

RCVD AUG 27 '07
OIL CONS. DIV.

DIST. 3
Form approved.
OMB No. 1004-0136
Expires: November 30, 2000

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM-83503	
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE		6. If Indian, Allottee or Tribe Name	
2. Name of Operator Dominion Exploration & Production, Inc.		7. If Unit or CA Agreement, Name and No.	
3a. Address 14000 Quail Spgs Parkway, Okla. City, OK 73134		8. Lease Name and Well No. Grassy Canyon #6	
3b. Phone No. (include area code) 405-749-1300		9. API Number 30-045-33576	
4. Location of Well (Report location clearly and in accordance with any state requirements.) At surface 2110' FSL & 2360' FEL At proposed prod. zone 1600' FSL & 660' FEL		10. Field and Pool, or Exploratory Basin Fruitland Coal	
14. Distance in miles and direction from nearest town or post office* 26 miles NE of Aztec, New Mexico		11. Sec., T., R., M., or Blk and Survey or Area 30-32N-7W	
15. Distance from proposed* location to nearest property or lease line, ft (Also to nearest drlg. unit line, if any) 660'		12. County of Parish San Juan	
16. No. of Acres in lease 1131		13 State NM	
17. Spacing Unit dedicated to this well 310.49 820 5/2		18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease. ft 4225'	
19. Proposed Depth 4,196 (MD)		20. BLM/BIA Bond No. on file 76S 63050 0330	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) GL 6830'		22. Approximate date work will start* 15-May-06	
		23 Estimated duration 14 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 provided by a surety bond or other (see Item 20 above).
- Operator certification.
- Such other site specific information and/or plans as may be required by the authorized officer.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

25. Signature <i>Carla Christian</i>	Name (Printed/Typed) Carla Christian	Date 2/02/06
Title Sr. Regulatory Specialist		
Approved by (Signature) <i>[Signature]</i>	Name (Printed/Typed) AFM	Date 3/30/06
Title AFM	Office FFO	

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, 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

NOTIFY AZTEC OCD 24 HRS. OPERATOR
PRIOR TO CASING & CEMENT

RECEIVED
FEB 6 PM 12 01
DFO FARMINGTON NM

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

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

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

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

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 June 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

RCVD AUG 27 '07

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT OIL CONS. DIV.

¹ API Number	² Pool Code 71629	³ Pool Name Basin Fruitland Coal	DIST. 3
⁴ Property Code 35772	⁵ Property Name GRASSY CANYON	⁶ Well Number 6	
⁷ OGRID No. 025773	⁸ Operator Name Dominion Exploration & Production, Inc.	⁹ Elevation 6830'	

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
J	30	32-N	7-W	6	2110	SOUTH	2360	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
I	30	32-N	7-W	5	1600	SOUTH	660	EAST	SAN JUAN

¹² Dedicated Acres 320	¹³ Joint or Infill I	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	
LOT 1				Signature <i>Carla Christian</i> Carla Christian Regulatory Specialist Title January 18, 2006 Date	
LOT 2				Date	
LOT 3 LAT: 36°57'05.5" N. (NAD 83) LONG: 107°36'27.3" W. (NAD 83)				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.	
LOT 4 NMNM - 83503 Grassy Canyon #2				JULY 2005 Date Signature JOHN A. WUKONICH NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR 14831	
LOT 5 W.C. 8.58' SOUTH FD 3 1/4" BC 1962 BLM				Certificate Number	
LOT 6 BOTTOM HOLE LOCATION					
LOT 7 N 84-04-00 W 2708.6' (C)					
LOT 8 CALC CORNER PER GLO					

Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator C.N.G. DEVELOPMENT CO.			Lease GRASSY CANYON		Well No. 2
Unit Letter M	Section 30	Township T.32 N.	Range R.7 W.	County SAN JUAN COUNTY	
Actual Footage Location of Well: 634 feet from the SOUTH line and 507 feet from the WEST line					
Ground level Elev. 6930	Producing Formation FRUITLAND FORMATION		Pool BASIN FRUITLAND COAL	Dedicated Acreage: 310.49 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communization, unitization, force-pooling, etc.?
☐ Yes ☐ No If answer is "yes" type of consolidation _____
If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary).
No allowable will be assigned to the well until all interests have been consolidated (by communization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.

OPERATOR CERTIFICATION

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

Signature

W.B. Martin Jr.

Printed Name

W.B. Martin Jr.

