| | DATE IN /9/99 | SUSPENSE/29/99 | ENGINEER MS | LOGGED | NSL |
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|--|---------------|----------------|-------------|--------|-----|

NEW MEXICO OIL CONSERVATION DIVISION

| | | - Engineering Bureau - |
|------------------------|--|---|
| | | ADMINISTRATIVE APPLICATION COVERSHEET |
| | THIS COVERSHE | EET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS |
| Applic | [PC-Pe | [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location] [DD-Directional Drilling] [SD-Simultaneous Dedication] Inhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling] Inhole Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement] [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion] [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase] Inlified Enhanced Oil Recovery Certification] [PPR-Positive Production Response] |
| * | (LON-Muc | |
| [1] | TYPE OF A | PPLICATION - Check Those Which Apply for [A] |
| | [A] | Location - Spacing Unit - Directional Drilling NSL NSP DD DSD JUL - 9 1999 |
| | Check | c One Only for [B] and [C] |
| | [B] | Commingling - Storage - Measurement |
| | | DHC CTB PLC PC OLS OLM |
| | [C] | Injection - Disposal - Pressure Increase - Enhanced Oil Recovery □ WFX □ PMX □ SWD □ IPI □ EOR □ PPR |
| [2] | NOTIFICAT | FION REQUIRED TO: - Check Those Which Apply, or Does Not Apply |
| t-J | [A] | ☐ Working, Royalty or Overriding Royalty Interest Owners |
| | [B] | Offset Operators, Leaseholders or Surface Owner |
| | [C] | ☐ Application is One Which Requires Published Legal Notice |
| | [D] | Notification and/or Concurrent Approval by BLM or SLO U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office |
| | [E] | ☐ For all of the above, Proof of Notification or Publication is Attached, and/or, |
| | [F] | ☐ Waivers are Attached |
| [3] | INFORMAT | TION / DATA SUBMITTED IS COMPLETE - Statement of Understanding |
| Regu appro RI, C | lations of the O oval is accurate DRRI) is commo | I, or personnel under my supervision, have read and complied with all applicable Rul il Conservation Division. Further, I assert that the attached application for administrand complete to the best of my knowledge and where applicable, verify that all interests. I understand that any omission of data, information or notification is cause to have returned with no action taken. |

les and rative est (WI, re the

| Note: Statement must be completed by an individual with supervisory capacity. | | | | | | | |
|---|------------------|-------------------------------------|--|--|--|--|--|
| Peggy Bradfield | Train Stad heeld | Regulatory/Compliance Administrator | | | | | |
| Print or Type Name | Signature | Title | | | | | |

Date

BURLINGTON RESOURCES

SAN JUAN DIVISION

Sent Federal Express July 8, 1999

Mr. Michael Stogner New Mexico Oil Conservation Division 2040 South Pacheco Santa Fe, New Mexico 87505

Re:

Quinn #1C

2245'FSL, 2280'FWL Section 20, T-31-N, R-8-W, San Juan County

30-045-not assigned

Dear Mr. Stogner:

Burlington Resources is applying for administrative approval of an unorthodox gas well location for the Mesa Verde pool. This application for the referenced location is for geological reasons as referenced in the attached geological explanation and maps. This location falls outside the windows established for the Mesa Verde by R-10987A.

Production from the Mesa Verde pool is to be included in a 320 acre gas spacing and proration unit for the west half (W/2) in Section 20 and is to be dedicated to the Quinn #1 (30-045-10484) located at 1650'FSL, 990'FWL in Section 20, the Quinn #1A (30-045-26762) located at 1850'FNL, 1850'FWL, and the Quinn #1B (30-045-not assigned) located at 660'FNL, 660'FWL in Section 20 which is proposed to be drilled this year.

The following attachments are for your review:

- Application for Permit to Drill.
- Completed C-102 at referenced location.
- Offset operators/owners plat
- 7.5 minute topographic map
- Geologic explanation and maps

Three copies of this application are being submitted to offset operators by certified mail with a request that they furnish you with a Waiver of Objection, keep one copy for their files and return one copy to this office. We appreciate your earliest consideration of this application.

