

RECEIVED

JAN 2 1993

UNITED STATES *30-039-25252*
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OIL CON. DIV.)

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK DIST. 3

1a. Type of Work DRILL		5. Lease Number NM-23044	
1b Type of Well GAS		6. If Indian, Name of Tribe or Allottee	
2. Operator <i>7664</i> Evergreen Operating Corporation		7. Unit Agreement Name	
3. Address & Phone No. of Operator SA. R. KENDRICK BOX 516, AZTEC, NM 87410 (505) 334-2555		8. Farm or Lease Name SCHALK 32 <i>13619</i>	
4. Location of Well 560' FSL 1800' FWL		9. Well Number 2	
		10. Field, Pool, or Wildcat <i>71629</i> BASIN-FRUITLAND COAL GAS POOL	
		11. Section, Township, & Range, Meridian, or Block N - 32 - 31N - 4W	
14. Distance in Miles from Nearest Town 12 Airline miles north of Gobernador, NM		12. County RIO ARRIBA	13. State NEW MEXICO
15. Distance from Proposed Location To Nearest Property Line or Lease Line. 560'	16. Acres in Lease 640 ACRES	17. Acres Assigned to Well S-320 ✓	
18. Distance From Proposed Location To Nearest Well Dr., Compl., Or Applied For On Lease. 4618'	19. Proposed Depth 4080' <small>This action is subject to technical and procedural review pursuant to 43 CFR 3165.3, and appeal pursuant to 48 CFR 3165.4.</small>	20. Rotary or Cable Tools ROTARY <small>DRILLING OPERATIONS AUTHORIZED ARE SUBJECT TO COMPLIANCE WITH ATTACHED "GENERAL REQUIREMENTS".</small>	
21. Elevations (DF, RT, GR, Etc.) 6940' GR		22. Approximate Date Work Will Start. Fall, 1992	

23. Proposed Casing and Cementing Program:

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 *Al Kendrick* Title _____ Agent _____ Date SEP. 4 1992

