

1009 Ridgeway Place Suite 200 farmington, New Mexico 87401

505-326-3753 505-327-4659 FAX info@disimmonsinc.com www.disimmonsinc.com

PKRV0312748988 MS

5/27/03 NSL

RECEIVED

MAY 0 7 2003

OIL CONSERVATION DIVISION

New Mexico Oil Conservation Division 1220 So. St. Francis Dr. Santa Fe. New Mexico 87505

RE:

May 2, 2003

Application for Administrative Approval

Unorthodox Well Location

Byrne Federal 24-1

Undesignated Tapacito- Pictured Cliffs Prorated Gas Pool

NW/4, Section 24, T25N, R3W

Rio Arriba County, NM

(30-039-27262)

245320

Gentlemen:

DJ Simmons, Inc. requests administrative approval of this non-standard footage location pursuant to Rule 104. C (3). Affected parties would be 3 operators and 2 lessees in the Pictured Cliffs interval in the E/2 of Section 23 and SE/4 of Section 14.

The Byrne Federal 24-1 well was originally permitted and drilled as a West Lindrith Gallup Dakota pool test. Attached map 1-A shows archaeological sites and one isolated locus identified by Mr. Roger Moore of Moore Anthropological Research and Ms. Patricia Hester of Bureau of Land Management Albuquerque District Office. The well pad was selected in an area where archaeological sites and features were not present due to an existing constructed stock pond. Attempts were made to position the well site in a standard drilling window but the presents of numerous archaeological features to the east of the site precluded moving the site in that direction.

This well was spudded on March 26, 2003; Drilling operations were suspended after setting the 9 5/8" intermediate casing through the Picture Cliffs Formation. Severe hole conditions encountered below the 9 5/8" casing shoe resulted in sticking 2000' of drill string and hole collapse. Fishing operations were not successful, DJ Simmons, Inc. proposes to re-enter the well and complete in the Tapacito-Picture Cliffs.

As required by Rule 104.F (3) the following items are attached:

- A C-102 Showing the well location and proposed spacing unit.
- · A plat showing offset Tapacito-Picture Cliffs spacing units or leases if the sections are not spaced.
- A list of the operators or lessee of record for the offsetting proration unit with their addresses.

In accordance with Rule104. F (3) and Rule 1207. A (2), a complete copy of this application was sent by certified mail-return receipt, on the same date as this application to the operators/lessees on the attached list. A copy of the cover letter is attached.

Sincerely

John A. Byrom President & CEO



1009 Ridgeway Place Suite 200 Farmington, New Mexico 87401

505-326-3753 505-327-4659 FAX info@djsimmonsinc.com www.djsimmonsinc.com

SENT CERTIFIED MAIL - RECEIPT REQUESTED

May 2, 2003

A.G. Hill & Margaret Hunt Hill 1601 Elm Street Dallas, TX. 75201

Re:

Application for Administrative Approval
Unorthodox Well Location
Byrne Federal 24-1
Undesignated Tapacito-Pictured Cliffs Prorated Gas Pool
NW/4, Section 24, T25N, R3W
Rio Arriba County, NM

To All Interested Parties:

DJ Simmons, Inc. has made application to the New Mexico Oil Conservation Division for administrative approval of the above referenced unorthodox well location. In accordance with Rule 104.F (3) and 1207.A (2), we are advising you of this application as an "Affected person" of an adjoining spacing unit. A copy of the application is attached for your review. If you have no objection to the application, please sign the attached wavier letter and return to the NMOCD in the enclosed self- addressed stamped envelope. If you do not sign the wavier or enter an objection within twenty days, The Division Director may approve this application.

Please contact the undersigned at the letterhead telephone number if you have any questions.

Sincerely,

John A. Byrom President & CEO



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SENT CERTIFIED MAIL - RECEIPT REQUESTED

May 2, 2003

Dugan Production Corp. P.O. Box 420 Farmington, NM. 87499

Re: Application for Administrative Approval

Unorthodox Well Location

Byrne Federal 24-1

Undesignated Tapacito-Pictured Cliffs Prorated Gas Pool

NW/4, Section 24, T25N, R3W

Rio Arriba County, NM

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SENT CERTIFIED MAIL - RECEIPT REQUESTED

May 2, 2003

Redwolf Production Inc. P.O. Box 5382 Farmington, NM. 87499

Re:

Application for Administrative Approval

Unorthodox Well Location

Byrne Federal 24-1

Undesignated Tapacito- Pictured Cliffs Prorated Gas Pool

NW/4, Section 24, T25N, R3W

Rio Arriba County, NM

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SENT CERTIFIED MAIL - RECEIPT REQUESTED

May 2, 2003

B&M Construction Corp. 1900 Mercantile Bank Bldg. Dallas, TX. 75221 C/O Benson Montin –Greer Drilling Corp. 4900 College Blvd. Farmington, NM. 87401

Re:

Application for Administrative Approval

Unorthodox Well Location

Byrne Federal 24-1

Undesignated Tapacito-Pictured Cliffs Prorated Gas Pool

NW/4, Section 24, T25N, R3W

Rio Arriba County, NM

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Sincerely.

