UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

		R PERMIT TO DRILL, DEEPEN, OR PLUG BACK
a.	Type of Work	5. Lease Number
	DRILL	SF-078134
		Unit Reporting Number
b.	Type of Well	6. If Indian, All. or Tribe
	GAS	
		7. Unit Agreement Name
2.	Operator <i>E∖URLINGTQN</i>	
	RESOURCES Oil &	Gas Company
	Address & Phone No. of Operator	8. Farm or Lease Name
٠.	PO Box 4289, Farmingto	
	(O DOX 4203) Laimingeo	9. Well Number
	(505) 326-9700	*************** #1C
	Location of Well	10. Field, Pool, Wildcat
₹.	1555'FSL, 1970'FEL	Blanco MV/_Basin DK -
	1555 FSE, 1970 FEE	11. Sec., Twn, Rge, Mer. (NMPM)
	Latitude 36 ^o 52.9, Longi	
	Datitude 30 32.3, 23.3	API# 30-045- 30405
	Distance in Miles from Nearest To	own 12. County 13. State
	Distance in Miles from Nearest 10	
14.	7.7 miles to int. Hwy 55	60 & Hwy 173 in Aztec, NM. San Juan NM
15.	7.7 miles to int. Hwy 55 Distance from Proposed Location 1555'	100 & Hwy 173 in Aztec, NM. San Juan NM 100 Nearest Property or Lease Line
	7.7 miles to int. Hwy 55 Distance from Proposed Location	60 & Hwy 173 in Aztec, NM. San Juan NM
15. 16.	7.7 miles to int. Hwy 55 Distance from Proposed Location 1555' Acres in Lease	to Nearest Property or Lease Line 17. Acres Assigned to Well MV/DK: E/318.54
15.	7.7 miles to int. Hwy 55 Distance from Proposed Location 1555' Acres in Lease Distance from Proposed Location 618 5'	17. Acres Assigned to Well MV/DK: E/318.54 In to Nearest Well, Drig, Compl, or Applied for on this Lease
15. 16.	7.7 miles to int. Hwy 55 Distance from Proposed Location 1555' Acres in Lease Distance from Proposed Location 618 5'	17. Acres Assigned to Well MV/DK: E/318.54 In to Nearest Well, Drig, Compl, or Applied for on this Lease
15. 16.	7.7 miles to int. Hwy 55 Distance from Proposed Location 1555' Acres in Lease Distance from Proposed Location 638.5' Proposed Depth This contemps of the proposed set in Lease	17. Acres Assigned to Well MV/DK: E/318.54 In to Nearest Well, Drig, Compl, or Applied for on this Lease
15. 16. 18. 19.	7.7 miles to int. Hwy 55 Distance from Proposed Location 1555' Acres in Lease Distance from Proposed Location 658.5' Proposed Depth 7510' and appearance and appearance from proposed set and appearance from proposed Location for the proposed set and appearance from proposed Location for the proposed set and appearance from proposed Location for the	17. Acres Assigned to Well MV/DK: E/318.54 In to Nearest Well, Drig, Compl, or Applied for on this Lease A la acceptable to the second of the CFR 3185.32. Rotary or Cable Tools Rotary
15. 16.	7.7 miles to int. Hwy 55 Distance from Proposed Location 1555' Acres in Lease Distance from Proposed Location 638.5' Proposed Depth This contemps of the proposed set in Lease	17. Acres Assigned to Well MV/DK: E/318.54 In to Nearest Well, Drig, Compl, or Applied for on this Lease In the Acres Well, Drig, Compl, or Applied for on this Lease In the Acres Well and State a
15. 16. 18. 19.	Distance from Proposed Location 1555' Acres in Lease Distance from Proposed Location 638.5' Proposed Depth 7310' This earlier proceedings and appear Elevations (DF, FT, GR, Etc.) 5951' GR	17. Acres Assigned to Well MV/DK: E/318.54 In to Nearest Well, Drig, Compl, or Applied for on this Lease In the Acres Assigned to Well MV/DK: E/318.54 In the Nearest Well, Drig, Compl, or Applied for on this Lease In the Acres Assigned to Well MV/DK: E/318.54 Rotary or Cable Tools Rotary 22. Approx. Date Work will Start
15. 16. 18. 19.	Distance from Proposed Location 1555' Acres in Lease Distance from Proposed Location 638.5' Proposed Depth 7310' Elevations (DF, FT, GR, Etc.) 5951' GR Proposed Casing and Cementing	17. Acres Assigned to Well MV/DK: E/318.54 In to Nearest Well, Drig, Compl, or Applied for on this Lease A la separate in 43 CFR 3185.3 Rotary or Cable Tools Rotary 22. Approx. Date Work will Start
