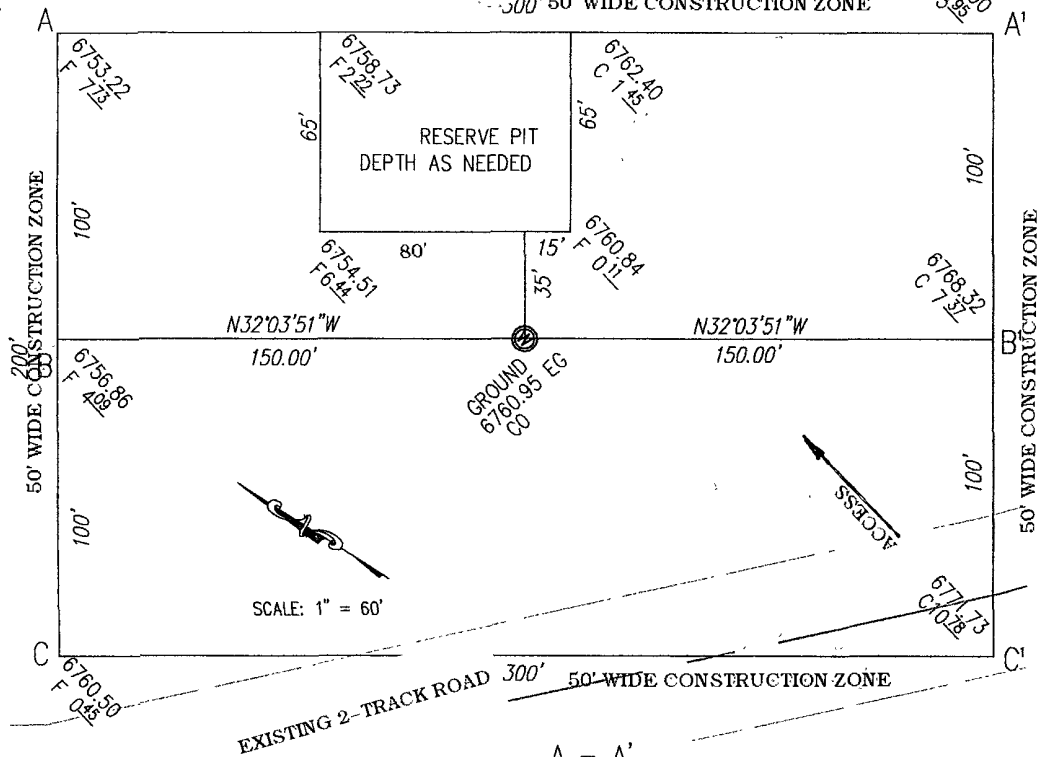
APPROVED BY: [Signature]TITLE Deputy Oil & Gas Inspector,

District #3

DATE AUG 01 2007

Conditions of Approval (if any):

300' 50' WIDE CONSTRUCTION ZONE



D. J. Simmons Inc.

OPERATOR

Kimbeto #13-2

WELL NAME and NUMBER

1190.10' F/SL 1152.83' F/WL

FOOTAGES

13	23N	9W
SEC.	TWP.	RGE.
N36.222928°	W107.745335°	83
LAT.	LONG.	NAD

PODP #4

GPS

San Juan,

New Mexico

COUNTY

STATE

October 9, 2006

REVISED DATE:

August 1, 2006

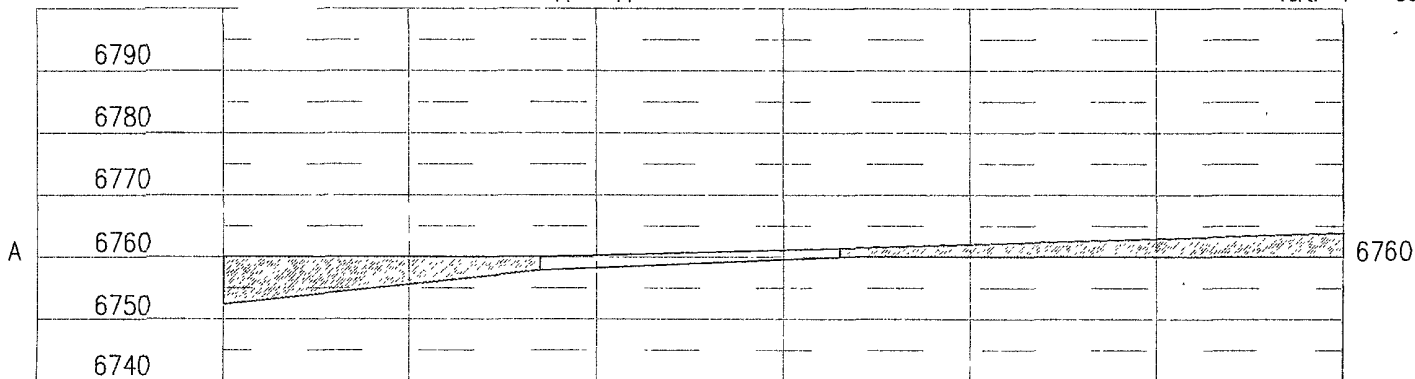
DATE

SCALE

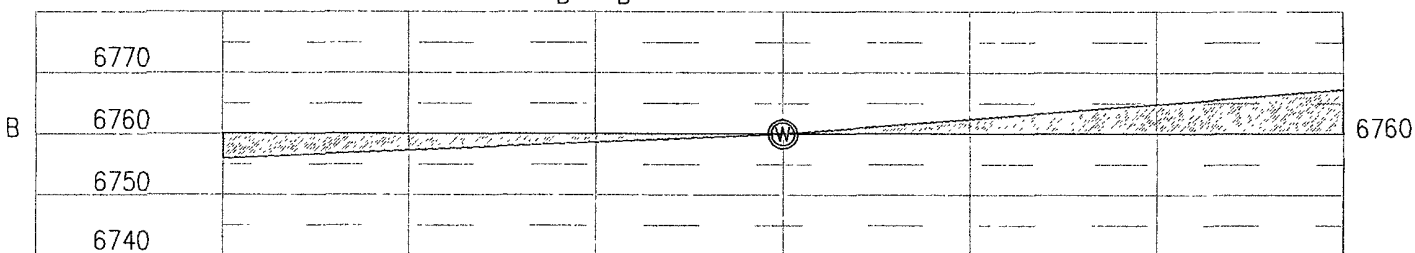
Horiz. 1" = 50'

Vert. 1" = 30'

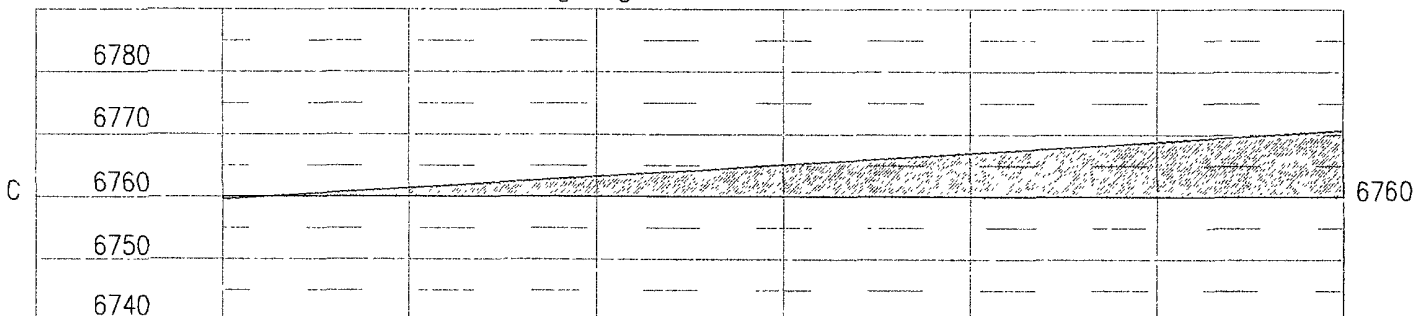
A - A'



B - B'



C - C'