**APPROVED
AS AMENDED**

Permit No. _____ Approval Date JAN 07 1993

Approved By _____ Title _____ *James S. Keller*
AREA MANAGER

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

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

RECEIVED
BLM

92 SEP -9 AM 7:56

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

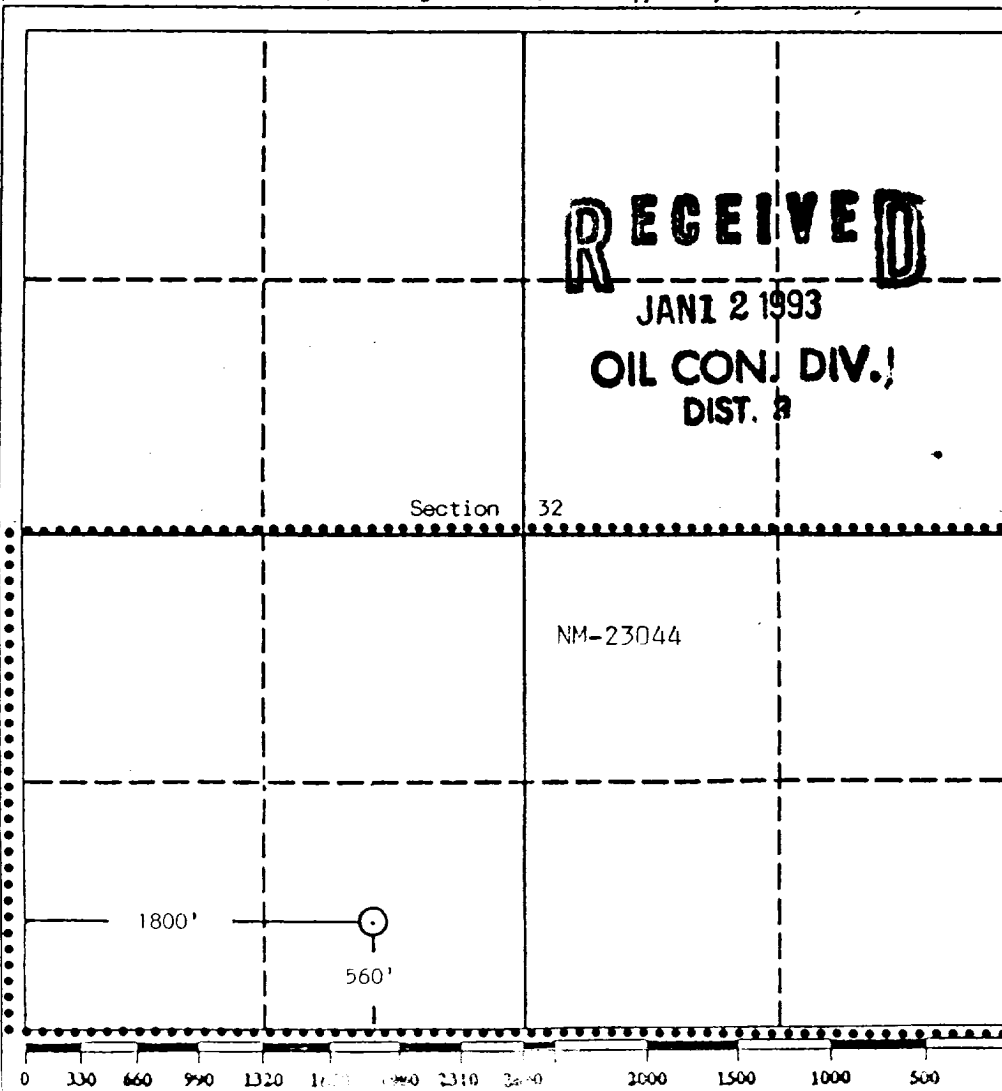
All Distances must be from the outer boundaries of the section

Operator Evergreen Operating Corporation			Lease Schalk 32		Well No. 2
Unit Letter N	Section 32	Township 31 North	Range 4 West	County Rio Arriba	
Actual Footage Location of Well: 560 feet from the South line and 1800 feet from the West line					
Ground level Elev. 6940 Est.	Producing Formation Fruitland Coal	Pool Basin Fruitland Coal		Dedicated Acreage: 320 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, 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 communitization, 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
A. R. Kendrick
Printed Name
A. R. Kendrick
Position
Agent
Company
Evergreen Operating Corp.
Date
September 4, 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
August 21, 1992
Signature & Seal of
Professional Surveyor
Edgar L. Rosendo
Certificate No. 5979
Edgar Rosendo

A

ESPINOSA RANCH QUADRANGLE
NEW MEXICO-RIO ARriba CO.
7.5 MINUTE SERIES (TOPOGRAPHIC)