15. 16. 18. 19.	Distance from Proposed Location 1555' Acres in Lease Distance from Proposed Location 638.5' Proposed Depth 7310' This earlier proceedings and appear Elevations (DF, FT, GR, Etc.) 5951' GR	17. Acres Assigned to Well MV/DK: E/318.54 In to Nearest Well, Drig, Compl, or Applied for on this Lease In the Nearest Wel
15. 16. 18. 19.	Distance from Proposed Location 1555' Acres in Lease Distance from Proposed Location 638.5' Proposed Depth 7310' Elevations (DF, FT, GR, Etc.) 5951' GR Proposed Casing and Cementing	17. Acres Assigned to Well MV/DK: E/318.54 In to Nearest Well, Drig, Compl, or Applied for on this Lease 18. Acres Assigned to Well MV/DK: E/318.54 In to Nearest Well, Drig, Compl, or Applied for on this Lease 19. Acres Assigned to Well MV/DK: E/318.54 Rotary or Cable Tools Rotary 22. Approx. Date Work will Start
15. 16. 18. 19.	Distance from Proposed Location 1555' Acres in Lease Distance from Proposed Location 638.5' Proposed Depth 7310' Elevations (DF, FT, GR, Etc.) 5951' GR Proposed Casing and Cementing	17. Acres Assigned to Well MV/DK: E/318.54 In to Nearest Well, Drig, Compl, or Applied for on this Lease In the Acres Assigned to Well MV/DK: E/318.54 In to Nearest Well, Drig, Compl, or Applied for on this Lease In the Acres Assigned to Well MV/DK: E/318.54 Rotary or Cable Tools Rotary 22. Approx. Date Work will Start Program The Acres Assigned to Well MV/DK: E/318.54 Rotary or Cable Tools Rotary 22. Approx. Date Work will Start Program The Acres Assigned to Well MV/DK: E/318.54
15. 16. 18. 19.	Distance from Proposed Location 1555' Acres in Lease Distance from Proposed Location 638.5' Proposed Depth 7310' Elevations (DF, FT, GR, Etc.) 5951' GR Proposed Casing and Cementing See Operations Plan at	17. Acres Assigned to Well MV/DK: E/318.54 In to Nearest Well, Drig, Compl, or Applied for on this Lease is applied to to to the series and the series and the series are the series ar
15. 16. 18. 19. 21.	Distance from Proposed Location 1555' Acres in Lease Distance from Proposed Location 638.5' Proposed Depth 7310' Elevations (DF, FT, GR, Etc.) 5951' GR Proposed Casing and Cementing See Operations Plan at	17. Acres Assigned to Well MV/DK: E/318.54 In to Nearest Well, Drig, Compl, or Applied for on this Lease In the Acres Assigned to Well MV/DK: E/318.54 In to Nearest Well, Drig, Compl, or Applied for on this Lease In the Acres Assigned to Well MV/DK: E/318.54 Rotary or Cable Tools Rotary 22. Approx. Date Work will Start Program trached Program ERREPART AND
15. 16. 18. 19. 21.	Distance from Proposed Location 1555' Acres in Lease Distance from Proposed Location 638.5' Proposed Depth 7310' Elevations (DF, FT, GR, Etc.) 5951' GR Proposed Casing and Cementing See Operations Plan at	17. Acres Assigned to Well MV/DK: E/318.54 In to Nearest Well, Drig, Compl, or Applied for on this Lease 18. Section 19. Compl. 3185.3 Rotary or Cable Tools Rotary 22. Approx. Date Work will Start Program ttached 18. Section 19. Complete Are Section 19. Complete Ar
15. 16. 18. 19. 21.	Distance from Proposed Location 1555' Acres in Lease Distance from Proposed Location 638.5' Proposed Depth 7310' Elevations (DF, FT, GR, Etc.) 5951' GR Proposed Casing and Cementing See Operations Plan at	17. Acres Assigned to Well MV/DK: E/318.54 In to Nearest Well, Drig, Compl, or Applied for on this Lease In the Acres Assigned to Well MV/DK: E/318.54 In the Nearest Well, Drig, Compl, or Applied for on this Lease In the Acres Assigned to Well MV/DK: E/318.54 In the Nearest Well, Drig, Compl, or Applied for on this Lease In the Nearest Well, Drig, Compl, or Applied for o

Archaeological Report to be submitted
Threatened and Endangered Species Report to be submitted
NOTE: This format is issued in lieu of U.S. BLM Form 3160-3
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 presentations as to any matter within its jurisdiction.

