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Form 3160-3  
(September 2001)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

070 Farmington, NM

FORM APPROVED  
OMB No. 1004-0136  
Expires January 31, 2004

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-109395
1b. Type of Well: <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other (Strat) <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator Northstar Oil and Gas		7. If Unit or CA Agreement, Name and No. 33.336
3a. Address P. O. Box 93 Farmington, NM 87499		8. Lease Name and Well No. Alemita Wash Federal No. 1
3b. Phone No. (include area code) (505) 327-5751		9. API Well No. 30045 32067
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 1980' FNL, 1040' FEL SENE At proposed prod. zone Same		10. Field and Pool, or Exploratory Mega Verde Strat Test
11. Sec., T., R., M., or Blk. and Survey or Area Sec. 11, T21N, R8W, NMMPM H		12. County or Parish San Juan
13. State NM		14. Distance in miles and direction from nearest town or post office* 13 miles SE of Nageezi, NM
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 660'	16. No. of Acres in lease 160	17. Spacing Unit dedicated to this well NA - Well is to be plugged (Strat Test)
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 3500'	20. BLM/BIA Bond No. on file RLB 000932
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6544 6539' GL	22. Approximate date work will start* Upon approval	23. Estimated duration 10 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:

- |   |  |
|---|--|
| 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>John C. Corbett</i>	Name (Printed/Typed) John C. Corbett	Date 12/8/2003
Title President - Northstar Oil and Gas Corp.		

Approved by (Signature) <i>David J. Mankiewicz</i>	Name (Printed/Typed)	Date
Title Office		JAN - 6 2004

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)

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

NMOC

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

DISTRICT 1  
1625 N. French Dr., Hobbs, N.M. 88240

State of New Mexico  
Energy, Minerals & Natural Resources Department

Form C-102  
Revised August 15, 2000

**DISTRICT II**  
811 South First, Artesia, N.M. 88210

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

DISTRICT IV  
2040 South Pacheco, Santa Fe, NM 87506

OIL CONSERVATION DIVISION  
2040 South Pacheco  
Santa Fe, NM 87505

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

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 3005-32067	2 Pool Code	3 Pool Name <del>Undesignated</del> Mesalverde Strat Test
4 Property Code 33336	5 Property Name ALEMITA WASH FEDERAL	6 Well Number 1
7 OGRID No. 159020	8 Operator Name NORTHSTAR OIL AND GAS	9 Elevation 6544'

<sup>10</sup> Surface Location

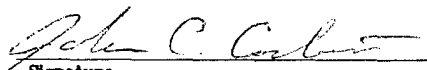
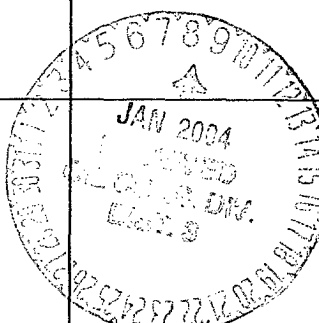
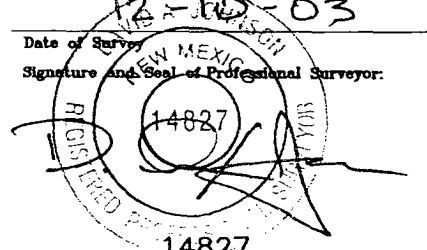
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	11	21-N	8-W		1980'	NORTH	1040'	EAST	SAN JUAN

<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			<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

18

FD 2 1/2" G.L.O. BC 1949	N 89-37-14 W 5258.16' (M)	FD 2 1/2" G.L.O. BC 1949	<b>17 OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief
LAT: 36°04'06.22" N. (NAD 83) LONG: 107°38'51.31" W. (NAD 83)			Signature  Printed Name JOHN C. CORBETT Title PRESIDENT Date 12-10-03
11			<b>18 SURVEYOR CERTIFICATION</b> 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 12-10-03 Signature and Seal of Professional Surveyor:  Certificate Number 14827

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

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2003 DEC 12 AM 11:11

070 Farmington, NM

**SUNDRY NOTICES AND REPORTS ON WELLS**

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.  
Use "APPLICATION FOR PERMIT - " for such proposals