Position

Operators Representative

Company

Date

11/9/90

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 knowledge and belief.

Date Surveyed

SEPTEMBER 21, 1990

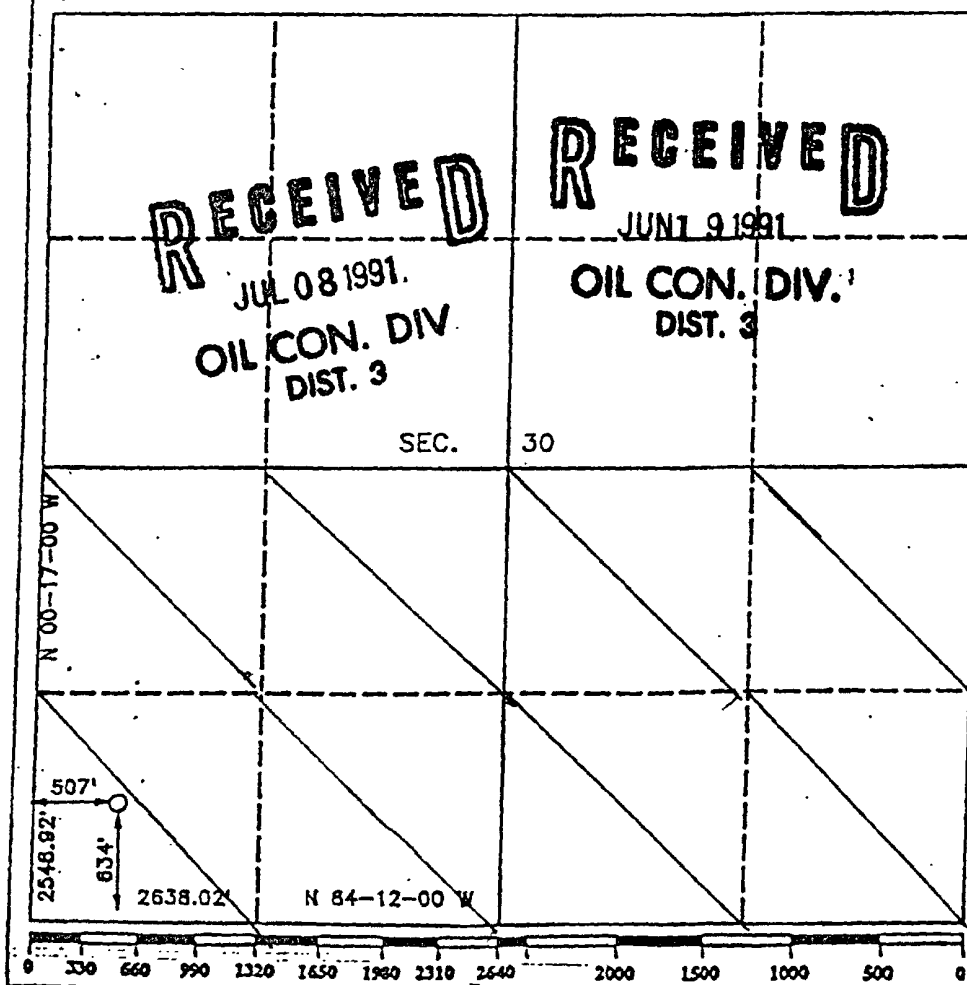
Signature & Seal
Professional Surveyor

R. HOWARD DUGGETT

1987

Certificate No. **1987**

Registered Professional
Land Surveyor



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
rgy, 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.
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. NMNM - 83503
7. Lease Name or Unit Agreement Name Grassy Canyon
8. Well Number 6
9. OGRID Number 025773
10. Pool name or Wildcat Basin Fruitland Coal

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
Dominion Exploration & Production, Inc.

3. Address of Operator
14000 Quail Springs Parkway, Suite 600, Oklahoma City, OK 73134

4. Well Location
Unit Letter J : 2110 feet from the South line and 2360 feet from the East line
Section 30 Township 32N Range 7W NMPM San Juan County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
6830'

Pit or Below-grade Tank Application ☒ or Closure ☐

Pit type Reserve Depth to Groundwater 350' Distance from nearest fresh water well >1000' Distance from nearest surface water >200'

Pit Liner Thickness: 20 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:		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: Reserve 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.

RCVD AUG 27 '07

OIL CONS. DIV.