DISTRICT I P.O. Box 1980, Hobbs, N.M. 88241-1980

State of New Mexico Energy, Minerals & Natural Resources Department

Form C-102 Revised February 21, 1994 Instructions on back

☐ AMENDED REPORT

Submit to Appropriate District Office

State Lease — 4 Copies Fee Lease — 3 Copies

P.O. Drawer DD, Artesia, N.M. 88211-0719

Section

19

UL or lot no.

Township

31-N

Range

10-W

DISTRICT III 1000 Rio Brazos Rd., Aztec, 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

WELL LOCATION AND ACREAGE DEDICATION PLAT

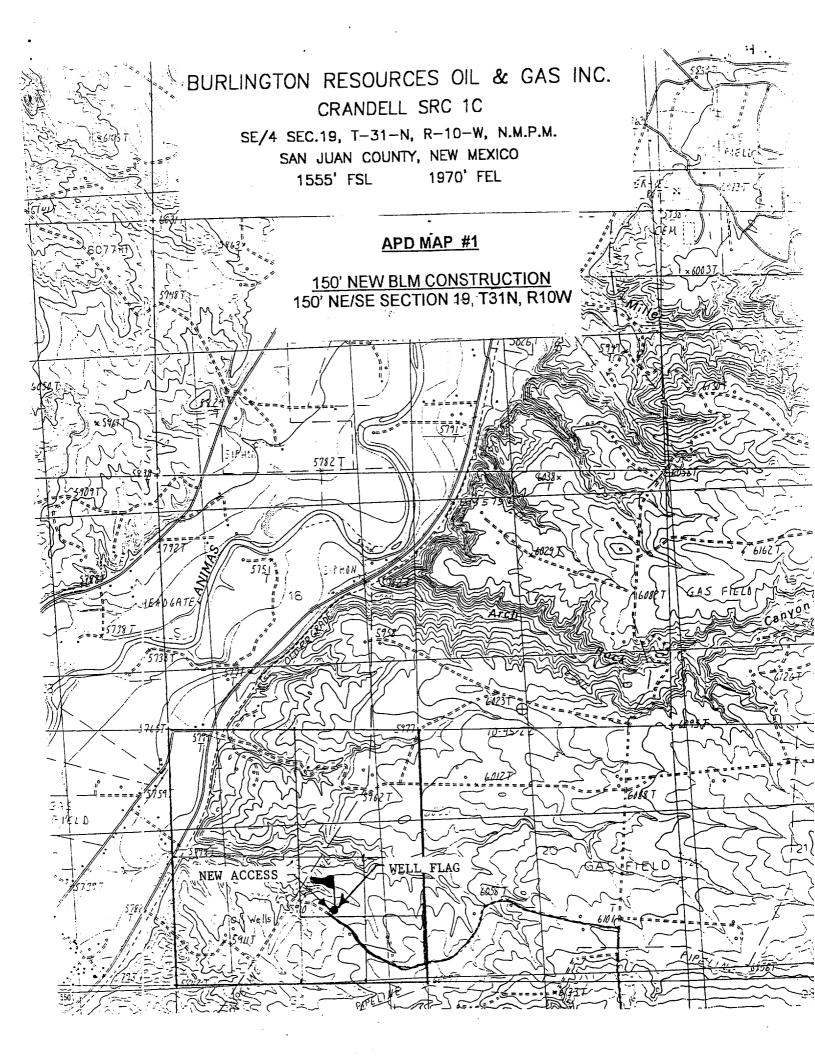
¹ APi Number	² Pool Code	³ Pool Name	
30-045- 3,040	72319/71599	Blanco Mesaverde/Basin Dako	ta
⁴ Property Code 18503	⁵ Prop	perty Name DELL SRC	* Well Number
70GRID No. 14538	-r·	rator Name RCES OIL & GAS INC.	* Elevation 5951 ~

Surface Location East/West line North/South line Feet from the County Feet from the Lot Idn SOUTH 1970 **EAST** SAN JUAN 1555

