UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

la.	Type of Work			5. Lease Number	C 1 / DM
	DRILL			350/0433	C 16 PM
				Unit Reporting Number	veninata
b.	Type of Well			6. If Indian, All. or Tribe	armingto
	GAS				
	Operator			7. Unit Agreement Name	
-	BURLIN RESOUR		as Company		
		·	400 10 20 21 23 D		
		ne No. of Operator 89, Farmington,	NM/87499	8. Farm or Lease Name Johnston Federa	. 7
	FO DOX 42	o, raimingcon,	JAN 200	9. Well Number	
	(505) 326	-9700	E 011 2004	238	
	Location of Wel			2 10. Field, Pool, Wildcat	
	1840' FNL,	790'FEL		Basin Fruitland Coal	
	_		(2)	11. Sec., Twn, Rge, Mer. (NMI	
ati	tude 36 ⁰ 51.4	040'N, Longitud	de 107 44,6027 W	# Sec 35, T-31-N, R-9-W	
			And the first of t	" API# 30-045- 3 20 8 3	Q
4.	Distance in Mile	s from Nearest Town	 n		State
1 M	iles to Int o	f Hwy 550 & Hwy	y 173 in Aztec NM	San Juan NM	
		Proposed Location to	Nearest Property or Lea	se Line	
5.	790 ′	Proposed Location to	Nearest Property or Lea		
5.		Proposed Location to	Nearest Property or Lea	17. Acres Assigned to Well	
5. 6.	790' Acres in Lease			17. Acres Assigned to Well	· · · · · · · · · · · · · · · · · · ·
15.	790' Acres in Lease			17. Acres Assigned to Well	
5. 6. 8.	790' Acres in Lease Distance from P	Proposed Location to		17. Acres Assigned to Well	· · · · · · · · · · · · · · · · · · ·
5. 6. 8.	790' Acres in Lease Distance from P	Proposed Location to		17. Acres Assigned to Well 315.92	
5. 6. 8. 9.	790' Acres in Lease Distance from P 20' Proposed Depth	Proposed Location to		17. Acres Assigned to Well 315.92 E/2 pl, or Applied for on this Lease 20. Rotary or Cable Tools	Start
5. 6. 8. 9.	790' Acres in Lease Distance from P 20' Proposed Depth 2879'	Proposed Location to		17. Acres Assigned to Well 315.92 E/2 pl, or Applied for on this Lease 20. Rotary or Cable Tools Rotary	Start
5. 6. 8. 9.	790' Acres in Lease Distance from P 20' Proposed Depth 2879' Elevations (DF, 5979 GR	Proposed Location to FT, GR, Etc.) In a grand Cementing Properties	o Nearest Well, Drig, Com	17. Acres Assigned to Well 315.92 E/2 pl, or Applied for on this Lease 20. Rotary or Cable Tools Rotary	Start
5. 6. 8. 9.	790' Acres in Lease Distance from P 20' Proposed Depth 2879' Elevations (DF, 5979 GR	Proposed Location to	o Nearest Well, Drig, Com	17. Acres Assigned to Well 315.92 E/2 pl, or Applied for on this Lease 20. Rotary or Cable Tools Rotary	Start
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16. 18. 19.	790' Acres in Lease Distance from P 20' Proposed Depth 2879' Elevations (DF, 5979 GR Proposed Casin See Operat	Proposed Location to FT, GR, Etc.) In a grand Cementing Properties	o Nearest Well, Drig, Com	17. Acres Assigned to Well 315.92 E/1 pl, or Applied for on this Lease 20. Rotary or Cable Tools Rotary 22. Approx. Date Work will S	Start
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15. 16. 18. 19. 21. 23.	790' Acres in Lease Distance from P 20' Proposed Depth 2879' Elevations (DF, 5979 GR Proposed Casin See Operat Authorized by:	FT, GR, Etc.) In the second s	o Nearest Well, Drig, Composition of Sandapliance Assistant	17. Acres Assigned to Well 315.92 E/T pl, or Applied for on this Lease 20. Rotary or Cable Tools Rotary 22. Approx. Date Work will S Date	1 6 2004

DRILLING OPERATIONS AUTHORIZED ARE CUSUED TO CUMPL ANCE WITH ATTACHED "GENERAL REQUIREMENTS".