John A. Byrom President & CEO



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505-326-3753 505-327-4659 FAX info@djsimmonsinc.com www.djsimmonsinc.com

SENT CERTIFIED MAIL – RECEIPT REQUESTED

May 2, 2003

Benson Montin-Greer Drilling Corp. 1900 Mercantile Bank Bldg. Dallas, TX. 75221 C/O Benson Montin- Greer Drilling Corp 4900 College Blvd. Farmington, NM. 87401

Re:

Application for Administrative Approval

Unorthodox Well Location

Byrne Federal 24-1

Undesignated Tapacito Pictured Cliffs Prorated Gas Pool

NW/4, Section 24, T25N, R3W

Rio Arriba County, NM

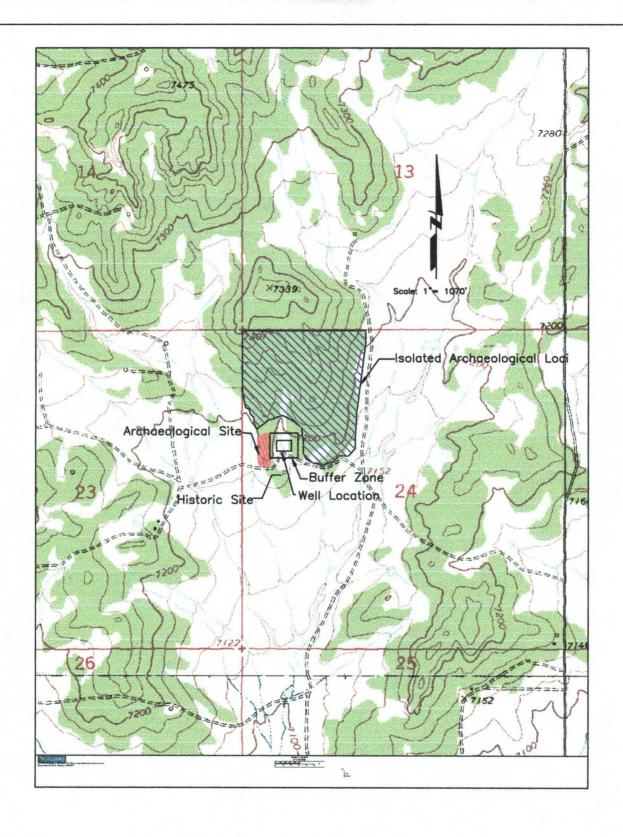
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Please contact the undersigned at the letterhead telephone number if you have any questions.

Sincerely,

John A. Byrom President & CEO



MAP -1A



1009 Ridgeway Place Suite 200 Farmington, NM. 87401

PH. (505) 325-3753 FAX (505) 327-4659

www. djsimmonsinctcom

APPROVED: R.R.G.

DRWN BY: C.D.S.

May 2003

PROJECT: Byrne Fed 24-1

SCALE: As Shown

UNORTHODOX LOCATION
Byrne Federal 24-1

NW/4, Section 24, T25N, R3W Rio Arriba County, NM. District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Avenue, Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION

1220 South St. Francis Dr. Santa Fe, NM 87505

Form C-102 Revised August 15, 2000

Submit to Appropriate District Office

State Lease - 4 Copies

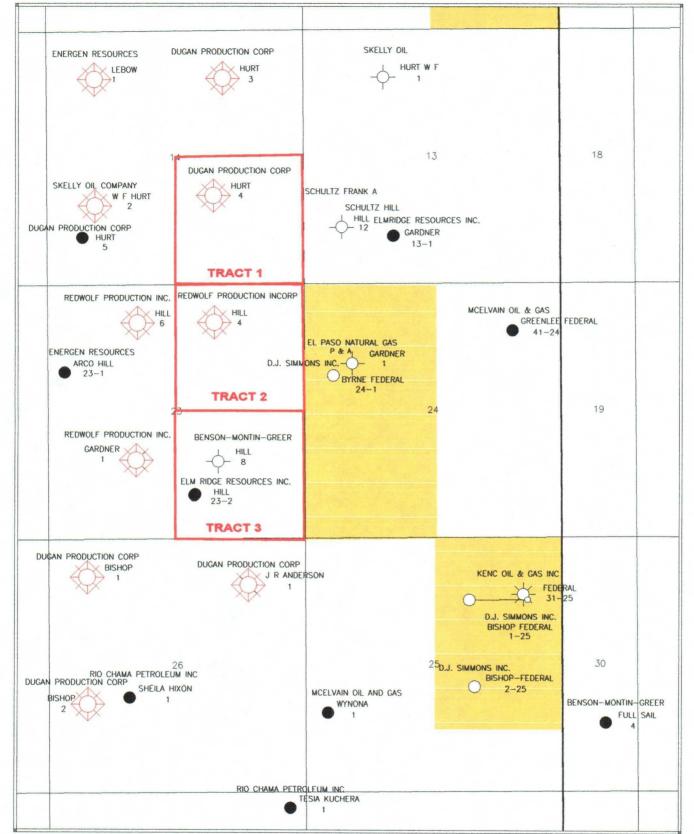
Fee Lease - 3 Copies

| 05 | |
|---|--|
| WELL LOCATION AND ACREAGE DEDICATION PLAT | |

| ¹ API Number | | | ² Pool Code | | ³ Pool Name | | | | | |
|---|--|--|--|---|---|---|--|---|--|--|
| | | j | 85290 | | Tapacito Pictured Cliffs Prorated Gas Pool | | | | | |
| Code | | | ⁵ Property Name | | | | | ⁶ Well Number | | |
| j | Byrne Federal 24 | | | | | | | 1 | | |
| OGRID No. Operator Name Selection 1997 | | | | | | ⁹ Elevation | | | | |
| | DJ Simmons Inc. | | | | | | | 7299 | | |
| | | | | ¹⁰ Surface | Location | | | | | |
| Section | Township Range | | Lot ldn | Feet from the | North/South line Feet for | Feet from the | East/West line | ne County | | |
| 24 | T25N | R3W | | 1909 | FNL | 594 | FWL | Rio Arriba | | |
| | l | ¹¹ Bo | ottom Ho | le Location I | f Different From | m Surface | | | | |
| UL or lot no. Section Township | | Range | Lot Idn | Feet from the | North/South line | North/South line Feet from the East/W | | County | | |
| 12 Dedicated Acres 13 Joint or Infill 14 Consolidation Code 15 Order No. 160 Infill 16 Consolidation Code 15 Order No. | | | | der No. | | <u>.,l</u> | | | | |
| | Section 24 Section 21 Section 3 Joint o | Section Township 24 T25N Section Township s 13 Joint or Infill | Section Township Range 24 T25N R3W 11 BG Section Township Range | Section Township Range Lot Idn 24 T25N R3W 11 Bottom Ho Section Township Range Lot Idn Section Township Range Lot Idn s 13 Joint or Infill 14 Consolidation Code 15 On | Roode Section Township Range Lot Idn Feet from the 1909 11 Bottom Hole Location I Section Township Range Lot Idn Feet from the 1909 12 Section Township Range Lot Idn Feet from the 1909 | Section Township Range Lot Idn Feet from the North/South line | Section Township Range Lot Idn Feet from the 11 Bottom Hole Location If Different From Surface Section Township Range Lot Idn Feet from the North/South line Feet from the Section Township Range Lot Idn Feet from the Section Township Range Lot Idn Feet from the North/South line Feet from the Section Township Range Lot Idn Feet from the North/South line Feet from the Section Township Range Lot Idn Feet from the North/South line Feet from the Section Township Range Lot Idn Feet from the North/South line Feet from the Section Township Range Lot Idn Feet from the North/South line Feet from the Section Township Range Lot Idn Feet from the North/South line Feet from the Section Township Range Lot Idn Feet from the North/South line Feet from the Section Township Range Lot Idn Feet from the North/South line North/ | Section Township Range Lot Idn Feet from the 1909 FNL S94 FWL | | |

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-

| | STANDARD UNIT HAS BEI | IN AFFROVED BY THE | DIVISION |
|------------|-----------------------|--------------------|---|
| 16 | | | 17 OPERATOR CERTIFICATION I hereby certify that the information contained herein |
| 1,000 | ., | | is true and complete to the best of my knowledge and |
| 1909 |) | | belief. |
| | | | Signature |
| Gard | iner 1 | | Printed Name |
| P & | ₽ | | Printed Name PRESIDENT |
| 594 | | | 5/2/03 |
| Byrne 24-1 | | | Date |
| 9 | SECTION | | ¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this |
| | 24 | | 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. |
| | | | Date of Survey |
| | | | Signature and Seal of Professional Surveyor: |
| | | | |
| | | | |
| | | | |
| | | | Certificate Number |
| | | 1 | |



R3W

D.J. Simmons, Inc.

BYRNE FEDERAL #24-1
NON-STANDARD LOCATION

Liss 4/28/2003
Scale 1:24000.

LEGEND

D.J. SIMMONS LEASE ACREAGE

PICTURED CLIFFS WELL

PICTURED CLIFFS UNITS

T 25 N

Names and Addresses of Affected Persons for Notice Purposes

Per Rule 12.07. A (2)

Unorthodox Location

Byrne Federal 24-1

SW/4 NW/4 Section 24, T25N, R3W

Rio Arriba County, New Mexico

A.G. Hill& Margaret Hunt Hill 1601 Elm Street Dallas, TX. 75201

Redwolf Production Inc. P.O. Box 5382 Farmington, Nm. 87499

B&M Construction Corp C/O Benson Montin-Greer Drilling Corp 4900 College Blvd. Farmington, NM. 87401

Benson Montin-Greer Drilling Corp 4900 College Blvd. Farmington, NM.87401

Dugan Production Corporation P.O. Box 420 Farmington, NM. 87401



1009 Ridgeway Place Suite 200 Farmington, New Mexico 87401

505-326-3753 505-327-4659 FAX info@djsimmonsinc.com www.djsimmonsinc.com

SENT CERTIFIED MAIL – RECEIPT REQUESTED

May 2, 2003

TO: Interested Parties Entitled to Notice

RE: Application for Administrative Approval
Unorthodox Well Location
Byrne Federal 24-1
Undesignated Tapacito-Pictured Cliffs Prorated Gas Pool
NW/4, Section 24,T25N, R3W
Rio Arriba County, NM.