DIST. 3

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 Carla Christian TITLE Regulatory Specialist DATE 02/02/06

Type or print name
For State Use Only

E-mail address:
Carla.M.Christian@dom.com

Telephone No. (405) 749-5263

APPROVED BY: [Signature]
Conditions of Approval (if any):

Deputy Oil & Gas Inspector,
District #3

DATE AUG 29 2007

DRILLING PLAN

APPROVAL OF OPERATIONS

Attachment for Permit to Drill

Name of Operator: Dominion Exploration & Production
Address: 14000 Quail Springs Parkway, Suite 600
Oklahoma City, OK 73134
Well Location: Grassy Canyon #6
SHL 2110' FSL & 2380' FEL
BHL 1600' FSL & 660' FEL
Section 30-32N-7W
San Juan County, NM

1. GEOLOGIC SURFACE FORMATION San Jose

2. ESTIMATED DEPTHS OF IMPORTANT GEOLOGIC MARKERS

<u>Formation</u>	<u>Depth (MD)</u>
Alamo	2,799'
Kirtland	2,930'
Fruitland	3,584'

ABHP ~ 1500 psi

3. ESTIMATED DEPTHS OF ANTICIPATED WATER, OIL, GAS OR MINERALS

<u>Formation</u>	<u>Depth (MD)</u>	<u>Type</u>
Fruitland	3,584'	Gas

4. PROPOSED CASING PROGRAM

All casing used to drill this well will be new casing. All depths are measured depths.

<u>Type</u>	<u>Size</u>	<u>Weight</u>	<u>Grade</u>	<u>Conn.</u>	<u>Top</u>	<u>Bottom</u>	<u>Hole</u>
Surface	9 5/8"	36.0 ppf	J-55	LTC	0'	300'	12-1/4"
Intermediate	7"	23.0 ppf	K-55	LTC	0'	3,584'	8 3/4"
Prod. Liner	5-1/2"	15.5 ppf	K-55	LTC	3,300'	4,196'	6 1/8"

5. MUD PROGRAM

- An air or an air/mist system may be used to drill to drill the surface hole until water influx becomes too great.
- KCL mud system will be used to drill well.

<u>Depths</u>	<u>Mud System</u>
0' - 300'	Spud mud of lime and gel.
300' - 3,085'	Polymer and water with 5 sack gel sweeps every 500' or less if hole conditions dictate.
3,085' - 3,584'	Fresh water, low solids mud. Mud wt. 9.5 to 10.0 ppg, as necessary to control well. 35-40 sec./qt. Viscosity. 6-8 cc water loss.
	Start mud up 100' above Fruitland
3,584' - 4,196'	Air and Air/water combination

DRILLING PLAN

APPROVAL OF OPERATIONS

6. TESTING, LOGGING, AND CORING PROGRAMS TO BE FOLLOWED

- Laterolog small-scale log from surface casing to TD.
- Laterolog/GR detail log from surface casing to TD.
- LDT/CNL/GR/Caliper detail log from surface casing to TD.

7. WATER SUPPLY

- No water pipelines will be laid for this well.
- No water well will be drilled for this well.
- Drilling water for this will be hauled on the road(s) shown in Attachment No. 3.
- Water will be hauled from: A supply in Bloomfield

8. CEMENT SYSTEMS

a. Surface Casing Cement:

Drill 12 1/4" hole to 300' ± and cement 9 5/8" to surface with 170 sks Halliburton Premium Cement + 2% CaCl₂ + 1/4 # pps flocele.

<u>Sacks</u>	<u>Interval</u>	<u>Density</u>	<u>Yield</u>	<u>Hole</u> <u>Volume</u>	<u>Cement</u> <u>Volume</u>	<u>Excess</u>
170	0 – 300'	15.6 ppg	1.18 CFS	94 CF	201 138 CF	100%

b. Intermediate Casing Cement:

Drill 8 3/4" hole to 3,584' ±, run and cement 7" to surface.

Lead: Halliburton Premium HLC + 10 pps gilsonite + 2% CaCl₂ + 1/4 pps flocele.

Tail: Halliburton Premium Cement + 5 pps gilsonite + 1/4 pps flocele

<u>Type</u>	<u>Sacks</u>	<u>Interval</u>	<u>Density</u>	<u>Yield</u>	<u>Hole</u> <u>Volume</u>	<u>Cement</u> <u>Volume</u>	<u>Excess</u>
Lead	380	0' – 2,869'	12 ppg	1.96 CFS	436 CF	745 520 CF	75%
Tail	150	2,869' – 3,584'	13.5 ppg	1.32 CFS	107 CF	198 188 CF	75%

5 1/2" Production Liner not cemented.