States any false, fictitious or fraudulent statements or presentations as to any matter within its jurisdiction.

NMOCD

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

DISTRICT II P.Q. Drawer DD, Artesia, N.M. 88211-0719

DISTRICT III 1000 Rio Brazos Rd., Azieć, N.M. 87410 DISTRICT IV PO Box 2088, Santa Fe, NM 87504-2088

OIL CONSERVATION DIVISION

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

instructions on back Submit to Appropriate District Office State Lease — 4 Copies Fee Lease — 3 Copies

☐ AMENDED REPORT

1 API	Number		Т	² Pool Code				3 p	ool Name			
				629					Ĺ			
⁴ Property Code					* Property						* Well Number	
7208					JOHNSTON	FEDERAL					23S	
OGRID No.		<u> </u>			* Operator	Name					-	Elevation
14538			E	BURLINGTO	N RESOURCE	S OIL &	GAS INC				5979	
		_			10 Surfac	e Locatio	n					
L or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/So		Feet fro	m the	East/West	line	County
Н	35	31-N	9-W		1840	NOR1	M	790		EAŞT		SAN JUAN
			11 Botto	m Hole	Location	lf Differ	ent Fro	m Su	rface			
UL or lot no.	Section	Township	Range	Lot Idn	Feel from the	North/Sc	uth line	Feet fro	om the	Eost/West	line	County
	<u> </u>		1									
Dedicated Acres	-	"1	loint or infill		4 Consolidation	Code		13 Order	No.			
E/315.92												
NO ALLOY	VABLE V										EN C	ONSOLIDATE
· · · · · · · · · · · · · · · · · · ·		OR A	NON-ST	ANDARD	UNIT HAS	BEEN AP	PROVED	BYT	HE DI	VISION		
			D 3 1/4"	<u></u>	N 89'1	SUS W	FD 3 1/4° BLM 1966		17 (OPERATO	ם רם	RTIFICATION
		•	BLM 1966 B	ال	2610.8	0, (W)	DIM 1900					ntained herein is
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LOT 4			LOT 3		D. 2		• 3	-				
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	100	而百万分	AT: 36°5°	1.4040'N.	(NAD 27) W. (NAD 27	256.	(ָר וֹי יימ	4.	nces	, A	and
		N = A	Sinc: 107	44.0UZ/ 	W. (NAD 27	515'	79	0, -	Signature	nces		
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LOT 5		KAN sook	01 6	()	LOT 7	l l	LATE	- 11	Printed No			

TY 2004 LOT 8 788, Regulatory Assistant h 35 FD 3 1/4" BLM 1966 B.C. 18 SURVEYOR CERTIFICATION USA SF - 078439 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 9 LOT 12 LOT 10 LOT 11 LEN MEXIC 14827 LOT 16 LOT 14 LOT 15 LOT 13

OPERATIONS PLAN

Well Name: Johnston Federal 23S

Location: 1840'FNL, 790'FEL Section 35, T-31-N, R-9-W

Latitude 36° 51.4040'N, Longitude 107° 44.6027'W

San Juan County, NM

Formation: Basin Fruitland Coal

Elevation: 5979'GR

Formation:	Тор	Bottom	Contents
Surface	San Jose	1511'	
Ojo Alamo	1511'	1645'	aquifer
Kirtland	1645'	2263'	-
Fruitland	2263.	2620'	
Intermediate TD	2590'		
Fruitland Coal	2620'	2794'	gas
B/Basal Coal	2794'	2795'	gas
Pictured Cliffs	2795'		-
Total Depth	2879'		

