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Form 3160-3  
(August 1999)FORM APPROVED  
OMB No. 1004-0136  
Expires November 30, 2000UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

070 Farmington, NM

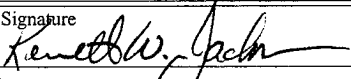

## APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. <del>NM048376A</del> <b>NMNM080280</b>
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 Four Star Oil and Gas Company		7. If Unit or CA Agreement, Name and No.
3a. Address 11111 S. Wilcrest Houston, Tx 77099		8. Lease Name and Well No. Mexico Federal M #2 <b>S</b>
3b. Phone No. (include area code) (281) 561-4991		9. API Well No. 30-045- <b>31938</b>
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 1575' FSL & 1605' FEL Unit Letter J NWSE At proposed prod. zone Same as surface		10. Field and Pool, or Exploratory Basin Fruitland Coal
14. Distance in miles and direction from nearest town or post office* Approx. 11 Miles North of Farmington, NM		11. Sec., T., R., M., or Blk. and Survey or Area <b>J</b> Sec. 12, T31N, R13W NMPM
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1575'	16. No. of Acres in lease 320	12. County or Parish San Juan
17. Spacing Unit dedicated to this well 320 <b>52</b>	13. State NM	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 720'	19. Proposed Depth 2320'	20. BLM/BIA Bond No. on file ES0022
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5815' GL	22. Approximate date work will start* Fall 2003	23. Estimated duration Five days to drill and Six days to complete

## 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.  | 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 	Name (Printed/Typed) Kenneth W. Jackson	Date 10/2/03
Title Regulatory Specialist		
Approved by (Signature) 	Name (Printed/Typed) David J. Mankiewicz	Date DEC - 4 2003
Title Regulatory Specialist	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.

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

NM0000

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 <b>30065-31938</b>		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code <b>24804</b>	*Property Name MEXICO FEDERAL M		*Well Number 2S
*GRID No. 131994	*Operator Name FOUR STAR OIL & GAS COMPANY		*Elevation 5815'

<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
J	12	31N	13W		1575	SOUTH	1605	EAST	SAN JUAN

<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 320.0 Acres - (S/2)					<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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

<div><p>16</p><p>5352.60'</p><p>2626.14'</p><p>2643.30'</p><p>2660.46'</p><p>12</p><p>1575'</p><p>1605'</p><p>5274.72'</p><p>2626.14'</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>Kenneth W. Jackson</i> Signature <i>Kenneth W. Jackson</i> Printed Name <i>Regulatory Specialist</i> Title <i>10/02/03</i> Date</p></div>
	<div><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>Survey Date: SEPTEMBER 2, 2003</p><p>Signature and Seal of Professional Surveyor</p><div><p>JASON C. EDWARDS NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR 15269</p></div><p><i>JASON C. EDWARDS</i> Certificate Number 15269</p></div>

**1. Formation Tops**

The estimated tops of important geologic markers are:

<u>Formation Name</u>	<u>GL Depth</u>	<u>KB Depth</u>	<u>Subsea Elevation</u>
San Jose	0'	0'	0'
Ojo Alamo	569'	581'	+5,246'
Kirtland	709'	721'	+5,106'
Fruitland	1,732'	1,744'	+4,083'
Fruitland Coal	1,970'	1,982'	+3,845'
Pictured Cliffs	2,120'	2,132'	+3,695'
Total Depth (TD)*	2,320'	2,332'	+3,495'

\* all elevations reflect the ungraded ground level of 5815' GL.

**2. Notable Zones**

<u>Oil &amp; Gas Zones</u>	<u>Water Zones</u>	<u>Minerals Zones</u>
Fruitland (1,732')	San Jose (surface)	Fruitland Coal (1,970')
Pictured Cliffs (2,120')	Ojo Alamo (569')	
	Fruitland (1,970')	
	Pictured Cliffs (2,120')	

Primary objective is the Fruitland Coal. Completion may require fracturing. Entire well bore will be cased and cemented. Water Zones will be protected with casing, cement, and weighted mud. Fresh water encountered during drilling will be recorded by depth, cased, and cemented. 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 Oil and Gas Order No. 2. and API RP 53. The drilling contract has not been awarded, thus the exact BOP model to be used is not yet known. A typical model BOP is shown on page 5. Maximum expected pressure is ~~≈1200~~ psi. 1000 psi

Once out from under the surface casing, a 3000 psi BOP and choke manifold will be used. BOP controls will be installed before drilling the surface casing plug and remain in use until the well is completed or abandoned.

BOP's will be tested to 250psi low/2500psi high with clear water on initial rig-up. Pipe rams will be activated daily. Blind rams will be activated each trip. BOP mechanical and pressure tests will be recorded on the driller's log. BOP's will be inspected and operated at least daily to assure good mechanical working order. Inspections will be recorded on the daily drilling report. Pressure tests will be conducted before drilling out from under all casing strings which are set and cemented in place.

**4. Casing & Cement**

<u>Hole size</u>	<u>O.D.</u>	<u>Weigh (lb/ft)</u>	<u>Grade</u>	<u>Type</u>	<u>Age</u>	<u>GL Setting Depth</u>
12-1/4"	8-5/8"	24.0	J-55	LT&C	New	0'-350'
7-7/8"	5-1/2"	17.0	J-55	LT&C	New	0'-2,332'
Tubing	2 7/8	6.5	J-55	8rd	New	

**Surface casing:**

**Guide shoe/1 joint casing/Float Collar/Casing with centralizers on bottom 4 joints. Surface casing will be cemented to the surface with 100% over theoretical gauge hole volume as follows:**

**Pump  $\approx$  259 sx (303 cu ft) of Class G + 2%  $\text{CaCl}_2$  + 0.25 pps cellophane flakes. (Yield 1.16 cu ft/sk, Weight: 15.8 PPG)  
WOC 8 hours.**

**Production casing:**

**Float Shoe/1 joint/Float Collar/Casing with centralizers on the bottom two joints, and one every other joint to  $\pm$  1000' above the shoe.**

**Production casing will be cemented to the surface with 50% over theoretical gauge hole volume as follows:**

**Pump  $\approx$  243sx sx (611 cu ft) of "CemCrete" Blend (D124/D154/D49 with 0.5% D112 fluid-loss additive, 0.11% D65 diepersant, 0.03 gps D47 defoamer, and 0.25 pps D29 cellophane flakes.  
(Yield: 2.51 cu ft/sk, Weight: 9.5 PPG)**

**5. Mud Program**

<u>Depth</u>	<u>Type</u>	<u>PPQ</u>
0-350'	Water/ Spud Mud	8.4-8.9
350-TD	LSND	9.2

**6. Coring, Testing & Logging**

**No cores or DST's are planned. Schlumberger Platform Express logs will be run from TD to 9 5/8" casing. CCL and cement bond logs will be run if needed.**

**7. Downhole Conditions**

**No abnormal temperatures, abnormal pressures, nor hydrogen sulfide are expected. Maximum pressure will be  $\approx$  1000psi**

**8. Other Information**

**The spud date has not been determined but it is expected to occur the first week in December 2003. It is expected it will take  $\approx$  5 days to drill and  $\approx$  6 days to complete the well.**