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OIL CON. DIV.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

30-039-25213

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work DRILL		5. Lease Number SF-078892	
1b Type of Well GAS		6. If Indian, Name of Tribe or Allottee	
2. Operator Evergreen Operating Corp. 7664		7. Unit Agreement Name ROSA UNIT	
3. Address & Phone No. of Operator SA. R. KENDRICK BOX 516, AZTEC, NM 87410 (505) 334-2555		8. Farm or Lease Name ROSA UNIT 4164	
4. Location of Well (Unit P) 850' FSL 790' FEL		9. Well Number 298	
14. Distance in Miles from Nearest Town 18 MILES WEST OF DULCE, NM		10. Field, Pool, or Wildcat BASIN-FRUITLAND COAL GAS POOL 71629	
		11. Section, Township, & Range, Meridian, or Block P-14-31N-4W	
		12. County RIO ARRIBA	13. State NEW MEXICO
15. Distance from Proposed Location To Nearest Property Line or Lease Line. 790'		16. Acres in Lease 1920 Acres	17. Acres Assigned to Well S-320
18. Distance From Proposed Location To Nearest Well Dr, Compl., Or Applied For On Lease. 2511'		19. Proposed Depth 3995'	20. Rotary or Cable Tools ROTARY <small>This action is subject to technical and procedural review pursuant to 43 CFR 3165.4 and appeal pursuant to 43 CFR 3165.4.</small>
21. Elevations (DF, RT, GR, Etc.) 6834' GR		22. Approximate Date Work Will Start Summer to fall 1992	

23. Proposed Casing and Cementing Program:

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

Exhibits attached as follows:

- | | |
|--------------------------------------|-----------------------------------|
| "A" Location and Elevation Plat | "F" Location Profile |
| "B" Vicinity Map - Access Roads | "G" Drill Rig Layout |
| "C" Ten-Point Compliance Program | "H" Completion Rig Layout |
| "D" Multi-Point Requirements for APD | "I" Production Facility Schematic |
| "E" Blowout Preventer Schematic | |

24. Signed AR Kendrick Title _____ Agent _____ Date JUL 3 1992

Permit No. _____ Approval Date _____

Approved By _____ Title _____ Date JUL 06 1992

NOTE: THIS FORMAT IS ISSUED IN LIEU OF U.S. BLM FORM 3160-3.

NMOC

PERMANENT

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

State of New Mexico
Energy, Minerals and Natural Resources Department

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Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

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010 FARMINGTON, N.M.

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

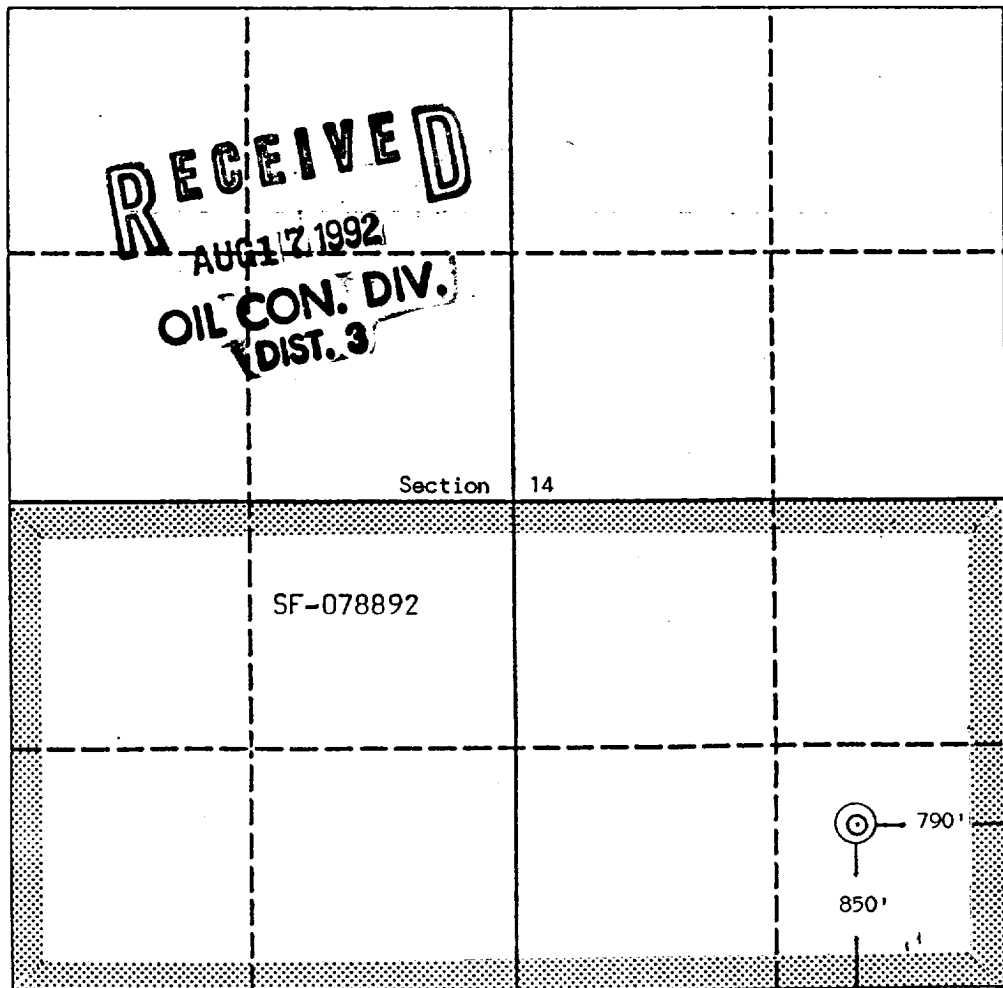
All Distances must be from the outer boundaries of the section

Operator Evergreen Operating Corporation			Lease Rosa Unit		Well No. 298
Unit Letter P	Section 14	Township 31 North	Range 4 West	County Rio Arriba	
NMPM					

Actual Footage Location of Well:

850 feet from the	South	line and	790 feet from the	East	line
Ground level Elev. 6834	Producing Formation Fruitland Coal		Pool Basin Fruitland Coal		Dedicated Acreage: 320 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communization, unitization, force-pooling, etc.?
☐ Yes ☐ No If answer is "yes" type of consolidation _____
If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary).
No allowable will be assigned to the well until all interests have been consolidated (by communization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature <i>A. R. Kendrick</i>
Printed Name A. R. Kendrick
Position Agent
Company Evergreen Operating Corp.
Date July 2, 1992

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 knowledge and belief.