DJ Simmons Inc. Requests that you waive objection to its application for administrative approval of the above-referenced unorthodox Undesignated Tapacito-Pictured Cliffs Prorated Gas Pool well location. A copy of the application is enclosed.

If you have an objection to this application, you must notify the New Mexico Oil Conservation Commission at 1220 So. St. Francis Dr., Santa Fe, NM 87505 within 20 days of receiving this notice. If you wish to waive objection to this application, please sign and return one copy of this letter in the attached envelope.

John A. Byrom President & CEO

I/We waive objection in the above matter.

Company ______

Name ______

Signature ______ Date _____

| i I | •m 3160-3 iguet 1999) | • | MOZIVA | | OMB No | PPROVED . 1004-0136 | | |
|-------------|---|---------------------------------------|--|--------------------------|---|--------------------------|-----------------|--|
| | UNITED STATES DEPARTMENT OF THE IN BUREAU OF LAND MANAG | TERIOR | 01 JUN 27 All | 8: 24 | 5. Lease Serial No. NM 105189 | ember 30, 200 | 10 · | |
| / | APPLICATION FOR PERMIT TO DR | ILL OR | REENTERGUERG | uE. H.M. | 6. If Indian, Allottee on A | or Tribe Nes | ne | |
| / | Ia. Type of Work: DRILL REENTER | | | | 7. If Unit or CA Agree | | 3099 | |
| | 1b. Type of Well: Oil Well Gas Well Other | 0 | Single Zone Multi | ple Zone | 8. Lesse Name and V Byrne Fed 9. API Well No. | | | |
| | 2. Name of Operator D.J. Simmons, Inc. 5578 | 3b Phone | No. (inclusive grea code) | | 10 Rield and Pool, or | 9-2 Exploratory | .7262 | |
| ١٢ | 1009 Ridgeway Place, Suite 200, Farmington N.M. 87401 4. Location of Well (Report location clearly and in accordance with an | (505) 32 | 6-3753 O A | OFC TOP | West Lindreth | Gallup Dk | /Blanco MV | |
| H | At surface 1909' FNL x 594' FWL At proposed prod. zone 1909' FNL x 1934' FWL | | O Dien | 16 D | Section 24, 1 | 125N R31 | ₩. | |
| <i>1</i> ⁄⁄ | 14. Distance in miles and direction from nearest town or post office* 7.5 miles northwest of Lindreth, NM | | \$ c. > | <i>⊕ •</i> | 12. County or Parish Rio Arriba | | 13. State NM | |
| | 15. Distance from proposed 594' at surface location to nearest property or lease line, ft. (Also to nearest drig, unit line, if any) | ł . | Acres in lease | 1 02.50 | g Unit dedicated to this | POK | 320 W2M | |
| | 18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 450' @surface, 979' @ TD abandoned PC well | | | | A/BIA Bond No. on file NM 1577 | | | |
| | 21. Elevations (Show whether DF, KDB, RT, GL, etc.) | 22. Approximate date work will start* | | | 23. Estimated duration | | | |
| | 7299' GL | 24 At | 09/20/01 tachments delling p | | | | | |
| | he following, completed in accordance with the requirements of Onshore | | Other Park | | | | | |
| | 1. Well plat certified by a registered surveyor. 2. A Drilling Plan. 3. A Surface Use Plan (if the location is on National Forest System SUPO shall be filed with the appropriate Forest Service Office). | Lands, the | Item 20 above). 5. Operator certific | sation. specific info | s unless covered by an | | • | |
| : | 25. Signature | • • | me (PrintediTyped) obert R. Griffee | | | Date 06/2 | 1/01 | |
| | Title Title | | obert R. Gillies | | | : 00/2 | 1701 | |
| | Operations Engineer Approved by (Signature) | Na | ame (Printed Typed) | Siti | Zlev | Date JU | N 6 2002 | |
| | Title Acting Asst Ineld Mgr | Of | AUFO | , | | | | |
| | Application approval does not warrant or certify the the applicant holds le operations thereon. Conditions of approval, if any, are attached. | ogal or equi | table title to those rights i | n the subject | lease which would entit | le the applic | antto conduct | |
| | Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make W. States any false, fictitious or fraudulent statements or representations as to | a crime for | any person knowingly as within its jurisdiction. | nd willfully t | o make to any departme | nt or agenc | y of the United | |
| | (instructions on reverse) | | es will loct (centraliz | Se | pumpod | Adjud (Engr Geol Surf | MSS 2 mg | |