**SUBMIT IN TRIPLICATE**

1. Type of Well  
☐ Oil Well ☐ Gas Well ☒ Other

2. Name of Operator  
**Northstar Oil and Gas Corp.**

3. Address and Telephone No.

**P.O. Box 93, Farmington, NM 87499 (505) 327-5751**

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

**1980' FNL & 1040' FEL  
Section 11, T21N, R8W NMPM**

FORM APPROVED

Budget Bureau No. 1004-0135  
Expires: March 31, 1993

5. Lease Designation and Serial No.  
**NM -109395**

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

**Alemita Wash Federal #1**

9. API Well No.

**3004532067**

10. Field and Pool, or Exploratory Area  
**Undesignated - Strat Test**

11. County or Parish, State  
**San Juan Co., NM**

**12 CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

**TYPE OF SUBMISSION**

- ☒ Notice of Intent  
☐ Subsequent Report  
☐ Final Abandonment Notice

**TYPE OF ACTION**

- ☒ Abandonment  
☐ Recompletion  
☐ Plugging Back  
☐ Casing Repair  
☐ Altering Casing  
Other \_\_\_\_\_

- ☐ Change of Plans  
☐ New Construction  
☐ Non-Routine Fracturing  
☐ Water Shut-Off  
☐ Conversion to Injection  
☐ Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log Form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

This well is planned to be drilled as a Stratigraphic Test Well.

No completion is to be attempted. It will be drilled and immediately plugged.

Cement plugs will be set:

From surface to 50'

A 100' plug across the surface casing shoe with 100% excess.

A 100' plug across the top of the Fruitland Formation with 100% excess. ( 418 - 318 )

A 100' plug across the Pictured Cliffs Formation with 100% excess. ( 636 - 536 )

A 100' plug across the top of the Mesa Verde with 100% excess. ( 1214 - 1114 )

14. I hereby certify that the foregoing is true and correct

Signed John C. Carter Title President Date December 8, 2003

(This space for Federal or State office use)

Approved by David J. Mankiewicz Title \_\_\_\_\_ Date JAN - 6 2004

Conditions of approval, if any:

Title 18 U.S.C. Section 1001, makes 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.

NMOCD

Northstar Oil and Gas Corp.  
Alemita Wash Federal Well No. 1  
1980' FNL, 1040' FEL  
SENE Sec. 11, T21N, R8W  
San Juan County, New Mexico

The Alemita Wash Federal Well No. 1 is to be drilled on Federal surface and minerals administered by the Bureau of Land Management. The proposed location can be reached by turning south off of US 550 approximately 3 miles south of the Nagezzi Chapter House on County Road 7900 and continuing 10 miles south on CR 7900. The location is 200 yards east of CR 7900. Drilling operations will last approximately ten days. All operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (43 CFR 3100), Onshore Oil and Gas Order No. 1, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. A copy of this application and any conditions of approval will be furnished to the field representative to insure compliance.

### **Drilling Program:**

#### **1. Estimated Tops of Important Geologic Markers:**

<u>Formation</u>	<u>Depth(TVD)</u>	<u>Subsea</u>
Alluvium	0'	0'
Quaternary Rock	20'	6,530'
Kirtland Formation	205'	6,345'
Fruitland Formation	406'	6,144'
Pictured Cliffs Sandstone	604'	5,946'
Lewis Shale	640'	5,910'
Cliff House SS	1,025'	5,525'
Point Lookout SS	2,775'	3,775'
Mancos Shale	2,872'	3,678'
T.D.	3,500'	3,050'

All tops are projected from the Andelle #1, Sec. 12, T21N, R8W

#### **2. Estimated Depths of Anticipated Water, Oil, Gas, or Mineral Formations:**

<u>Substance</u>	<u>Formation</u>	<u>Depth(TVD)</u>
Gas	Fruitland Coal	575'
Water	Cliff House	1,025'
Other Mineral Zones	N/A	N/A

All fresh water and prospectively valuable minerals encountered during drilling will be recorded by depth and adequately protected. All oil and gas shows will be tested to determine commercial potential.

3. Pressure Control Equipment: - The BOP to be used is detailed in the attached diagram. An upper Kelly cock valve will be employed with an accessible handle

Northstar Oil and Gas Corp.  
Alemita Wash Federal Well No. 1  
1980' FNL, 1040' FEL  
SENE Sec. 11, T21N, R8W  
San Juan County, New Mexico

**4. Mud Program:**

The surface hole will be drilled with a gel-lime slurry mixed to 40 – 50 sec./qt viscosity. Beneath surface mud will be conditioned for coring operations.