Date Surveyed September 4, 1990
Signature & Seal of Professional Surveyor <i>Edgar L. Risenhoover</i> EDGAR L. RISENHOOVER NEW MEXICO Certificate No. 5900 Edgar L. Risenhoover

EXHIBIT A



TEN-POINT COMPLIANCE PROGRAM

Evergreen Operating Corp.
Rosa Unit #298
850' FSL 790' FEL Sec. 14 - T 31 N - R 4 W
Elev: 6834' GR
Lease No. SF-078892

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1. THE GEOLOGICAL SURFACE FORMATION IS: Nacimiento.
2. THE ESTIMATED TOPS OF IMPORTANT GEOLOGICAL MARKERS:

Ojo Alamo	3090'
Kirtland	3295'
Fruitland	3600'
Fruitland Coal	3650'
Pictured Cliffs	3745'
Total Depth	3995'

3. ESTIMATED DEPTHS OF ANTICIPATED WATER, OIL, GAS OR MINERALS:

<u>SUBSTANCE</u>	<u>FORMATION</u>	<u>ANTICIPATED DEPTH</u>
GAS	Fruitland Coal	3650'

4. THE PROPOSED CASING PROGRAM WILL BE AS FOLLOWS:

<u>DEPTH</u>	<u>HOLE SIZE</u>	<u>O.D.</u>	<u>WEIGHT</u>	<u>GRADE</u>	<u>TYPE</u>	<u>NEW/USED</u>
0-350'	12-1/4"	9-5/8"	36	K-55	ST&C	NEW
0-TD	7-7/8"	5-1/2"	15.5	K-55	ST&C	NEW

PROPOSED CEMENT PROGRAM: To effectively isolate and seal off all water, oil, gas and coalbearing strata encountered by the utilization of spacers, centralizers and swirling centralizers as specified by NTL-FRA 90-1 III.B and API standards; and by using cement volumes as follows:

Surface: 265 CuFt (225 Sx) Class B w/1/4# Flocele/Sx plus 2% CaCl.

Production: 1st stage: 30 CuFt (25 Sx) 50/50 pozolon, 2% gel and 1/2# /Sx Flocele plus 118 CuFt (100 Sx) Class B w/4% Halad-344 and 1/2# /Sx Flocele. 1st stage Totals: 148 CuFt (125 Sx). 2nd stage: 1200 CuFt (650 Sx) Halliburton Lite w/2% CaCl plus 118 CuFt (100 Sx) Class B w/2% CaCl. 2nd stage totals: 1318 CuFt (750 Sx). Grand Totals: 1466 CuFt (875 Sx). (Exact volumes to be determined from well logs.)

5. OPERATOR'S MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL:

Exhibit E is a schematic of the blowout preventer used by a local contractor for other wells in the area. The BOPs are to be test-operated before drilling out from under the surface casing, and operation checks will be made daily thereafter and recorded in the Daily Drilling Report. Accessories to BOP will include floor safety valve and choke manifold with pressure rating equivalent to the BOP stack.

Exhibit C

TEN-POINT COMPLIANCE PROGRAM

Evergreen Operating Corp.
Rosa Unit #298
850' FSL 790' FEL Sec. 14 - T 31 N - R 4 W
Elev: 6834' GR
Lease No. SF-078892

6. THE TYPE AND CHARACTERISTICS OF THE PROPOSED CIRCULATING MUDS:

SURFACE CASING: Spun flocculating bentonite with lime.

PRODUCTION CASING: Low solids non-disbursing system.

<u>INTERVAL</u>	<u>MUD WEIGHT</u>	<u>VISCOSITY</u>	<u>FLUID LOSS</u>	<u>pH</u>	<u>ADDITIVES</u>
0-350'	9.0	45	- - -	9	Gel, Lime
350-TD	8.6 to 9.2	30-50	<15 cc	9	Chemicals as needed

7. AUXILIARY EQUIPMENT TO BE USED IS AS FOLLOWS:

- a. Float valve above bit.
- b. Monitoring of mud system will be visual.
- c. A safety valve and subs to fit all drill strings will be used.

8. TESTING, LOGGING, AND CORING WILL BE AS FOLLOWS:

- a. Cores: none.
- b. Drill stem tests: none anticipated.
- c. Logging: IEC from 0' to TD. Micro Log and CNL/FDC over potential pay zones.
A mud logging unit will be utilized.

9. ANTICIPATED ABNORMAL PRESSURES AND TEMPERATURES:

No abnormal pressures, temperatures or Hydrogen Sulfide gases are anticipated during the drilling of this well. The maximum bottom hole pressure is expected to be less than 1500 psi.

10. ANTICIPATED STARTING DATE AND DURATION OF OPERATIONS:

The anticipated starting date is set for as soon as possible after the approval of the Application for Permit to Drill is approved. The drilling operations should be completed within 15 days after spud date. A completion unit will be utilized as time and weather permit.