We appreciate your earliest consideration of this application.

| | • | | |
|-------|--|-------------|-------|
| Since | erely, | | |
| 7 | | | |
| | gy Bradfield | | |
| Regu | ulatory/Compliance Administrator | | |
| xc: | NMOCD - Aztec District Office | | |
| | Bureau of Land Management |) | |
| | WAIVER | | |
| | hereby waives objection to Burlington Resources' | application | for a |
| non-s | standard location for the Quinn #1C as proposed above. | арриосион | 101 0 |
| By: | Date: | | |
| | | | |

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

| 1a. | Type of Work DRILL | 5. Lease Number SF-078511 |
|------|---|--|
| | DKIND . | Unit Reporting Number |
| 1b. | Type of Well GAS | 6. If Indian, All. or Tribe |
| 2. | Operator BURLINGTON RESOURCES Oil & Gas Company | 7. Unit Agreement Name |
| 3. | Address & Phone No. of Operator PO Box 4289, Farmington, NM 87499 | 8. Farm or Lease Name Quinn |
| | (505) 326-9700 | 9. Well Number 1C |
| 4. | Location of Well 2245' FSL, 2280' FWL | 10. Field, Pool, Wildcat Blanco Mesaverde |
| | Latitude 36° 52.9, Longitude 107° 42.0 | 11. Sec., Twn, Rge, Mer. (NMPM) Sec. 20, T-31-N, R-8-W API # 30-045- |
| 14. | Distance in Miles from Nearest Town 5 miles to Navajo Dam Post Office | 12. County 13. State San Juan NM |
| 15. | Distance from Proposed Location to Nearest Property or L | ease Line |
| 16. | Acres in Lease | 17. Acres Assigned to Well 320.00 |
| 18. | Distance from Proposed Location to Nearest Well, Drlg, C | compl, or Applied for on this Lease |
| 19. | Proposed Depth 6072' | 20. Rotary or Cable Tools Rotary |
| 21. | Elevations (DF, FT, GR, Etc.) 6513' GR | 22. Approx. Date Work will Start |
| 23. | Proposed Casing and Cementing Program See Operations Plan attached | |
| 24. | Authorized by: Regulatory/Compliance Admini | 6-11-99 Strator Date |
| PERM | IIT NO APPR | OVAL DATE |
| APPR | OVED BY TITLE | DATE |

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 PO Box 1980, Hobbs, NM 88241-1980

District II PO Drawer OD, 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 | LOCATI | ON AND A | ACREAGE DEDI | CATION PL | .AT | | |
|--------------------|--|----------------------------|--|----------------|---------------------------|--------------------------------|------------------------------|---------------------------------------|---------------------------------------|---|
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| 30-045 | | | 72319 Blanco Mesaverde *Property Name *Well Number | | | | | | | all Numbon |
| Property C | | | | | - | ty Name INN | | | , m | 1C |
| OGRID NO | | | | | *Operator Name *Elevation | | | | | |
| 14538 | | | BURLI | NGTON | | S OIL & GAS | COMPANY | | | 6513' |
| | ······································ | | | : | ¹⁰ Surface | Location | | | | |
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | | lest line | County |
| K | 20 | 31N | 8W | | 2245 | SOUTH | 2280 | <u> </u> | EST | SAN JUAI |
| UL or lot no. | Section | 11 B | Ottom Range | Hole L | ocation | If Different North/South line | From Surf | | lest line | County |
| 0.0 10.10. | Section | TOWNSTAR | nonge | 000 100 | reet from the | No dy Soddi 12 le | 1220 11311 312 | 1 | est ing | |
| 12 Dedicated Acres | | ¹³ Joint or Inf | fill ¹⁴ Cons | olidation Code | ¹⁵ Order No. | | | .L | | |
| W/320 | | | | | | | | | | |
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Page 1 June 8, 1999

