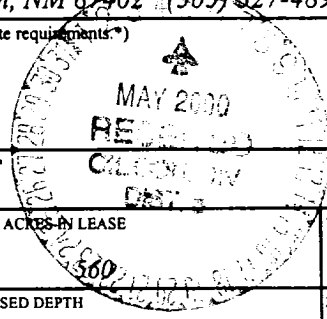


UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG-BACK

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. NM-23041	
1b. TYPE OF WELL OIL WELL <input type="checkbox"/> <input checked="" type="checkbox"/> OTHER SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME NM	
2. NAME OF OPERATOR Schalk Development Company 020389		7. UNIT AGREEMENT NAME NM	
3. ADDRESS OF OPERATOR c/o Walsh Engineering, 7415 E. Main St. Farmington, NM 87402 (505) 327-4892		8. FARM OR LEASE NAME, WELL NO. Schalk 41 #2B 10037	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements*) At Surface 660' FSL and 1975' FWL At proposed Prod. Zone		9. API WELL NO. 30-039-26441	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 8 miles notheast of Lindreth NM		10. FIELD AND POOL OR WILDCAT Blanco Mesa Verde	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drilg. unit line, if any) 660		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA N Sec. 8, T25N, R3W	
16. NO. OF ACRES IN LEASE 660		12. COUNTY OR PARISH Rio Arriba	
17. NO. OF ACRES ASSIGNED TO THIS WELL 320 W/2		13. STATE NM	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR ON THIS LEASE, FT. 1300'		19. PROPOSED DEPTH 6005'	
20. ROTARY OR CABLE TOOLS Rotary		21. APPROX. DATE WORK WILL START* May 15, 2000	
22. ELEVATIONS (Show whether DF, RT, GR, etc.) 7101' GL			



23. PROPOSED CASING AND CEMENTING PROGRAM				
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	8-5/8"	24# K-55	320'	266 cu ft. Cl "B" w/ 3% CaCl ₂
7-7/8"	4-1/2"	10.5# K-55	6005'	1st stg: 901 cu.ft.; 2nd stg: 1500 cu.ft.

Schalk Development Company proposes to drill a vertical well to develop the Blanco Mesa Verde formation at the above described location in accordance with the attached drilling and surface use plans.

This location has been archaeologically surveyed by La Plata Archeological Service. Copies of their report are attached with this APD and have been submitted directly to your office. Report LAC 2000-14b.

The wellpad, access road, and pipeline will be located on fee surface land. A copy of the surface owners agreement is attached.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM : If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Paul C. Thompson TITLE Paul Thompson, Agent DATE 4/3/00

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____
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:

APPROVED BY SW Anderson TITLE Asst. Field Mgr DATE MAY 2000
*See Instructions On Reverse Side

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.

ow [Signature] CTR

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
PO Drawer 00, 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 30-039-26441		*Pool Code 72319	*Pool Name BLANCO MESAVERDE
*Property Code 10037	*Property Name SCHALK 41		*Well Number 28
*OGRID No. 020389	*Operator Name SCHALK DEVELOPMENT COMPANY		*Elevation 7101'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Ion	Feet from the	North/South line	Feet from the	East/West line	County
N	8	25N	3W		660	SOUTH	1975	WEST	RIO ARriba

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ion	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 320 $\frac{W}{2}$		¹³ Joint or Infill Y		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

<p>¹⁵</p> <p>5274.72'</p> <p>5280.00'</p> <p>1975'</p> <p>660'</p> <p>28</p>	<p>¹⁷ 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>Paul C. Thompson</i> Signature</p> <p>Paul C. Thompson Printed Name</p> <p>Agent Title</p> <p>4/4/00 Date</p>
	<p>¹⁸ 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>FEBRUARY 24, 2000 Date of Survey</p> <p><i>Neale C. Edwards</i> Signature and Seal of Professional Surveyor</p> <p>NEALE C. EDWARDS NEW MEXICO 6857 Professional Surveyor</p> <p>Certificate Number 6857</p>

C. Minimum Blowout Control Specifications:

Double ram type 2000 psi working pressure BOP with a rotating head. See the attached exhibits (#1 through #3) for details on the BOP equipment. All ram type preventers and related equipment will be hydraulically tested at nipple-up and after any use under pressure to 1500 psi.

The blind rams will be hydraulically activated and checked for operational readiness each time pipe is pulled out of the hole. All checks of the BOP stack and equipment will be noted on the daily drilling report. The BOP equipment will include a kelly cock, floor safety valve, and choke manifold all rated to 2000 psi.

IV. Materials

A. Casing Program:

Hole Size	Depth	Casing Size	Wt. & Grade
12-1/4"	320'	8-5/8"	24# K-55
7-7/8"	6005'	4-1/2"	10.5# K-55

B. Float Equipment:

a) Surface Casing: Notched collar

b) Production Casing: 4-1/2" cement guide shoe and self fill insert float collar. Place float one joint above shoe. Place DV collar at 3750'. Place 10 centralizers on every other joint above the float collar and eight turbolizers every other joint from the DV tool to the top of the Ojo Alamo formation and five centralizers on every other joint from the top of the well.

SCHALK DEVELOPMENT COMPANY S(ALK 41 #2B

660' FSL & 1975' FWL, SECTION 8, T25N, R3W, N.M.P.M.
RIO ARriba COUNTY, NEW MEXICO

