

RECEIVED

OCT 19 2007

FORM APPROVED
OMB NO. 1004-0137
Expires: March 31, 2007

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
Farmington Field Office
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 98740		
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 RCUD NOV 20 2007 OIL CONS. DIV.		
2. Name of Operator Redwolf Production, Inc.			7. If Unit or CA Agreement, Name and No. DIST. 3		
3a. Address P. O. Box 5382 Farmington, NM 87499		3b. Phone No. (include area code) (505) 326-4125		8. Lease Name and Well No. Sarah No. 4	
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 2485' FSL, 1780' FWL At proposed prod. zone Same			9. API Well No. 30-045-34473		
14. Distance in miles and direction from nearest town or post office* 26 miles South of Bloomfield, NM			10. Field and Pool, or Exploratory Basin Fruitland Coal		
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest orig. unit line, if any) 1780'		16. No. of Acres in lease 800		17. Spacing Unit dedicated to this well 320 acres 52	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 130'		19. Proposed Depth 1790'		20. BLM/BIA Bond No. on file 2040 NM 2231	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6742' GR		22. Approximate date work will start* As soon as permitted		23. Estimated duration 15 days	

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, must be attached to this form:

- | | |
|--|--|
| 1. Well plat certified by a registered surveyor | 4. Bond to cover the operations unless covered by and 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 BLM. |

25. Signature Dana L. Delventhal	Name (Printed/Typed) Dana L. Delventhal	Date 10/17/2007
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Title
Vice President

Approved by (Signature) D. Mankei	Name (Printed/Typed) D. Mankei	Date 11/19/07
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Title
AFM

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 page 2)

NOTIFY AZTEC OCD 24 HRS.
PRIOR TO CASING & CEMENT

Obtain a pit permit from NMOCD
prior to constructing location

NMOCD

\$121

This document is subject to review and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4

BLM'S APPROVAL OR ACCEPTANCE OF THIS ACTION DOES NOT RELIEVE THE LESSEE AND OPERATOR FROM OBTAINING ANY OTHER AUTHORIZATION REQUIRED FOR OPERATIONS ON FEDERAL AND INDIAN LANDS

HOLD C104 FOR N SL

DRILLING OPERATIONS AUTHORIZED ARE SUBJECT TO COMPLIANCE WITH ATTACHED "GENERAL REQUIREMENTS".

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 October 12, 2005

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

OCT 19 2007

Bureau of Land Management ☐ AMENDED REPORT
Farmington Field Office

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30045-34473		*Pool Code 71629	*Pool Name Basin Fruitland Coal
*Property Code 21133	*Property Name SARAH		*Well Number 4
*GRID No. 018973	*Operator Name RED WOLF PRODUCTION INC		*Elevation 6742

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
K	28	25-N	10-W		2485	SOUTH	1780	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			¹³ Joint or Infill N		¹⁴ Consolidation Code		¹⁵ Order No.		

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

FD. 2 1/2" BC. 1932 G.L.O.		28			
1780'		LAT: 36.37166° N. (NAD 83) LONG: 107.90481° W. (NAD 83)			
N 00-03-17 W 2631.3' (M)		NMNM 98740			
2485'					
FD. 2 1/2" BC. 1932 G.L.O.		S 89-47-23 E 2637.5' (M)		FD. 2 1/2" BC. 1932 G.L.O.	

17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Dana L. Delventhal

10/17/07

Signature

Date

Dana L. Delventhal

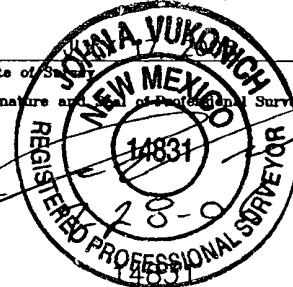
Printed Name

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.

Date of Survey

Signature and Seal of Professional Surveyor



Certificate Number

Drilling Program

1. Formation Tops

The estimated tops of important geologic markers are:

<u>Formation Name</u>	<u>GL Depth</u>	<u>KB Depth</u>	<u>SS Elev.</u>
Ojo Alamo	604'	610'	6132'
Basin Fruitland Coal	1384'	1390'	5352'
Pictured Cliffs	1626'	1632'	5110'
Total Depth (TD)	1784'	1790'	4952'

*All elevations reflect the ungraded ground level of 6742'.