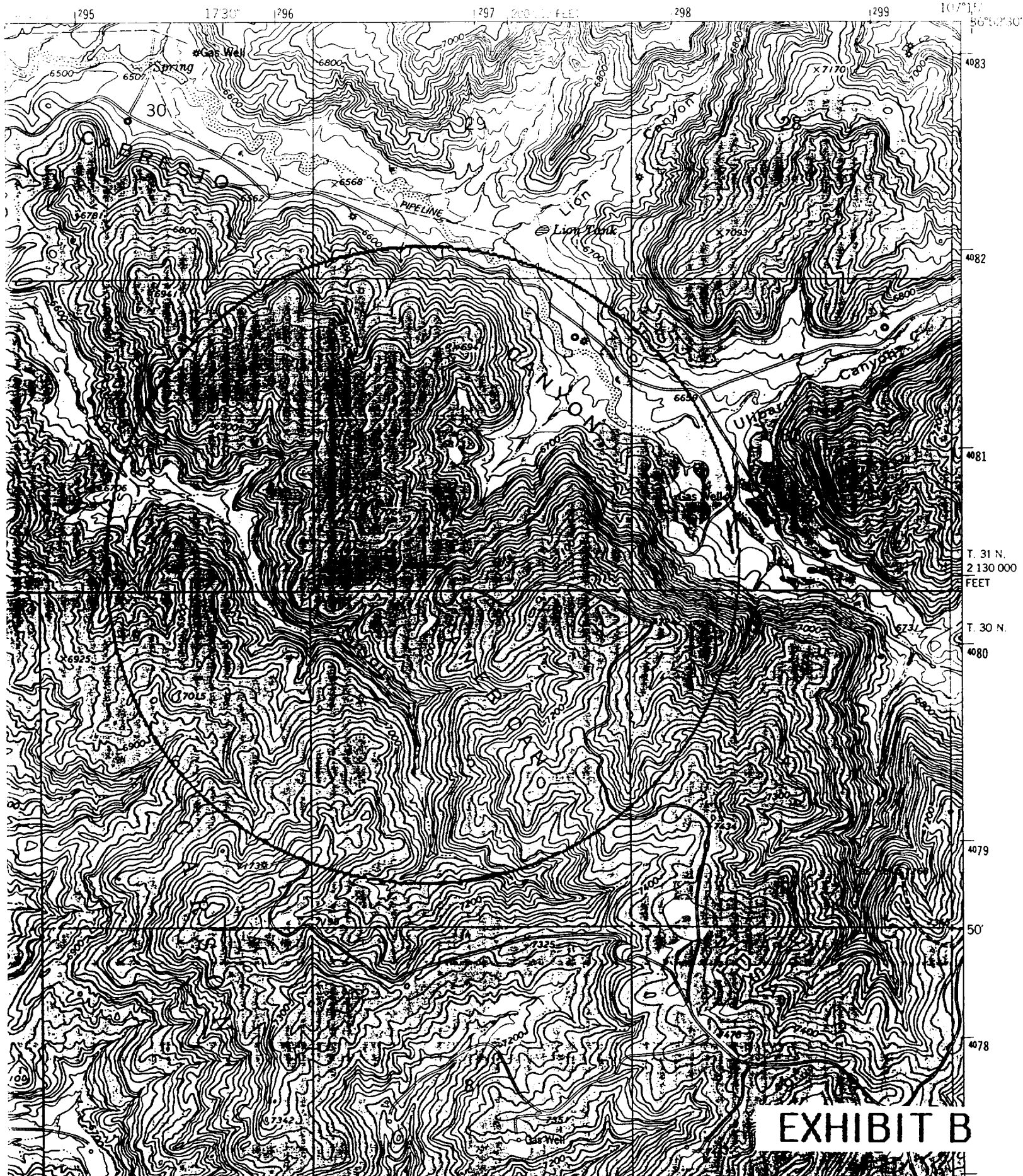


EXHIBIT B

TEN-POINT COMPLIANCE PROGRAM

Evergreen Operating Corp.
Schalk 32 #2

560' FSL 1800' FWL Sec. 32 - T 31 N - R 4 W
Elev: 6940' GR
Lease No. NM-23044

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

Ojo Alamo	3195'
Kirtland	3410'
Fruitland	3695'
Fruitland Coal	3700'
Pictured Cliffs	3830'
Total Depth	4080'

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

<u>SUBSTANCE</u>	<u>FORMATION</u>	<u>ANTICIPATED DEPTH</u>
GAS	Fruitland Coal	3700'

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 at the base of the Ojo Alamo formation 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: 1160 CuFt (628 Sx) Halliburton Lite w/2% CaCl plus 118 CuFt (100 Sx) Class B w/2% CaCl. 2nd stage totals: 1501 CuFt (905 Sx). Grand Totals: 1649 CuFt (1030 Sx). (Exact volumes to be determined from 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