9. MISCELLANEOUS

Operate pipe rams daily and record in tour reports. Operate Blind rams on each trip and record in tour reports. 7" casing rams are to be installed prior to running the production casing. 5 1/2" casing rams are to be installed prior to running the production liner.

10. ANTICIPATED STARTING DATE AND DURATION OF THE OPERATIONS

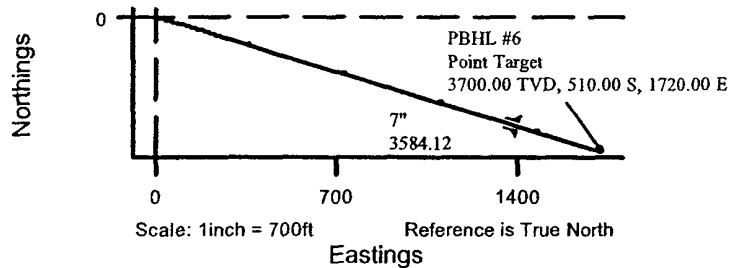
Starting Date: May 15, 2006

Duration: 14 Days

EFFECTIVE: JUNE 1, 2005

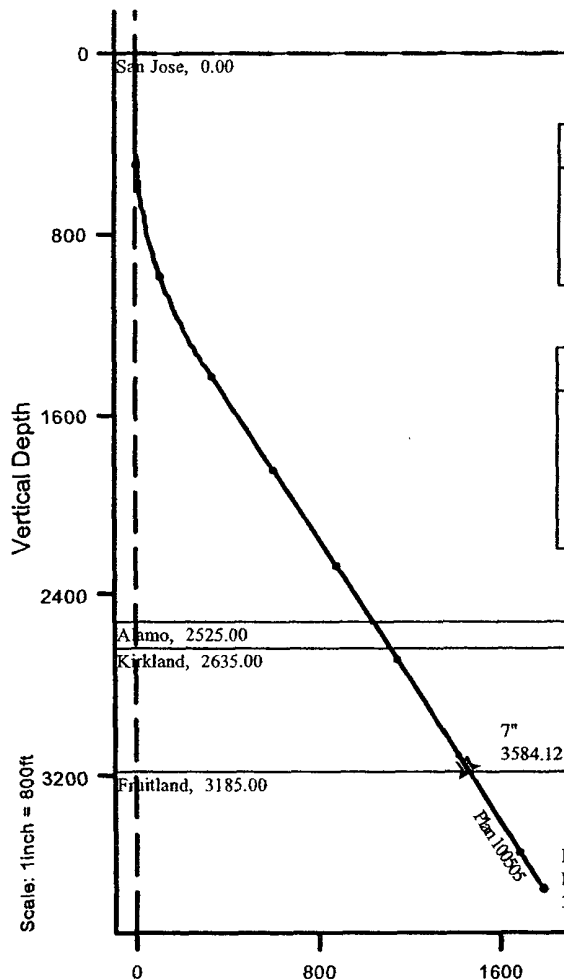
Blow-out Preventor Equipment (BOPE) tests must be performed using an appropriately sized test plug. The BOPE test must be performed and recorded using a test pump, calibrated test gauges and a properly calibrated strip or chart recorder. The test must be recorded in the driller's log and will include a low pressure test requirement of 250 psig held for five minutes and a high pressure test requirement held for ten minutes as described in Onshore Order No. 2 or otherwise authorized in the Application for Permit to Drill (APD). A successful BOPE test using a test plug is considered when no pressure drop occurs over the duration of the test. Test gauges and recorders must be of the proper range and resolution commensurate with the authorized test pressure. Where intermediate casing strings are used, only one BOPE test will be necessary contingent upon the test being conducted to the highest approved test pressure to which the BOPE will be exposed. Casing pressure tests must be held for 30 minutes with no more than 10 percent pressure drop during the duration of the test.