2. Notable Zones

Oil and Gas Zones

Basin Fruitland Coal (1390')
Pictured Cliffs (1632')

The primary objective is the Basin Fruitland Coal formation. Completion may require fracturing. The entire wellbore will be cased. Water zones will be protected with casing, cement, and weighted mud. Oil and gas shows will be tested for commercial potential based on the well site geologist's recommendations.

3. Pressure Control

BOP systems will follow Onshore Order No. 2. The drilling contract has not yet been awarded, thus the exact BOP model to be used is not yet known. A typical model is shown on the attached page.

Once out from under the surface casing, a minimum 2000 psi BOP and choke manifold system will be used. BOP controls will be installed before drilling the surface casing plug and used until the well is completed or abandoned.

Pressure tests to 1,500 psi will be conducted with a BOP tester. All BOP mechanical and pressure tests will be recorded on the driller's log. BOPs will be inspected and operated at least daily to assure good mechanical working order. The inspection will be recorded on the daily drilling report.

4. Casing and Cement

<u>Hole Size</u>	<u>OD</u>	<u>Weight (lb/ft)</u>	<u>Grade</u>	<u>Depth</u>
9 7/8"	7"	20.00	J-55	120'
6 1/4"	4 1/2"	10.50	J-55	1790'

Surface casing will be cemented to surface with 75 sx (88.5 cf) of Class A cement containing 2% CaCl and 1/4 #/sk cello flakes. Production casing will be cemented to surface in one stage using 120 sx (247.2 cf) of Class A cement containing 2% Sodium Metasilicate and 1/4 #/sk cello flakes followed by 100 sx (118 cf) of Class B cement containing 2% CaCl and 1/4 #/sk cello flakes. The entire wellbore will be cased. Water zones will be protected with casing, cement, and weighted mud.

5. Mud Program

The proposed mud program is:

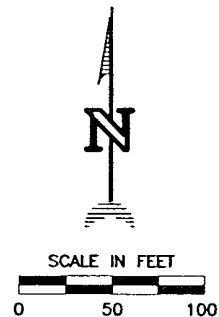
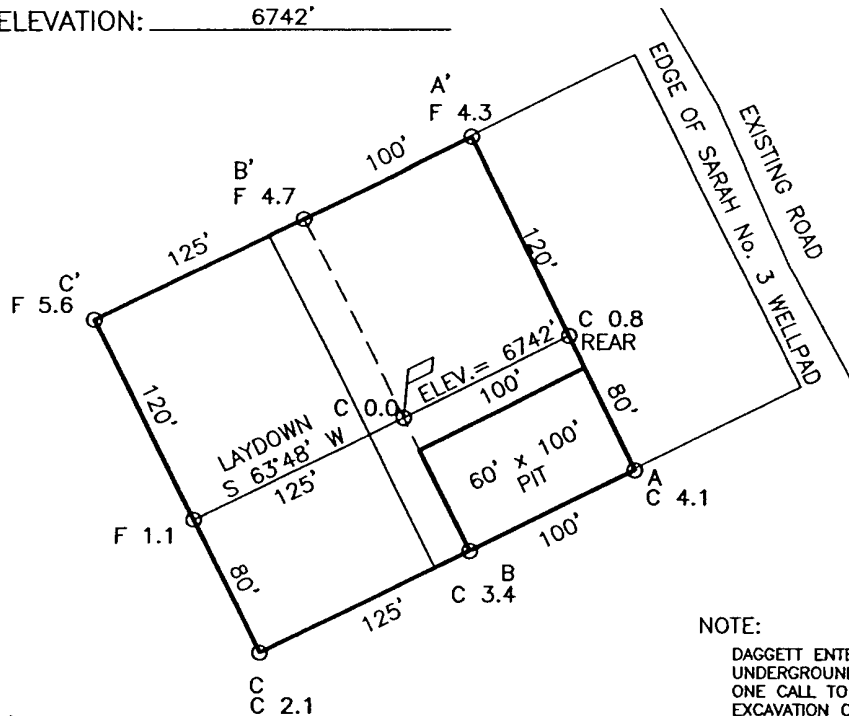
<u>Depth</u>	<u>Type</u>	<u>ppg</u>	<u>Vis(cp)</u>	<u>F1(cc)</u>
0-120'	Spud mud and Gel Lime	8.8	50	N/A
120'-TD	LSND	9.0	45	10