OPERATIONS PLAN

Well Name: Quinn #1C

Location: 2245' FSL, 2280' FWL, Sec. 20, T-31-N, R-8-W

San Juan County, NM

Latitude 36° 52.9 Longitude 107° 42.0

Formation: Blanco Mesa Verde

Elevation: 6513'GR

| Formation Tops: | Top | Bottom | Contents |
|-----------------------|----------|--------|----------|
| Surface | San Jose | 2138' | |
| Ojo Alamo | 2138' | 2248' | |
| Kirtland | 2248' | י 2877 | |
| Fruitland | 2877' | 3385' | |
| Pictured Cliffs | 3385' | 3502' | |
| Lewis | 3502' | 4135' | |
| Intermediate TD | 3602' | | |
| Mesa Verde | 4135' | 4508' | |
| Chacra | 4508' | 5281' | |
| Massive Cliff House | 5281' | 5322' | |
| Menefe e | 5322' | 5672' | |
| Massive Point Lookout | 5672' | | |
| TD | 6072' | | |

Logging Program:

Cased hole - GR/CBL - surface to TD

Mud Program:

| <u>Interval</u> | <u>Type</u> | <u>Weight</u> | <u>Vis.</u> | Fluid Loss |
|-----------------|-------------|---------------|-------------|------------|
| 0- 200' | Spud | 8.4-9.0 | 40-50 | no control |
| 200-3602' | LSND | 8.4-9.0 | 30-60 | no control |
| 3602-6072 | Gas | n/a | n/a | n/a |

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

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

| <u> Hole Size</u> | <u>Depth Interval</u> | <u>Csq.Size</u> | <u>Wt</u> | <u>Grade</u> |
|-------------------|-----------------------|-----------------|-----------|--------------|
| 12 1/4" | 0' - 200' | 9 5/8" | 32.3# | H-40 |
| 8 3/4" | 0' - 3602' | 7" | 20.0# | J-55 |
| 6 1/4" | 3502' - 6072' | 4 1/2" | 10.5# | J-55 |

Tubing Program:

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.

BOP Specifications, Wellhead and Tests:

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 Fig #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 2000 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 159 sx Class "B" cement with 1/4# flocele/sx and 2% calcium chloride (188 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/331 sx Class "B" w/3% sodium metasilicate, 10# gilsonite/sx and 1/2# flocele/sx. Tail w/90 sx 50/50 Class "B" Poz w/2% calcium chloride, 1/2# flocele/sx, 10# gilsonite/sx (1083 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.

Alternate two-stage cement job. Stage tool @ 2777'. Cement 1st stage w/120 sx 50/50 Class "B" poz w/2% calcium chloride, %# flocele/sx, 10# gilsonite/sx. Cement 2nd stage w/287 sx Class "B" cement w/3% sodium metasilicate, 10# gilsonite/sx, %# flocele/sx (1081 cu.ft. of slurry, 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 2248'. Two turbolating centralizers at the base of the Ojo Alamo at 2248'. Bowspring centralizers spaced every fourth joint from the base of the Ojo Alamo to the base of the surface casing.

4 1/2" Production Liner - Cement to cover minimum of 100' of 4 1/2" x 7" overlap. Cement with 280 sx 50/50 Class "B" Poz with 2% gel, 1/4# flocele/sx, 5# gilsonite/sx, and 0.4% fluid loss additive (370 cu.ft., 40% excess to cement 4 1/2" x 7" overlap). WOC a minimum of 18 hrs prior to completing.

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

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 Mesa Verde formation will be completed.
- No abnormal temperatures or hazards are anticipated.
- Anticipated pore pressures are as follows:

Fruitland Coal 300 psi Pictured Cliffs 500 psi Mesa Verde 700 psi

- Sufficient LCM will be added to the mud system to maintain well control, if lost circulation is encountered.
- The west half is dedicated to the Mesa Verde in this well.
- This gas is dedicated.

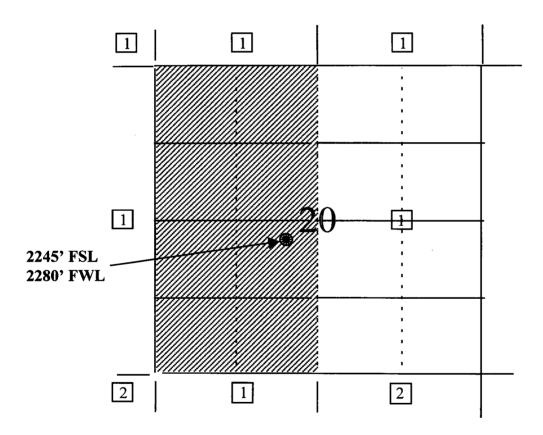
Drilling Engineer Date

BURLINGTON RESOURCES OIL AND GAS COMPANY

Quinn #1C OFFSET OPERATOR / OWNER PLAT Nonstandard Location

Mesaverde Formation Well

Township 31 North, Range 8 West



- 1) Burlington Resources
- 2) Amoco Production Company Attn: Don Duhrkopf501West Lake Park Blvd. Houston, TX 77079-2696