2. Directional survey

Fee Lease - 3 Copies

DISTRICT I P.O. Box 1980, Hobbs, N.M. 86241-1980

State of New Mexico Energy, Minerals & Natural Resources Department

Form C-102 Revised Febuary 21, 1994 Instructions on back Submit to Appropriate District Office State Lease - 4 Copies

DISTRICT II P.O. Drawer DO, Artesia, N.M. 68211-0718

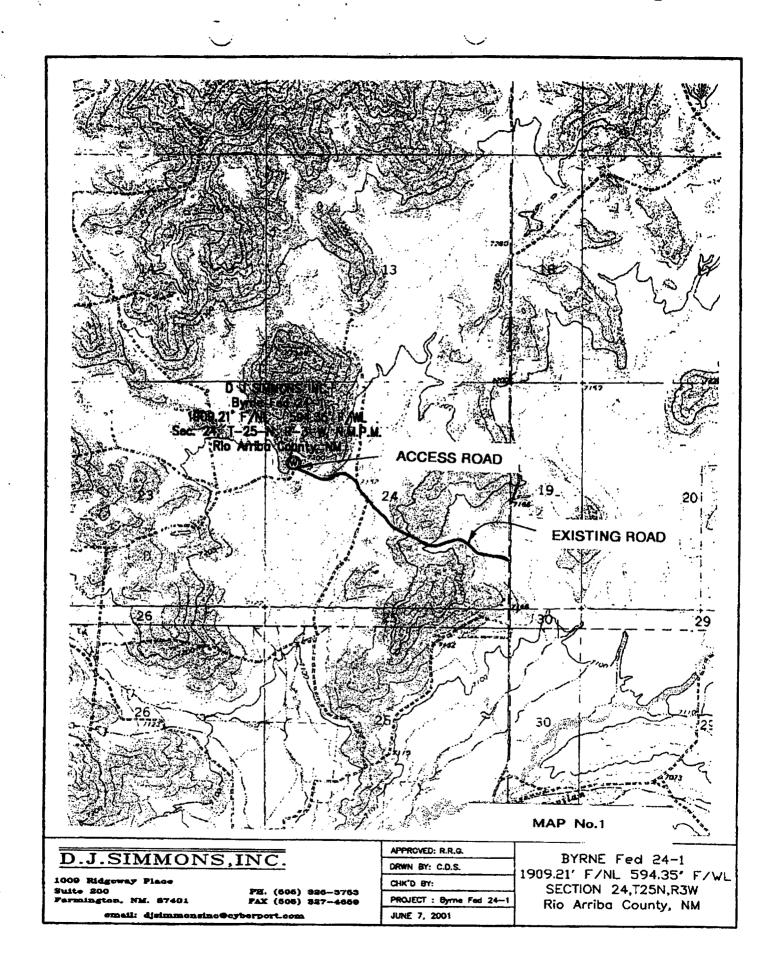
OIL CONSERVATION DIVISION

☐ AMENDED REPORT

DISTRICT III 1000 Rio Brazos RA., Aztue. #.M. 67410 P.O. Box 2088 Santa Fe, NM 87504-2088 DISTRICT IV PO Bux 2008, Santa Pr. NM 87604-2088 WELL LOCATION AND ACREAGE DEDICATION PLAT 9189 Property Name . BYRNE FED 24-1 *Operator Mame D. J. SIMMONS INC. 7298.73 10 Surface Location VL or let no. Section Feet Irom the East/West line County 3W 1909.21 24 NORTH 594.35 WEST rio arriba 11 Bottom Hole Location If Different From Surface Section طوا اما Feet from the North/South line Feet from the Rost/West line County 24 25N 3W 1909.21 **NORTH** 1934 WEST RIO ARRIBA 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 17 OPERATOR CERTIFICATION SURFACE LOCATION 594.35 BOTTON 193 HOLF 18 SURVEYOR CERTIFICATION as piotied from field notes of actual nerveys weads by w or under way supervision, and that the sease is free and correct to the best of my botisf. MAY 15,

FAX TRANSMITTA 'erm 3160-5 FORM APPROVED Budget Bureau No. 1004-0135 Expires: March 31, 1993 DEPA RAL SERVICES ADMINISTRATION U. Lease Designation and Serial No. BUREAU OF LAND MANAGEMENT PEDUGUERUUE, N.M. NM 105189 6. If Indian, Allottee or Tribe Name SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill or to deepen or reentry to a different reservoir. Use "APPLICATION FOR PERMIT---" for such proposals SUBMIT IN TRIPLICATE 1. Type of Well 8. Well Name and No. Other □ oa X Gas 2. Name of Operator Byrne Federal 24-1 9. API Well No. D.J. Simmons Co. 3. Address and Telephone No. 1009 Ridgeway Place. Suite 200, Farmington NM 87401 (505) 326-3753 10. Field and Pool, or Exploratory Area 4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Surface Location: 1909' FNL x 1994' FWL, Section 24, T25N, R3W West Lindreth Gallup / Blanco MV 11. County or Parish, State BHL: 1909' FNL x 1934' FWL, Section 24, T25N, R3W Rio Arriba County, NM CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA 12. TYPE OF SUBMISSION TYPE OF ACTION Abendonment ${f X}$ Change of Plans X Notice of Intent ☐ Recompletion ☐ New Construction Plugging Back ☐ Non-Routine Fracturing ☐ Subsequent Report Casing Repair Water Shut-Off Altering Casing Conversion to Injection ☐ Final Abandonment Notice Other Dispose Water Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depth for all markers and zones pertinent to this work.)* D.J. Simmons Inc. desires to amend the drilling plan portion of the previously approved AFE. The revised plan is attached. 14. I hereby certify that the foregoing is true and correct Signed Title Operations Manager Date: 12/18/02 Robert R. Griffee (This space for Federal or State office use) Title Achny AFM Multi Rance Date 12/20/2002 Approved by Conditions of approval, if any Original 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.