6. Coring, Testing, and Logging

No cores are planned. The following logs are likely to be run:

Dual Induction, Formation Density,
Compensated Neutron, SP, Gamma Ray

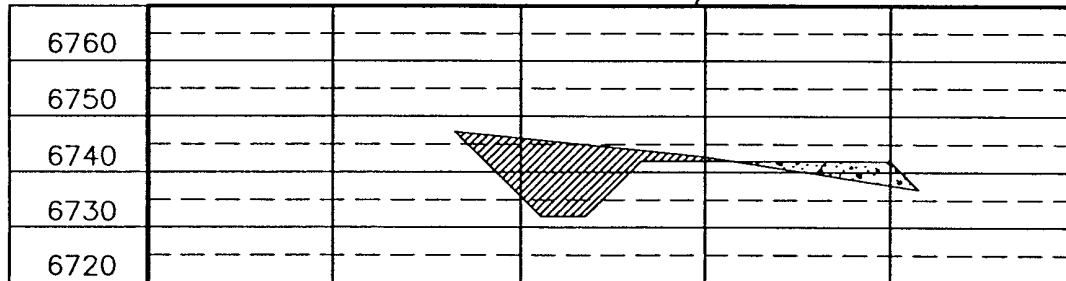
COMPANY: RED WOLF PRODUCTION, INC.
 LEASE: SARAH No. 4
 FOOTAGE: 2485' FSL, 1780' FWL
 SEC.: 28 , TWN: 25-N , RNG: 10-W , NMPM
 ELEVATION: 6742'



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.

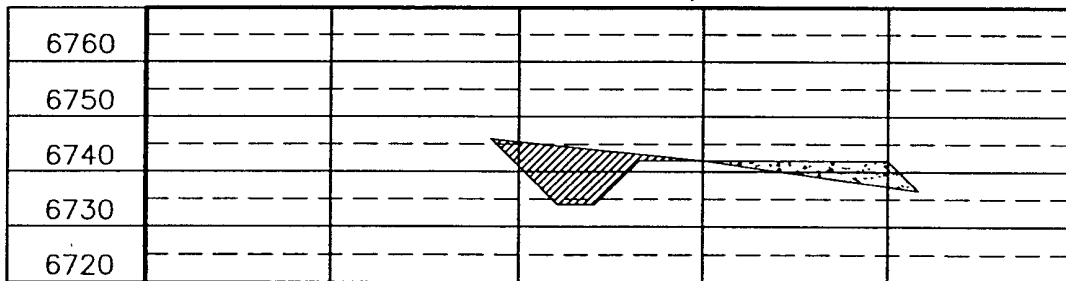
ELEV. A-A'

C/L



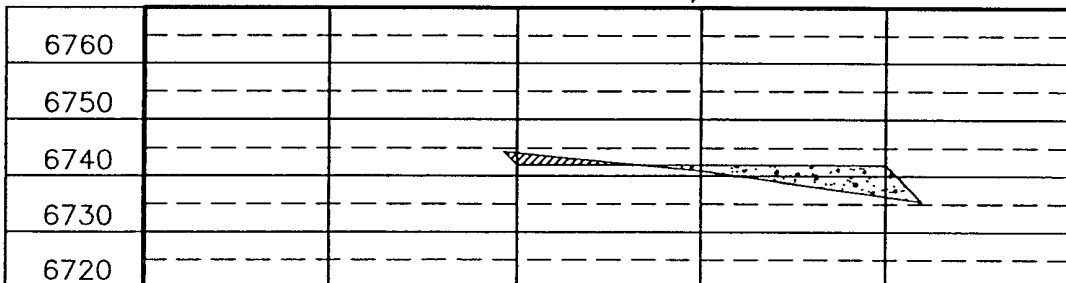
ELEV. B-B'

C/L



ELEV. C-C'