PLAT 1C

**D.J. SIMMONS INC.**  
**KIMBETO 13 #2**  
1190' FSL, 1153' FWL  
Unit N Sec. 13 T23N R9W  
San Juan County, NM

**Drilling Program**

1. ESTIMATED FORMATION TOPS: (KB)

<u>Formation Name</u>	<u>Depth</u>
Kirtland	470'
Fruitland	750'
Pictured Cliffs	1112'
Lewis	1320'
Chacra	1496'
Cliffhouse	1860'
Menefee	2590'
Point Lookout	3568'
Mancos	3736'
Upper Gallup	4242'
Lower Gallup	4577'
TD (5-1/2")	4950'

2. NOTABLE ZONES

Gas or Oil Zones

Point Lookout  
Upper Gallup  
Lower Gallup

Water Zones

Fruitland  
Pictured Cliffs  
Cliffhouse

Water zones will be protected with casing, cement, and weighted mud. Fresh water found while drilling will be recorded. Oil or gas shows will be tested for commercial potential based on the engineer's recommendations.



**D.J. SIMMONS INC.**  
**KIMBETO 13 #2**  
1190' FSL, 1153' FWL  
Unit N Sec. 13 T23N R9W  
San Juan County, NM

3. PRESSURE CONTROL:

Maximum expected pressure is 2200 psi. The drilling contract has not yet been awarded, thus the exact BOP model to be used is not yet known. A diagram of a typical 11" 3,000 psi model BOP is attached.

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 cycled 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"	8-5/8"	23#	LS X-42	New	ST&C	350'
7-7/8"	5-1/2"	15.5#	J-55	New	ST&C	4950'

A 5-1/2" stage tool will be set @ 3660'

**Surface casing** will be cemented to the surface with ~438 cu. ft. (~345 sx) Type III cmt or equivalent (1.27 ft<sup>3</sup>/sx yield, 15.2 ppg, & 5.8 gps) with 2% CaCl<sub>2</sub> and 1/4#/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 = 1222 cu. ft. (588 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.

**1<sup>st</sup> Stage:**

Cement will be ~335 cu. ft. (~167 sx) Premium Lite High Strength FM w/2% KCl, 1/4#/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 13 #2**  
1190' FSL, 1153' FWL  
Unit N Sec. 13 T23N R9W  
San Juan County, NM

**2nd Stage:** A 5-1/2" stage tool will be set @ 3660'  
Lead cement will be ~488 cu. ft. (~222 sx) Premium Lite FM w/3% Cacl<sub>2</sub>, 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. Lead cement calculated to cover the Chacra interval.

Tail cement will be ~399 cu. ft. (~199 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 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'-4950'	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.

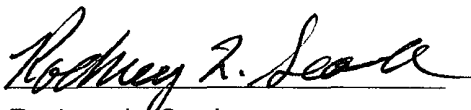
7. DOWN HOLE CONDITIONS

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

8. OTHER INFORMATION

The anticipated spud date is April 3, 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.

Prepared By:

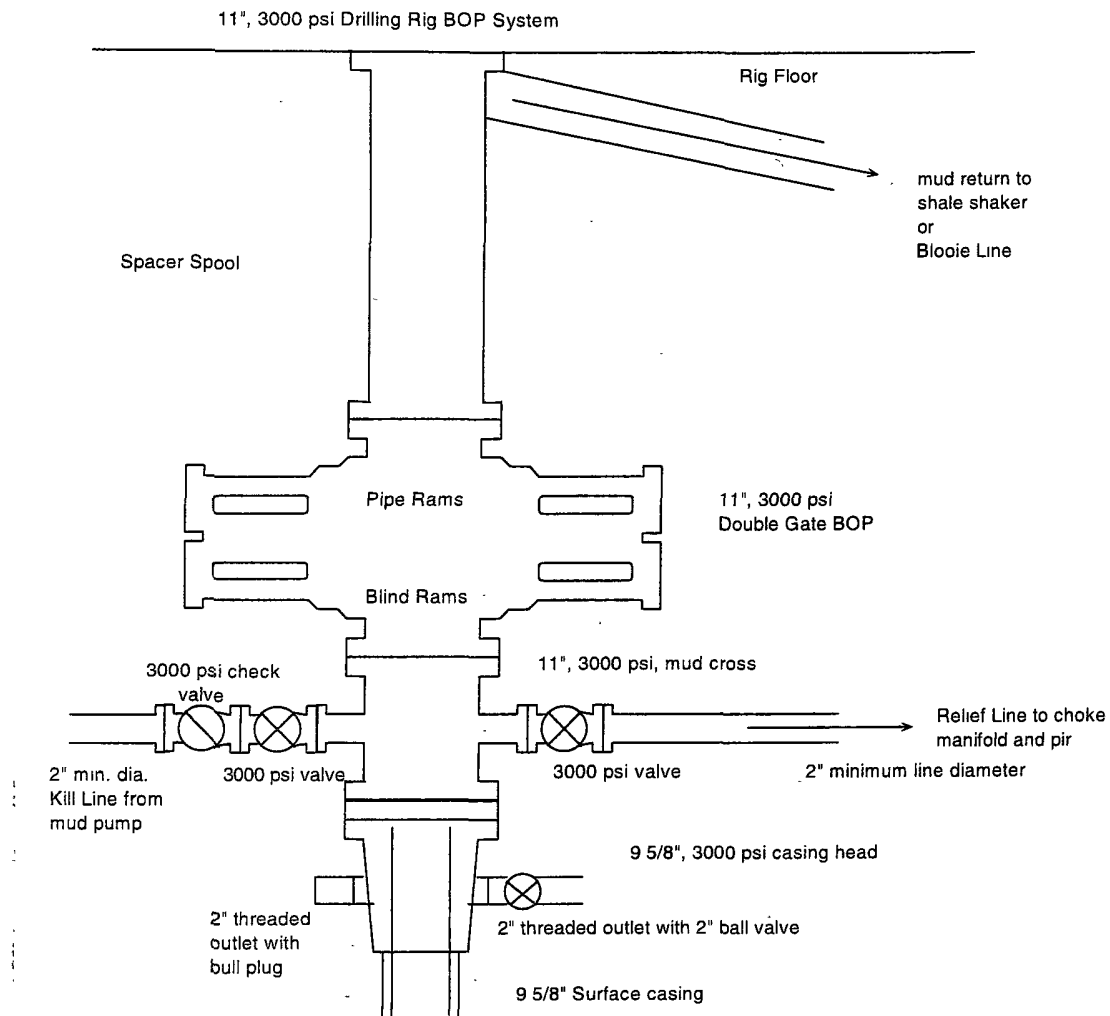


Rodney L. Seale

Operations Engineer

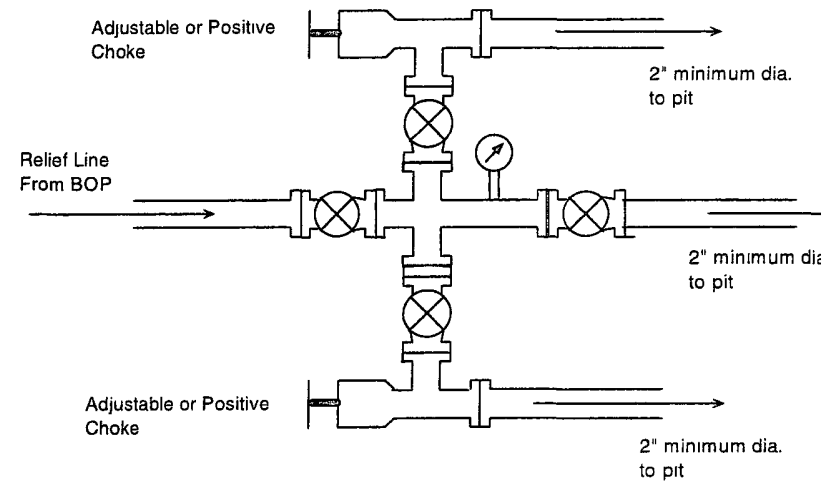
Date: December 14, 2006

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.