**Fluid properties will be:**

Weight – 8.4 to 8.8 #/gallon

Viscosity – 34-45 sec. qt

Plastic Visc. – 4-8 cps

Fluid Loss – 8-12 cc's API

pH 8.3 – 8.5

Solids Content – 5-1/2% or less

Annular velocity – 120'/min during normal drilling

Sufficient quantities of mud materials will be maintained or readily accessible for the purpose of assuring well control during the course of drilling operations.

**5. Testing, Logging and Coring**

This well will be cored in potential pay zones. Open hole logs will include induction-electric and gamma logs for correlation purposes. Drill stem testing is not anticipated. Cased hole logs, if run, will include a cement bond log.

**6. Proposed Casing and Cementing Program will be as follows:**

Surface casing will be 300' of 7", 23# J-55 ST&C new casing in a 9" hole. It will be cemented to surface using three centralizers and 89 sacks Class "B" cement with 2% CaCl and 1/4#/sack cellophane flakes. Cement will be displaced with water to 30' above the shoe. Rig will wait on cement until a compressive strength of 500# is reached. **Surface cement calculations are:**

$(0.1745 \text{ cubic ft / linear ft})(300 \text{ ft}) = 52.4 \text{ cubic ft.}$

$52.4 \text{ cubic ft / } 1.18 \text{ cubic ft/ sack} = 44.4 \text{ sacks.}$

$(89 \text{ sx / } 44.4 \text{ sx}) - 1 = 100\% \text{ excess.}$

Production casing will be 3500' of 4-1/2", 10.5# J-55 ST&C new casing in a 6-1/4" hole. It will be cemented to surface using five centralizers and 382 sacks Class "B" cement with 2% CaCl and 1/4#/sack cellophane flakes. Cement will be displaced to the shoe joint with 55 Bbl water. Cement calculations are:

$(.0859 \text{ cubic ft / linear ft})(3500 \text{ ft}) = 301 \text{ cubic ft.}$

$300.7 \text{ cubic ft / } 1.18 \text{ cubic ft / sack} = 254.8 \text{ sacks.}$

$(382 \text{ sx / } 254.8 \text{ sx}) - 1 = 50\% \text{ excess.}$

**7. When the well is completed the "Well Completion and Recompletion Report Log" (Form 3160-4) will be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3164. Two copies of all logs, core descriptions, core analyses, well-test data, geologic summaries, sample description, and all other surveys or data obtained and compiled**

Northstar Oil and Gas Corp.  
Alemita Wash Federal Well No. 1  
1980' FNL, 1040' FEL  
SENE Sec. 11, T21N, R8W  
San Juan County, New Mexico

Proposed Blowout Preventer and Related Equipment – Equipment will be installed, tested, and maintained in compliance with BLM requirements for 2M Systems.

## 2-M SYSTEM

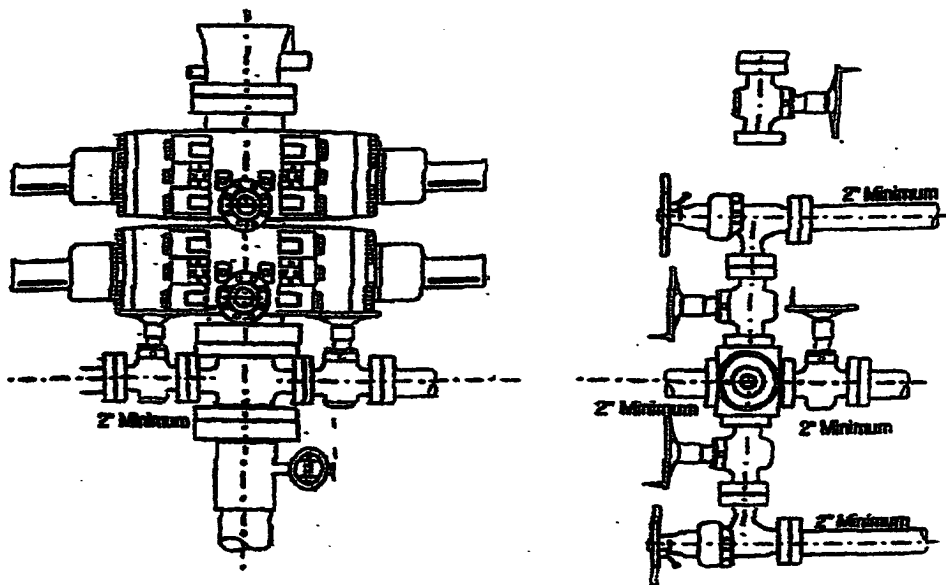


Exhibit 1

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