C/L

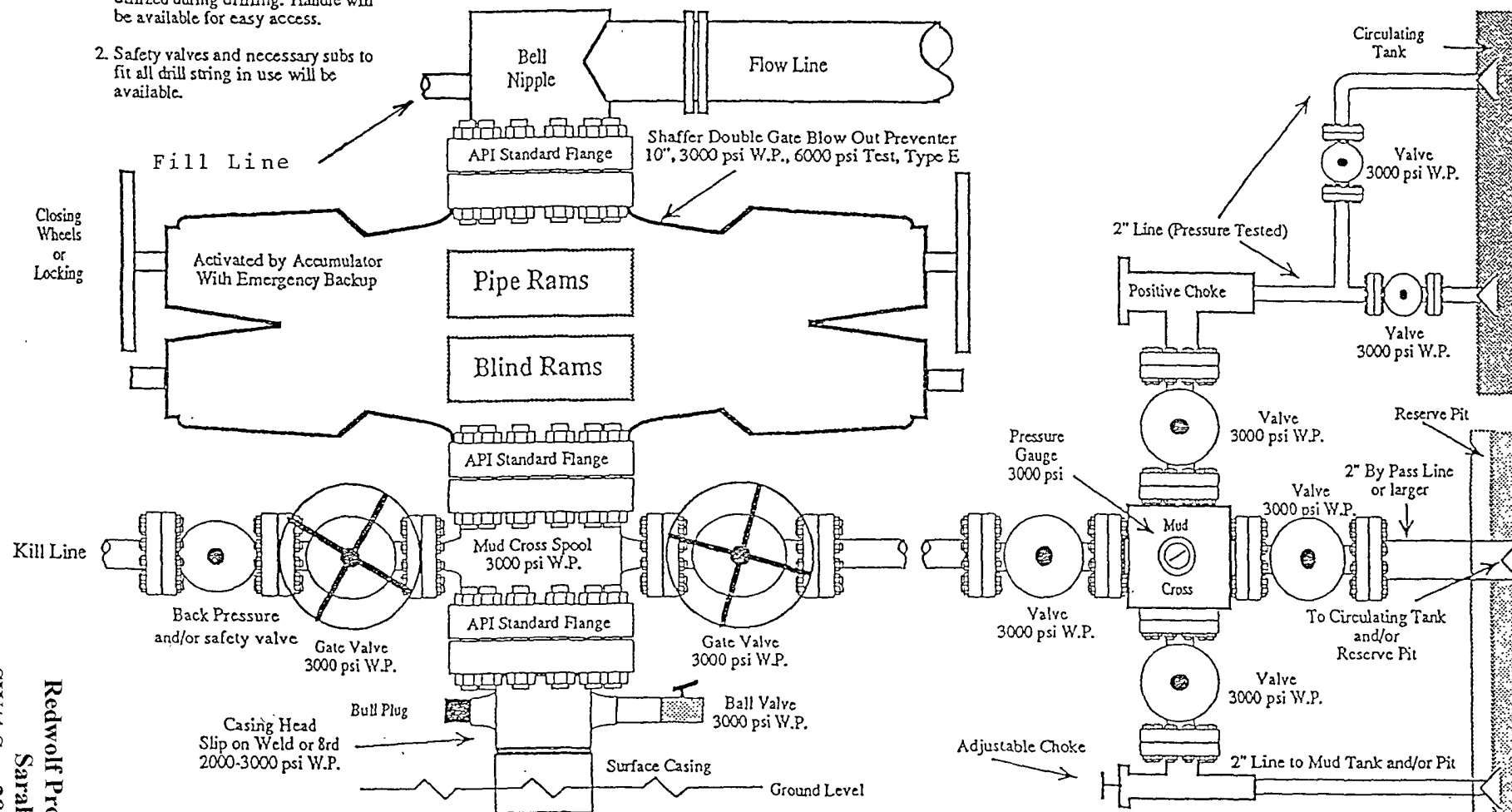


REVISION:	DATE:	REVISED BY:
Daggett Enterprises, Inc. Surveying and Oil Field Services P. O. Box 15088 • Farmington, NM 87401 Phone (505) 326-1772 • Fax (505) 326-6019 COLORADO L.S. No. 20693 DAPPLE RW028CFB DATE: 07/21/06		
DRAWN BY: A.G. ROW#: RW028		

Pressure Control Equipment

Note: 1. An upper Kelly cock valve will be utilized during drilling. Handle will be available for easy access.

2. Safety valves and necessary subs to fit all drill string in use will be available.



Note: This equipment is designed to meet requirements for a 2-M rating standard per 43 CFR part 3160 (amended). Proper operation and testing of equipment will be carried out per standard. 2,000 psi equipment can be substituted in the drawing to meet minimum requirements per standard.