Logging Program: none
Mudlog: from 7" to 2879
Coring Program: none

Mud Program:

Interval	Type	Weight	Vis.	Fluid Loss
0- 120'	Spud Mud/Air/Air Mist	8.4 - 9.0	40-50	no control
120-2590'	Non-dispersed	8.4-9.0	30-60	no control
2590-28791	Air/Mist			

Casing Program (as listed, the equivalent, or better):

Hole Size	Depth Interval	Csg.Size	Wt.	Grade
12 1/4"	0' - 120'	9 5/8"	32.3#	H-40
8 3/4"	0' - 2590'	7"	20.0#	J-55
6 1/4"	2590' - 2879'	open hol	Le	

Alternate Casing Program (as listed, the equivalent, or better):

Hole Size	Depth Interval	Csg.Size	Wt.	Grade
12 1/4"	0' - 120'	9 5/8"	32.3#	H-40
8 3/4"	0' - 2590'	7"	20.0#	J-55
6 1/4"	2550' - 2879'	5 1/2"	15.5#	J-55

Tubing Program:

Float Equipment: 9 5/8" surface casing - saw tooth guide shoe. Centralizers will be run in accordance with Onshore Order #2.

7" intermediate casing - guide shoe and self-fill float collar. Standard centralizers run every other joint above shoe. Two turbolizing type centralizers - one below and one into the base of the Ojo Alamo @ 1645'. Standard centralizers thereafter every fourth joint up to the base of the surface pipe.

Wellhead Equipment: 9 5/8" x 7" x 2 3/8" x 11" 2000 psi xmas tree assembly.

Cementing:

9 5/8" surface casing -

Pre-Set Drilled Cement with 23 sx Type I, II cement with 20% flyash mixed at 14.5 ppg, 1.61 cu ft per sack yield. (37 cu ft of slurry, bring cement to surface) Wait on cement for 24 hours for pre-set holes before pressure testing or drilling out from under surface.

Conventionally Drilled

Cement with 80 sx Type III cement with 0.25 pps Celloflake, 2% CaCl. (113 cu ft of slurry, 200% excess, bring cement to surface) Wait on cement for 8 hrs for conventionally set holes before pressure tessting or drilling out from under surface.

Waive the 6 hours WOC in lieu of 4 hours prior to NU of BOPE.

See General Requirements
7" intermediate casing - lead w/215 sacks Premium Lite with 3% calcium chloride, 5 pps LCM-1, and 1/4#/sack flocele, 0.4% FL-52, & 0.4% SMS. Tail with 90 sacks Type III cmt with 1% calcium chloride, 1/4#/sack flocele and 0.2% FL-52 (584 cu.ft., 50% excess to circulate to surface).

5 1/2" liner - will not be cemented if run.

Note: If open hole logs are run, cement volumes will be based on 25% excess over caliper volumes.

BOP and tests:

Surface to intermediate TD - 11" 2000 psi (minimum) double gate BOP stack (Reference Figure #1). Prior to drilling out surface casing, test rams to 600#/30 min.

Intermediate TD to Total Depth $-7\ 1/6$ " 2000 psi (minimum) double gate BOP stack (Reference Figure #2). Prior to drilling out intermediate casing, test blind rams and casing to 1500 psi for 30 minutes; all pipe rams and casing to 1500 psi for 30 minutes each.

From surface to TD - choke manifold (Reference Figure #3).

Pipe rams will be actuated at least once each day and blind rams actuated once each trip to test proper functioning. An upper kelly cock valve with handle and drill string safety valves to fit each drill string will be maintained and available on the rig floor.

Additional information:

- * The Fruitland Coal formation will be completed.
- * Anticipated pore pressure for the Fruitland is less than 500 psi.
- * This gas is dedicated.
- * The east half of Section 35 is dedicated to the Fruitland Coal.

Date: 12-15-03 Drilling Engineer: July McCouthy