Location If Different From Surface 11 Bottom Hole East/West line Feet from the North/South line Feet from the County Lot Idn Ronge Township Section UL or lot no. 15 Order No. ¹⁴ Consolidation Code 13 Joint or Infill "Pedicated Acres MV: E/318.54 DK: E/318.54

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION					
16	L ОТ		LOT 6	LOT 5	17 OPERATOR CERTIFICATION i hereby certify that the information contained herein is true and complete to the best of my knowledge and belief	
	/		USA SF-	-078134		
	LOT 2	LOT 7	 LOT B 	LOT 9 FD 3 1/2" BLM 1968 B.C.	Signature Peggy Cole Printed Name Regulatory Supervisor Title /o-20-00 Date	
	с от 3	LOT 12	USA SF	-078134	i hereby certify that the well location shown on this plat was platted from field nates of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my benefit. Date of Surveys	
	LOT 13	LOT 14 FD 3 1/2" BLM 1966 B.C.	LOT 15		Signature an Sa of rosessional Sovetor: 0.394 Signature an Sa of rosessional Sovetor: 0.394 Certificate Number	



OPERATIONS PLAN

Well Name: Crandell SRC #1C

Location: 1555'FSL, 1970'FEL, Sec 19, T-31-N, R-10-W

San Juan County, NM

Latitude 36° 52.9, Longitude 107° 55.3

Formation: Blanco Mesa Verde/Basin Dakota

Elevation: 5951' GL

Formation Tops:	Top	Bottom	Contents
Surface	San Jose	1088'	
Ojo Alamo	1088'	1148'	aquifer
Kirtland	1148'	2043′	gas
Fruitland	2043'	2648'	gas
Pictured Cliffs	2648'	2784'	gas
Lewis	2784'	3373'	gas
Intermediate TD	2884'		
Mesa Verde	3373 ′	3718 ′	gas
Chacra	3718 ′	4273 ′	gas
Massive Cliff House	4273'	4458'	gas
Menefee	4458'	4893 ′	gas
Massive Point Lookout	4893'	5243'	gas
Mancos	5243 ′	6178 '	gas
Gallup	6178 '	6892 '	gas
Greenhorn	6892 '	6953 '	gas
Graneros	6953'	7005 '	gas
Da kota	7005 ′		gas
TL)	7310'		

Logging Program:

Cased hole - Platform Express, DIL/GR, Density Neutron Porosity, Bulk Density/Correction, Microlog, CBL-CCL-GR - TD to surface Cores - none

Mud Program:

<u> </u>				
Interval	Type	Weight	Vis.	Fluid Loss
0- 120'	Spud	8.4-9.0	40-50	no control
120- 2884'	LSND	8.4-9.0	30-60	no control
2784- 7310'	LISND,	8.4-9.0	40-60	8-12

Pit levels will be visually monitored to detect gain or loss of fluid control.

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

Hole Size	Depth Interval	Csg.Size	<u>Wt.</u>	<u>Grade</u>
12 1/4"	0' - 120'	9 5/8"	32.3#	WC-50
8 3/4"	0' - 2884'	7 "	20.0#	J-55
6 1/4"	0' - 7310'-	4 1/2"	10.5#	K-55

Tubing Program:

0' - 7310' 2 3/8" 4.7# J-55

BOP Specifications, Wellhead and Tests:

Surface to Intermediate TD -

11" 2000 psi minimum double gate BOP stack (Reference Figure #1). After nipple-up prior to drilling out surface casing, rams and casing will be tested to 600 psi for 30 minutes.

Intermediate TD to Total Depth -

11" 2000 psi minimum double gate BOP stack (Reference Figure #1). After nipple-up prior to drilling out intermediate casing, rams and casing will be tested to 1500 psi for 30 minutes.

Surface to Total Depth -

2" nominal, 2000 psi minimum choke manifold (Reference Figure #3).

Completion Operations -

7 1/16" 2000 psi double gate BOP stack (Reference Figure #2). After nipple-up prior to completion, pipe rams, casing and liner top will be tested to 2000 psi for 15 minutes.

Wellhead -

9 5/8" x 7" x 2 3/8" x 3000 psi tree assembly.