Re: Quinn #1C

2245'FSL, 2280'FWL Section 20, T-31-N, R-8-W, San Juan County

Stadfiel 1/8/99

30-045-not assigned

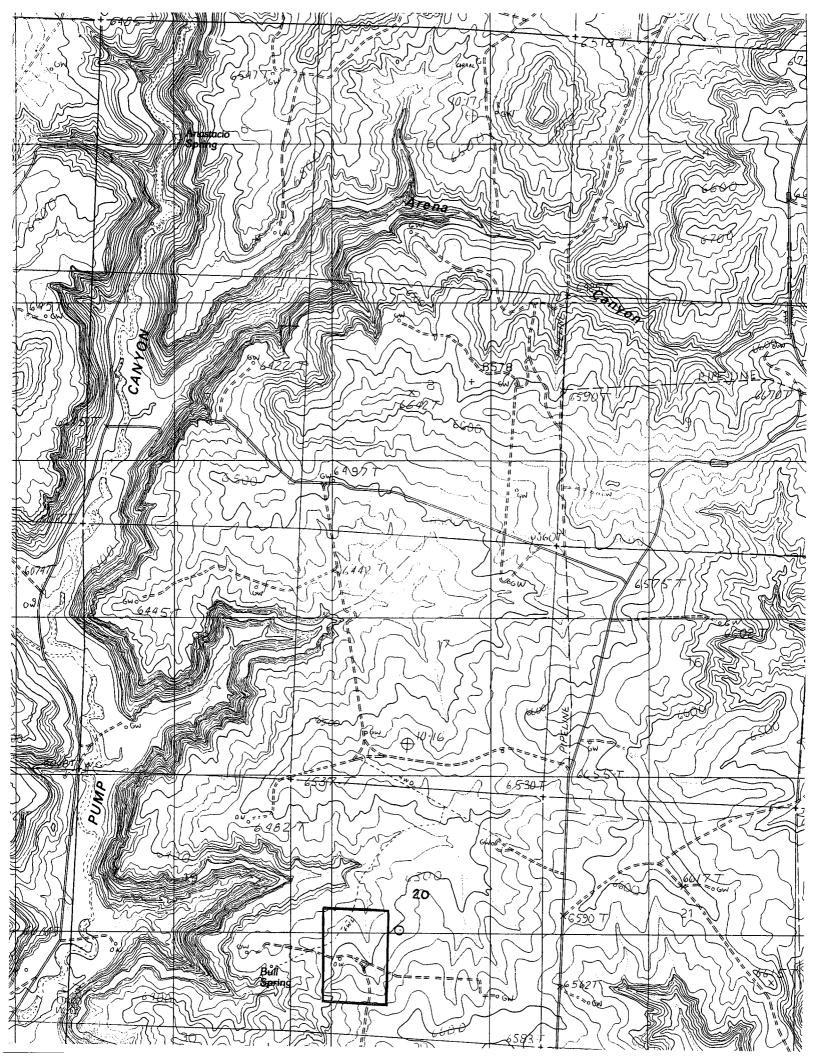
I hereby certify that the following offset operators/owners have been mailed notification of our application for non-standard location to drill the referenced well.