New Mexico
San Juan (NAD 83)
Sec 30-T32N-R07W
Grassy Canyon #6
Plan 100505



Plan 100505 Proposal Data

	Measured Depth	Incl.	Azim.	Vertical Depth	Northings	Eastings	Vertical Section	Dogleg Rate
	0.00	0.000	0.000	0.00	0.00 N	0.00 E	0.00	
Kick-Off Point	350.00	0.000	0.000	350.00	0.00 N	0.00 E	0.00	0.00
Hold Angle	1441.78	32.753	106.516	1383.28	86.32 S	291.13 E	303.66	3.00
Total Depth	4196.48	32.753	106.516	3700.00	510.00 S	1720.00 E	1794.02	0.00



Grassy Canyon #6 Surface Location

RKB Elevation: 6850.00ft above Mean Sea Level

Ref. NE Cor Sec 30: 3170.00 S, 2380.00 W

Ref. Global Coordinates: 2165427.64 N, 2789114.51 E

Ref. Geographical Coordinates: 36° 57' 02.1742" N, 107° 36' 26.5688" W

Plan 100505 Bottom Hole Location

Ref. RKB(6850'): 3700.00ft

Ref. Structure: -3150.00ft

Ref. Wellhead: 510.00 S, 1720.00 E (True North)

Ref. NE Cor Sec 30: 3680.15 S, 660.04 W (True North)

Ref. Global Coordinates: 2164921.72 N, 2790835.72 E

Ref. Geographical Coordinates: 36° 56' 57.1306" N, 107° 36' 05.3781" W



Section Azimuth: 106.516° (True North)

Vertical Section

Prepared by
Dennis Cook

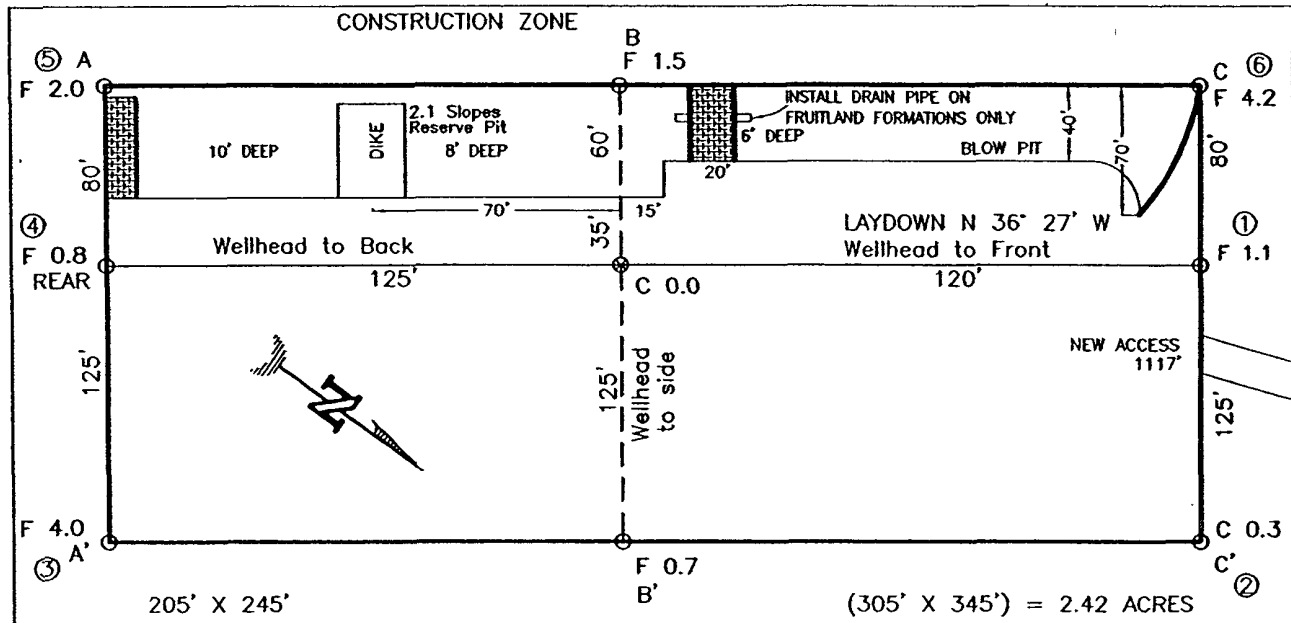
Date/Time:
5 October, 2005 - 14 04

Checked

Approved

DOMINION OKLAHOMA TEXAS EXPLORATION & PRODUCTION INC.
 GRASSY CANYON No. 6, 2110' FSL 2360' FEL
 SECTION 30, T32N, R7W, N.M.P.M., SAN JUAN COUNTY, N. M.
 GROUND ELEVATION: 6830', DATE: JULY 28, 2005

LAT. = 36°57'05.5" N.
 LONG. = 107°36'27.3" W



RESERVE PIT DIKE: TO BE 8' ABOVE DEEP SIDE (OVERFLOW - 3' WIDE AND 1' ABOVE SHALLOW SIDE).
 BLOW PIT: OVERFLOW PIPE HALFWAY BETWEEN TOP AND BOTTOM AND TO EXTEND OVER PLASTIC LINER AND INTO BLOW PIT.