*See Instruction on Reverse Side



Drilling Plan

Well Name:

Byrne Federal 24-1

Surface Location:

1909 FNL x 594 FWL, Section 24, T25N, R3W

Rio Arriba County, NM

Bottom Hole Location:

1909' FNL x 1934' FWL, Section 24

Formation:

Gallup/Dakota

Elevation:

7299' GL

Geology:

| Formation | Top True Vertical Depth | Top Measured Depth | Probable Content |
|---------------------|-------------------------------|--------------------------|------------------|
| San Jose | Surface | Surface | |
| Ojo Alamo | 3413 | 3413 | salt water |
| Fruitland | 3513 | 3513 | gas/water |
| Pictured Cliffs | 3709 | 3709 | gas |
| Chacra | 4127 | 4127 | gas |
| MesaVerde | 5377 | 5377 | gas |
| Menefee | 5489 | 5489 | gas |
| PointLookout | 5847 | 5847 | gas |
| Mancos | 6095 | 6095 | gas/oil |
| Gallup | 6897 | 6905 | gas/oil |
| Graneros | 7989 | 8380 | gas/oil |
| Dakota | 8103 | 8542 | gas/oil |
| Burro Canyon | 8 263 | 8768 | gas/water |

Logging Program:

Schlumberger Platform Express Suite from 3950' to base of Surface Casing. Platform Express Suite from 6400' to 3950' (air hole). Platform Express Suite from 8855' to 6400'. Mud Logger on from 3400' to TD.

Drilling Fluid Program:

| * Note: all depths are Interval | e Measured Depths Fluid Type | Weight | Viscosity | Fluid Loss |
|------------------------------------|---------------------------------|---------------|-------------|---------------------------|
| 0' - 250' | fresh water spud mud | 8.4 – 9.0 ppg | 30 - 50 sec | no control |
| 250' - 3950' 3950' - 6400' | fresh water LSND gel/poly | 8.5 - 9.0 ppg | | no control |
| 6400' 8855' | 3% KCL / PHPA polymer | 8.6 – 9.2 ppg | 30 – 50 sec | 8 to 10 |
| rrg\ByrneFed241drillingp | lanAPD2.doc | | | Page 1 of 5 |
| D.J. Simmons, Inc. | P.O. Box 3005 Northri | | Farmington, | New Mexico 87499 87401 |
| (505) 326-3753 | | | F | AX (505) 327-4659 |

Casing Program:

| * Note | e: all depths are | Measured Depths | | | | |
|--------|-------------------|-----------------|----------|----------|-------|--------|
| | Interval | Hole Diameter | Csg Size | Wt. | Grade | Thread |
| | 0' – 250' | 17 1/2" | 13 3/8" | 48 ppf | H-40 | STC |
| | 0' 3750' | 12 1/4" | 9 5/8" | 36 ppf | J-55 | STC |
| | 3750' – 3950' | 12 1/4" | 9 5/8" | 47 ppf | J-55 | STC |
| | 3800' - 6280' | 8 1/2" | 7" | 20 ppf | J-55 | LTC |
| | 6280' - 6400' | 8 1/2" | 7" | 26 ppf | J-55 | LTC |
| | 8855' - 6250' | 6 1/4" | 4 ½" | 11.6 ppg | N-80 | LTC |

(The heavier weight casing on the bottom of the 9 5/8" and 7" casing strings is to facilitate existing liner hanger inventories only)

Tubing Program: 0 – 8800', 2 3/8", 4.7 ppf, J55, EUE

BOPE and Wellhead Specifications and Testing:

From surface casing shoe to 3950': 13 3/8" 2000 psi threaded casing head with two 2" outlets. 13 5/8", 2000 psi double gate BOP and 2000 psi choke manifold (see figures 1 and 2). Pressure test BOPE to 2000 psi and 13 3/8" surface casing to 600 psi prior to drilling surface casing shoe.

From 3950' to 6400': 9 5/8" 3000 threaded casing head. 11" 3000 psi double gate BOP with rotating head and 3000 psi choke manifold (see figures 3 and 4). Pressure test BOPE to 2000 psi and 9 5/8" casing to 1000 psi prior to drilling shoe.