Amoco Production Att: Don Duhrkopf 501 WestLake Park Boulevard Houston, TX 77079-2696

Peggy Bradfield

Burlington Resources

Regulatory/Compliance Administrator



UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

| 1a. | Type of Work | 5. Lease Number SF-078511 |
|------|---|--|
| | DRILL | Unit Reporting Number |
| 1b. | Type of Well GAS | 6. If Indian, All. or Tribe |
| 2. | Operator BURLINGTON RESOURCES Oil & Gas Company | 7. Unit Agreement Name |
| 3. | Address & Phone No. of Operator PO Box 4289, Farmington, NM 87499 | 8. Farm or Lease Name Quinn |
| | (505) 326-9700 | 9. Well Number 1C |
| 4. | Location of Well 2245' FSL, 2280' FWL | 10. Field, Pool, Wildcat Blanco Mesaverde |
| | Latitude 36° 52.9, Longitude 107° 42.0 | 11. Sec., Twn, Rge, Mer. (NMPM) Sec. 20, T-31-N, R-8-W API # 30-045- |
| 14. | Distance in Miles from Nearest Town 5 miles to Navajo Dam Post Office | 12. County 13. State San Juan NM |
| 15. | Distance from Proposed Location to Nearest Property of 2245' | Lease Line |
| 16. | Acres in Lease | 17. Acres Assigned to Well 320.00 |
| 18. | Distance from Proposed Location to Nearest Well, Drlg, | Compl, or Applied for on this Lease |
| 19. | Proposed Depth 6072' | 20. Rotary or Cable Tools Rotary |
| 21. | Elevations (DF, FT, GR, Etc.) 6513' GR | 22. Approx. Date Work will Start |
| 23. | Proposed Casing and Cementing Program See Operations Plan attached | |
| 24. | Authorized by: Regulatory/Compliance Admin | G-11-99 Date |
| PERM | MIT NO API | PROVAL DATE |
| APPF | ROVED BYTITLE | DATE |

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 PO Box 1980, Hobbs, NM 88241-1980

District II PO Drawer DD, 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 | LOCATI | ON AN | D ÁC | CREAGE DEDI | [CAT] | ON PL | ΑT | | |
|--------------------|---------------|---------------------------------------|--|-----------------|---------------------------------------|----------------|------------------------------|--------------|--|----------------------------|--------------------------------|---|
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| 30-045 | | | | | | | | 11 Number | | | | |
| Property 74(| | | | | | ODERTY QUIN | | | | | ا ۳۶ | 1C |
| 'OGRID | | | | | | erator | | | · · · · · · · · · · · · · · · · · · · | | •E | levation |
| 14538 | | | BURLI | NGTON | | | OIL & GAS | COM | IPANY | | | 6513' |
| | | | | | ¹⁰ Surfi | | Location | | | | | |
| UL or lot no. | Section 20 | Township 31N | Range : | Lot Idn | Feet from | | North/South line | 1 | from the 280 | - | est line ST | SAN JUAN |
| L | 20 | | _ | | <u> </u> | | | <u> </u> | | | | JAN COA |
| UL or lot no. | Section | Township | Ottom Range | Hole L | Ocatio | | f Different North/South line | | n Surf | | lest line | County |
| | | | | | | | | | | | | |
| 12 Dedicated Acres | · | ¹³ Joint or In | fill ¹⁴ Cons | colidation Code | ¹⁵ Order | No. | | | | | | |
| W/320 | | | | | | | | | | | | |
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Page 1 June 8, 1999

OPERATIONS PLAN

Well Name: Quinn #1C

Location: 2245' FSL, 2280' FWL, Sec. 20, T-31-N, R-8-W

San Juan County, NM

Latitude 36° 52.9 Longitude 107° 42.0

Formation: Blanco Mesa Verde

Elevation: 6513'GR

| Formation Tops: | Top | Bottom | Contents |
|-----------------------|----------|--------|----------|
| Surface | San Jose | 2138' | |
| Ojo Alamo | 2138' | 2248' | |
| Kirtland | 2248' | 2877' | |
| Fruitland | 2877' | 3385' | |
| Pictured Cliffs | 3385' | 3502' | |
| Lewis | 3502' | 4135' | |
| Intermediate TD | 3602' | | |
| Mesa Verde | 4135' | 4508' | |
| Chacra | 4508' | 5281' | |
| Massive Cliff House | 5281' | 5322' | |
| Menefee | 5322' | 5672' | |
| Massive Point Lookout | 5672' | | |
| TD | 6072' | | |

Logging Program:

Cased hole - GR/CBL - surface to TD

Mud Program:

| <u>Interval</u> | <u>Type</u> | Weight | <u>Vis.</u> | Fluid Loss |
|-----------------|-------------|---------|-------------|------------|
| 0- 200' | Spud | 8.4-9.0 | 40-50 | no control |
| 200-3602' | LSND | 8.4-9.0 | 30-60 | no control |
| 3602-6072' | Gas | n/a | n/a | n/a |

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

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

| <u>Hole Size</u> | <u>Depth Interval</u> | <u>Csq.Size</u> | <u>Wt</u> | <u>Grade</u> |
|------------------|-----------------------|-----------------|-----------|--------------|
| 12 1/4" | 0' - 200' | 9 5/8" | 32.3# | H-40 |
| 8 3/4" | 0' - 3602' | 7" | 20.0# | J-55 |
| 6 1/4" | 3502' - 6072' | 4 1/2" | 10.5# | J-55 |

Tubing Program:

0' - 6072' 2 3/8" 4.70# EUE

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.

BOP Specifications, Wellhead and Tests:

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 Fig #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 2000 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 159 sx Class "B" cement with 1/4# flocele/sx and 2% calcium chloride (188 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/331 sx Class "B" w/3% sodium metasilicate, 10# gilsonite/sx and 1/2# flocele/sx. Tail w/90 sx 50/50 Class "B" Poz w/2% calcium chloride, 1/2# flocele/sx, 10# gilsonite/sx (1083 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.

Alternate two-stage cement job. Stage tool @ 2777'. Cement 1st stage w/120 sx 50/50 Class "B" poz w/2% calcium chloride, %# flocele/sx, 10# gilsonite/sx. Cement 2nd stage w/287 sx Class "B" cement w/3% sodium metasilicate, 10# gilsonite/sx, %# flocele/sx (1081 cu.ft. of slurry, 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 2248'. Two turbolating centralizers at the base of the Ojo Alamo at 2248'. Bowspring centralizers spaced every fourth joint from the base of the Ojo Alamo to the base of the surface casing.

4 1/2" Production Liner - Cement to cover minimum of 100' of 4 1/2" x 7" overlap. Cement with 280 sx 50/50 Class "B" Poz with 2% gel, 1/4# flocele/sx, 5# gilsonite/sx, and 0.4% fluid loss additive (370 cu.ft., 40% excess to cement 4 1/2" x 7" overlap). WOC a minimum of 18 hrs prior to completing.

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

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 Mesa Verde formation will be completed.
- No abnormal temperatures or hazards are anticipated.
- Anticipated pore pressures are as follows:

Fruitland Coal 300 psi Pictured Cliffs 500 psi Mesa Verde 700 psi

- Sufficient LCM will be added to the mud system to maintain well control, if lost circulation is encountered.
- The west half is dedicated to the Mesa Verde in this well.
- This gas is dedicated.

Drilling Engineer

6-16-99

Proposed Quinn Well Number 1C 2245' FSL & 2280' FWL Section 20, T31N, R8W San Juan County, New Mexico Blanco Mesaverde Pool Estimated TD 6072'

The location of the proposed test was selected to optimize recovery from the Mesaverde Group. The primary control on productivity in the Mesaverde is the density of natural fractures. Fracture orientation ranges from due north to north 30 degrees east. Gas drainage areas are elliptical in shape with the long axis parallel to the direction of fracture orientation. A drainage ellipse map of the project vicinity indicates that undeveloped gas reserves remain to be exploited in the E/2SW/4 of Section 20, T31N, R8W. The drainage ellipse map is based upon data derived from a larger study of the entire Blanco Mesaverde Pool (estimated ultimate recovery calculated for all wells in the Blanco Mesaverde Pool, original gas in place values calculated for entire Blanco Mesaverde Pool, etc.). Gross recoverable reserves of 1075 BCFG are projected from the Mesaverde producing interval for the proposed test. Due to topographic and archeological restrictions, it is not possible to exploit the remaining gas reserves in the Mesaverde in E/2SW/4 of Section 20, T31N, R8W from a standard surface location.

Quinn_1C_NSL 06/07/99

Quinn #1C 31N-8W-20 Blanco Mesaverde