NOTE: DAGGETT ENTERPRISES, INC. IS NOT LIABLE FOR UNDERGROUND UTILITIES OR PIPELINES. NEW MEXICO ONE CALL TO BE NOTIFIED 48 HOURS PRIOR TO EXCAVATION OR CONSTRUCTION.

ELEV. A-A'	C/L
6840	
6830	
6820	
6810	

ELEV. B-B'	C/L
6840	
6830	
6820	
6810	

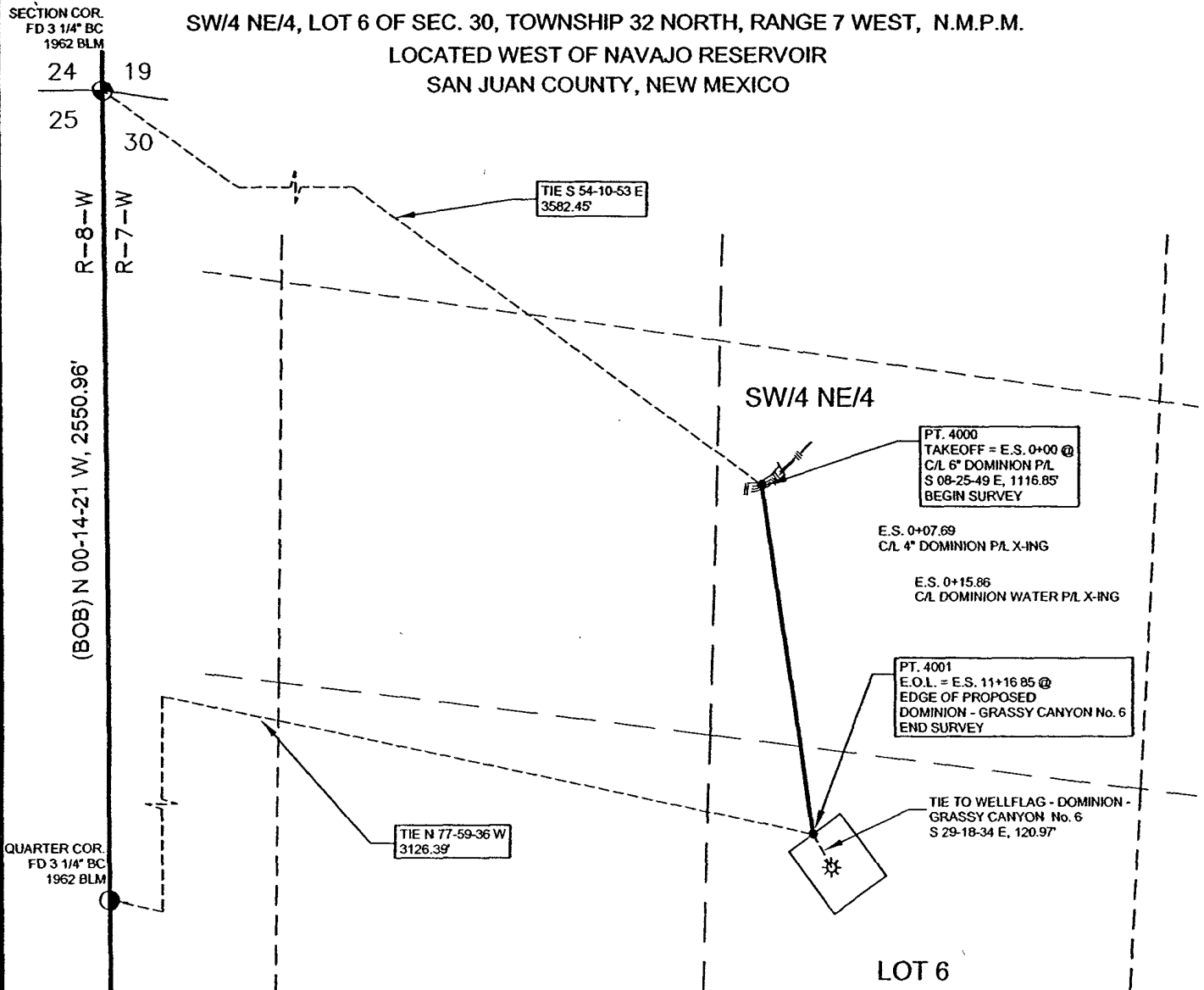
ELEV. C-C'	C/L
6840	
6830	
6820	
6810	

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.