General -

- Pipe rams will be actuated once each day and blind rams will be actuated once each trip to test proper functioning.
- An upper kelly cock valve with handle available and drill string valves to fit each drill string will be available on the rig floors at all times.
- BOP pit level drill will be conducted weekly for each drilling crew.
- All BOP tests and drills will be recorded in daily drilling reports.
- Blind and pipe rams will be equipped with extension hand wheels.

Cementing:

9 5/8" surface casing - cement with 96 sx Class "B" cement with 1/4# flocele/sx and 3% calcium chloride (113 cu.ft. of slurry, 200% excess to circulate to surface). WOC 8 hrs. Test casing to 600 psi for 30 minutes.

Saw tooth guide shoe on bottom. Bowspring centralizers will be run in accordance with Onshore Order #2.

7" intermediate casing -

Lead w/255 sx Class "G" w/3% sodium metasilicate, 2% calcium chloride, 10# gilsonite/sx and 1/2# flocele/sx. Tail w/90 sx 50/50 Class "G" Poz w/2% calcium chloride, 2% gel, 1/4 pps flocele, 5 pps gilsonite (868 cu.ft. of slurry, 100% excess to circulate to surface.) WOC minimum of 8 hours before drilling out intermediate casing. If cement does not circulate to surface, a CBL will be run during completion operations to determine TOC. Test casing to 1500 psi for 30 minutes.

7" intermediate casing alternative two stage: Stage collar at 1943'. First stage: cement with 221 sx 50/50 Class "G" Poz w/2% calcium chloride, 2% gel, 1/4 pps flocele, 5 pps gilsonite. Second stage: 198 sx Class "G" w/3% sodium metasilicate, 2% calcium chloride, 10# gilsonite/sx and 1/2# flocele/sx (868 cu.ft., 100% excess to circulate to surface).

Cement nose guide shoe on bottom with float collar spaced on top of shoe joint. Bowspring centralizers spaced every other joint off bottom, to the base of the Ojo Alamo at 1148'. Two turbolating centralizers at the base of the Ojo Alamo at 1148'. Bowspring centralizers spaced every fourth joint from the base of the Ojo Alamo to the base of the surface casing.

4 1/2" Production Casing -

Cement to cover minimum of 100' of 4 1/2" x 7" overlap. Lead with 452 sx 50/50 Class "G" Poz with 2% gel, 0.25# flocele/sx, 5# gilsonite/sx, 0.2% retardant and 0.4% fluid loss additive (650 cu.ft.), 40% excess to cement 4 1/2" x 7" overlap). WOC a minimum of 18 hrs prior to completing.

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

Cement float shoe on bottom with float collar spaced on top of shoe joint.

Note: To facilitate higher hydraulic stimulation completion work, no liner hanger will be used. In its place, a long string of 4 1/2" casing will be run and cemented with a minimum of 100' of cement overlap between the 4 1/2" x 7" casing strings. After completion of the well, a 4 1/2" retrievable bridge plug will be set below the top of cement in the 4 1/2" x 7" overlap. The 4 1/2" casing will then be backed off above the top of cement in the 4 1/2" x 7" overlap and laid down. The 4 1/2" bridge plug will then be retrieved and the production tubing will be run to produce the well.

 If hole conditions permit, an adequate water spacer will be pumped ahead of each cement job to prevent cement/ mud contamination or cement hydration.

Special Drilling Operations (Gas/Mist Drilling):

The following equipment will be operational while gas/mist drilling:

- An anchored blooie line will be utilized to discharge all cuttings and circulating medium to the blow pit a minimum of 100' from the wellhead.
- The blooie line will be equipped with an automatic igniter or pilot light.
- Compressors will be located a minimum of 100' from the wellhead in the opposite direction from the blooie line.
- Engines will have spark arresters or water cooled exhaust.
- Deduster equipment will be utilized.
- The rotating head will be properly lubricated and maintained.
- A float valve will be utilized above the bit.
- Mud circulating equipment, water, and mud materials will be sufficient to maintain control of the well.

Additional Information:

- The Dakota and Mesa Verde formations will be completed and commingled.
- No abnormal temperatures or hazards are anticipated.
- Anticipated pore pressures are as follows:

Fruitland Coal 300 psi Pictured Cliffs 600 psi Mesa Verde 700 psi Dakota 2500 psi

- Sufficient LCM will be added to the mud system to maintain well control, if lost circulation is encountered.
- The east half of Section 19 is dedicated to the Mesaverde and Dakota in this well.
- This gas is dedicated.

John P. Hoston	10/20/00	
Drilling Engineer		Date