From 6400' – TD: 11" 3000 psi double gate BOP with rotating head and 3000 psi choke manifold (see figures 3 and 4). Pressure test BOPE to 3000 psi and 7" casing to 1500 psi prior to drilling shoe.

For completion operations: $7^{\circ} \times 23/8^{\circ}$, 3000 psi tree assembly. $71/16^{\circ}$, 3000 psi double gate BOP system (see figure 5).

General Operation:

- Actuate pipe rams once each day during drilling operations. Actuate blind rams once each trip.
- An upper Kelly cock valve, with handle, will be available on the rig floor to fit each drilling string.
- BOP pit level drill will be conducted weekly for each drilling crew.
- All BOP tests and drills will be recorded in the daily drilling report.
- Blind and pipe rams will be equipped with extension hand wheels.

Cementing Program:

13 3/8" Surface Casing String: Run casing with saw tooth guide shoe on bottom, insert float valve one joint from bottom, and install bowspring centralizers as per Onshore Order #2. Cement with 330 sks class 'G' with 1/4 #/sk flocele and 2% CaCl2 (384 cf slurry, 100% excess to circulate to surface).

9 5/8" Intermediate Casing String: Run casing with float shoe on bottom, float collar one joint from bottom and install bowspring centralizers as per Onshore Order #2. Cement with 975 sks 65/35 poz plus additives followed with 100 sks Class 'G' (1850 cf slurry, 50% excess to circulate to surface):

7" Protection Liner: Run casing with float shoe on bottom, float collar one joint from bottom, ECP tool and stage collar at top of Point Lookout (5847'), and centralizers every other joint from 6400' to 3950'. Cement in two stages. Stage 1 (6400' – 5850'); 40 sks class 50/50 poz plus additives followed by 50 sks Class 'G' neat. WOC 8 hours. Stage 2 (5850' – 3700'); 275 sks class 'G' 50/50 poz plus additives followed by 100 sks Class 'G' neat. Precise slurry volumes to be calculated from open hole log caliper plug 25% excess. Top of cement to be at liner top.

4 ½" Production Liner: Run casing with float shoe on bottom, float collar two joints from bottom. Centralize with one centralizer in the middle of the first joint and one centralizer every other collar. Cement with 200 sks of class 'G' 50/50 poz plus additives followed by 100 sks Class 'G' neat. Precise slurry volumes to be calculated from open hole log caliper plus 25% excess. Top of cement to be at liner top.

Special Drilling Operations:

Air/mist drilling

While drilling with air and air/mist the following will apply:

- An anchored blooie line will be utilized to discharge cuttings and mist to a blow pit located 100 ft (mirnimum distance) from the well head.
- The blooie line will be equipped with an automatic igniter or pilot.
- Air package will be located a minimum of 100 ft from the well head in a direction opposite to the blooie line.
- Engines will be equipped with spark arresters or water cooled exhaust.
- If dusting, a de-duster will be utilized at the end of the blooie line.
- The rotating head will be properly lubricated and maintained.
- Mud materials, equipment, and water will be available on location to maintain control of the well during all operations.

Directional Drilling

This well will be directionally drilled to the bottom hole location specified above. A detailed directional plan is supplied as Attachment #1. Directional surveying will be primarily performed with MWD (measurement while drilling) tools.

Additional Information:

- This well is to be completed in the Gallup and Dakota formations.
- No abnormal temperature or pressure, or other hazards are anticipated.
- LCM will be added to the mud system as required to maintain circulation.
- Estimated formation pressures:

| | Fruitland Coal | 300 psi |
|---|-----------------|---------|
| | Pictured Cliffs | 300 psi |
| • | MesaVerde | 600 psi |
| = | Gallup | 650 psi |
| | Dakota | 800 nsi |

Completion Information:

The completion procedure will be prepared after open hole logs are analyzed. The well will probably be completed by hydraulic frac in two to three stages.

Prepared by: Robert R. Griffee

Operations Engineer

12/18/02

Date:

NAUTICAL (Version 4.0)

Well: Byrne Federal 24-1 DESIGN DATA

Target Azimuth: Target TVD:

8250

Closure Direction:

Calculation Method - Minimum Curvature

| Messuredi | Inclination | . Azimuthi | True Vertical Depth (ft) | Vertical Section (ft) | North/ South (ft) | East/ West (ft) | Closure (fl) | Build Rate (deg/ft) | Walk Rate (deg/ft) | Dogleg Severity (d/100') | Tool Face (deg) |
|-----------|-------------|------------|--------------------------------|-----------------------------|-------------------------|-----------------------|---------------------|---------------------------|--------------------------|--------------------------------|-----------------------|
| 0.00 | 0.00 | 90.00 | 0.00 | 0.00 | 0.00 | 0.00 | < ==== T | ie-in | Data | | |
| 6,550.00 | 0.00 | 90.00 | 6,550.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.000 | 0.000 | 0.00 | |
| 6,850.00 | 6.00 | 90.00 | 6,649.82 | 5.23 | 0.00 | 5.23 | 5.23 | 0.060 | 0.000 | 6.00 | |
| 6,750.00 | 12.00 | 90.00 | 6,748.54 | 20.87 | 0.00 | 20.87 | 20.87 | 0.060 | 0.000 | 6.00 | |
| 6,850.00 | 18.00 | 90.00 | 6,845.09 | 46.74 | 0.00 | 46.74 | 45.74 | 0.060 | 0.000 | 6.00 | |
| 6,905.00 | 21.30 | 90.00 | 6,896.88 | 65.23 | 0.00 | 65.23 | 65.23 | 0.060 | 0.000 | 6.00 | |
| 6,950.00 | 24.00 | 90.00 | 6,938.40 | 82.56 | 0.00 | 82.56 | 82.58 | 0.060 | 0.000 | 6.00 | |
| 7,050.00 | 30.00 | 90.00 | 7,027.48 | 127.94 | 0.00 | 127.94 | 127.94 | 0.060 | 0.000 | 6.00 | |
| 7,150.00 | 36.00 | 90.00 | 7,111.29 | 182.38 | 0.00 | 182.38 | 182.38 | 0.060 | 0.000 | 6.00 | |
| 7,250.00 | 42.00 | 90.00 | .7,188.97 | 245.28 | 0.00 | 245.28 | 245.28 | 0.060 | 0.000 | 6.00 | |
| 7,300.00 | 45.00 | 90.00 | 7,225.24 | 279.69 | 0.00 | 279.69 | 279.69 | 0.060 | 0.000 | 5.00 | , |
| 7,400.00 | 45.00 | 90.08 | 7,295.95 | 350.40 | 0.00 | 350.40 | 350.40 | 0.000 | 0.000 | 0.00 | *** * *** |
| 7,500.00 | 45.00 | 90.00 | 7,366.66 | 421.11 | 0.00 | 421.11 | 421.11 | 0.000 | 0.000 | 6.00 | |
| 7,600.00 | 45.00 | 90.00 | 7,437.37 | 491,82 | 0.00 | 491.82 | 491.82 | 0.000 | 0.000 | 0.00 | *** *** |
| 7,700.00 | 45.00 | 90.00 | 7,508.08 | 562.54 | 0.00 | 562.54 | 562.54 | 0.000 | 0.000 | 0.00 | |
| 7,800.00 | 45.00 | 90.00 | 7,578.79 | 6 33.2 5 | 0.00 | 633.25 | 633.25 | 0.000 | 0.000 | 0.00 | |
| 7,900.00 | 45.00 | 90.00 | 7,649.50 | 703.96 | 0.00 | 703.96 | 703.96 | 0.000 | 0.000 | 0.00 | |
| 8,000.00 | 45.00 | 90.00 | 7,720.21 | 774.67 | 0.00 | 774.67 | 774.57 | 0.000 | 0.000 | 0.00 | |
| 8,100.00 | 45.00 | 90.00 | 7,790.92 | 845,38 | 0.00 | 845.38 | 845.38 | 0.000 | 0.000 | 0.00 | |
| 8,200.00 | 45.00 | 90.00 | 7,861.63 | 916.09 | 0.00 | 916.09 | 916.09 | 0.000 | 0.000 | 0.00 | |
| 8,300.00 | 45.00 | 90.00 | 7,932.34 | 986,80 | 0.00 | 986.80 | 985.80 | 0.000 | 0000.0 | 0.00 | |
| 8,380.00 | 45.00 | 90.00 | 7,988.91 | 1,043.37 | 0.00 | 1,043,37 | 1,043,37 | 0.000 | 0.000 | 0.00 | |
| 8,400.00 | 45.00 | 90.00 | 8,003.05 | 1,057.51 | 0.00 | 1,057.51 | 1,057.51 | 0.000 | 0.000 | 0.00 | |
| 8,500.00 | 45.00 | 90.00 | B,073.77 | 1,128.22 | 0.00 | 1,128.22 | 1,128.22 | 0.000 | 0.000 | 0.00 | |
| 8,542.00 | 45.00 | 90.00 | 8,103.46 | 1,157.92 | 0.00 | 1,157.92 | 1,157.92 | 0.000 | 0.000 | 0.00 | |
| 8,600.00 | 45.00 | 90.00 | 8,144.48 | 1,198.93 | 0.00 | 1,198.93 | 1,198.93 | 0.900 | 0.000 | 0.00 | |
| 8,700.00 | 45.00 | 90.00 | 8,215.19 | 1,269.64 | 0.00 | 1,289.64 | 1,269.64 | 0.000 | 0.000 | 0.00 | |
| 8,768.00 | 45.00 | 90.00 | 8,263.27 | 1,317.73 | 0.00 | 1,317.73 | 1,317.73 | 0.000 | 0.000 | 0.00 | |
| 8,790.00 | 45.00 | 90.00 | 8,278.83 | 1,333.28 | 0.00 | 1,333.28 | 1,333.28 | 0.000 | 0.000 | 0.00 | |
| 8,855.00 | 45.00 | 90.00 | 8,324.79 | 1,379.24 | 0.00 | 1,379.24 | 1,379.24 | 0.000 | 0.000 | 0.00 | |