REVISION:	DATE:	REVISED BY:
<p>Daggett Enterprises, Inc. Surveying and Oil Field Services P. O. Box 15068 • Farmington, NM 87401 Phone (505) 326-1772 • Fax (505) 326-6019 NEW MEXICO P.L.S. No. 14831 CABLE DMO07CF8 DATE 06/06/05</p>		
<p>DOWN BY: A.G. NORTH DMO07</p>		

A PRELIMINARY SURVEY BEING A CENTERLINE SURVEY OF BLM LANDS FOR
DOMINION OKLAHOMA TEXAS EXPLORATION & PRODUCTION INC.
GRASSY CANYON No. 6 PIPELINE AND ACCESS

SW/4 NE/4, LOT 6 OF SEC. 30, TOWNSHIP 32 NORTH, RANGE 7 WEST, N.M.P.M.
 LOCATED WEST OF NAVAJO RESERVOIR
 SAN JUAN COUNTY, NEW MEXICO



NOTES:

- 1) BASIS OF BEARING: BETWEEN FOUND MONUMENTS AT THE WEST QUARTER CORNER AND THE NORTHWEST CORNER OF SECTION 30, TOWNSHIP 32 NORTH, RANGE 7 WEST, N.M.P.M. LINE BEARS N 00-14-21 W A DISTANCE OF 2550.96 AS MEASURED BY GPS MEASUREMENT.
- 2) DATE OF SURVEY- AUGUST 3, 2005
- 3) DAGGETT ENTERPRISES, INC. IS NOT LIABLE FOR UNDERGROUND UTILITIES OR PIPELINES. NEW MEXICO ONE CALL TO BE NOTIFIED 48 HOURS PRIOR TO EXCAVATION OR CONSTRUCTION.

OWNER	STATION	FT./RODS
BLM	E.S. 0+00 to E.S. 11+16.85	1116.85/67.69




0 250 500
 SCALE: 1"=500'



I, JOHN A. VUKOVICH, A NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR CERTIFY THAT THIS PLAT WAS PREPARED FROM AN ACTUAL SURVEY PERFORMED BY ME OR UNDER MY DIRECT SUPERVISION, AND THAT THIS SURVEY AND PLAT MEET THE MINIMUM STANDARDS FOR SURVEYING IN NEW MEXICO.

I FURTHER CERTIFY THAT THIS IS NOT A LAND DIVISION OR SUBDIVISION AS DEFINED IN THE NEW MEXICO SUBDIVISION ACT.

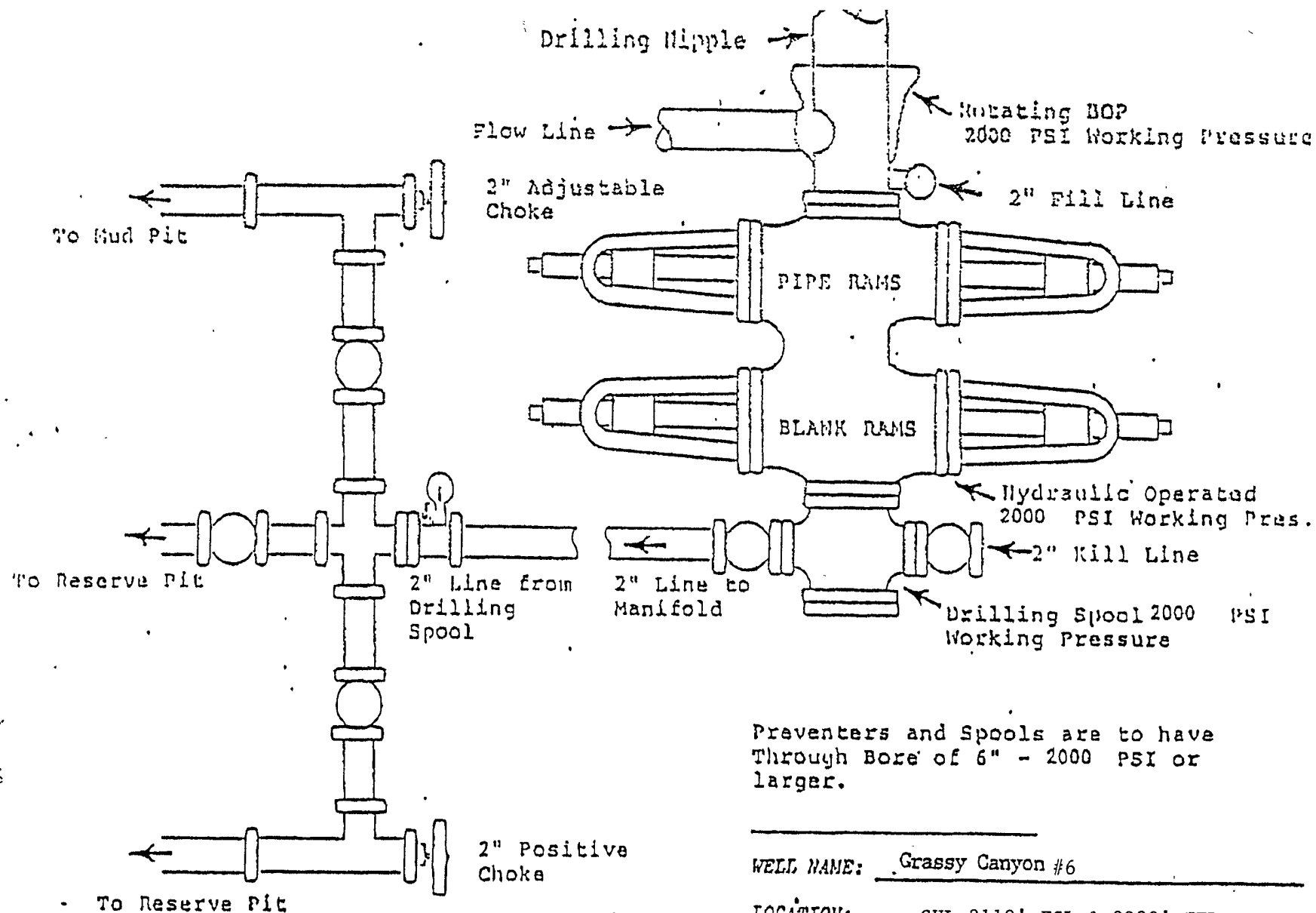
DATE: 8-25-05

REVISION	REV. BY	DATE
 Daggett Enterprises, Inc. Surveying and Oil Field Services P. O. Box 15068 Farmington, NM 87401 Phone (505) 328-1772 Fax (505) 328-6019 REGISTERED LAND SURVEYOR NEW MEXICO No. 14831		
SHEET 1 OF 1		CADFILE: DM007P01
DRAWN BY: A.G.	ROW#: DM007	DATE: 08/09/05

DRILLING CONDITIONS OF APPROVAL

Operator: Dominion Exploration & Production
Lease No.: NMNM 83503
Well Name: Grassy Canyon #6
Well Location: sec. 30, T32N, R7W; 2110' FSL & 2360' FEL

1. Centralizers must be run on the surface casing according to Onshore Order No. 2 *Casing and Cementing Requirements* and NTL –FRA 90-1 *Requirements to Operate on Federal and Indian Leases: Casing and Cementing Requirements*.
2. For all other casings, an adequate number of casing centralizers must be run through usable water zones to ensure that casing is centralized through these zones. An adequate number of centralizers to use shall be determined by API standards.
3. Centralizers to impart a swirling action around the casing (such as turbolators) are required just below and into the base of the lowest usable water zone.
4. Since no BOPE test pressures were proposed, please test the BOP and related equipment according to Onshore Order No. 2 *Minimum Standards and Enforcement Provisions For Well Control Equipment Testing*.



Preventers and Spools are to have Through Bore of 6" - 2000 PSI or larger.

WELL NAME: Grassy Canyon #6

LOCATION: SHL 2110' FSL & 2380' FEL
Section 30, T32N - R7W

COUNTY: San Juan County

STATE: New Mexico

NOTE: Upper kelly cock valve with handle will be used. Safety valves for all drill strings used will be on the rig floor.