

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0136  
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM-23048
1b. Type of Well: <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other: CBM <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator TEXAKOMA OIL & GAS CORPORATION		7. If Unit or CA Agreement, Name and No.
Contact: TOM SPRINKLE E-Mail: tfs2@airmail.net		8. Lease Name and Well No. DUGAN FEDERAL 4
3a. Address 5400 LBJ FRWY, SUITE 500 DALLAS, TX 75240	3b. Phone No. (include area code) Ph: 972.764.3828 Fx: 972.701.9056	9. API Well No. 3003927766
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface SWSE 970FSL 2435FEL At proposed prod. zone SWSE 970FSL 2435FEL		10. Field and Pool, or Exploratory BASIN FRUITLAND COAL
14. Distance in miles and direction from nearest town or post office* 5.5 MILES NORTHEAST FROM GOBERNADOR		11. Sec., T., R., M., or Blk. and Survey or Area Sec 3 T29N R5W Mer NMP 0
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 970	16. No. of Acres in Lease 320.00	12. County or Parish RIO ARRIBA
18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft. 366	19. Proposed Depth 3600 MD	13. State NM
21. Elevations (Show whether DF, KB, RT, GL, etc.) 6392 GL	22. Approximate date work will start 07/15/2004	17. Spacing Unit dedicated to this well 320.00 S/R
		20. BLM/BIA Bond No. on file
		23. Estimated duration 15 DAYS

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- |   |  |
|---|--|
| 1. Well plat certified by a registered surveyor.  | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).    |
| 2. A Drilling Plan.   | 5. Operator certification  |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature (Electronic Submission)	Name (Printed/Typed) TOM SPRINKLE	Date 05/25/2004
Title DRILLING/COMPLETION MANAGER		
Approved by (Signature) <i>[Signature]</i>	Name (Printed/Typed)	Date 7-28-04
Title AFM	Office FFO	

Application approval does not warrant or certify the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.  
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

Additional Operator Remarks (see next page)

Electronic Submission #30495 verified by the BLM Well Information System  
For TEXAKOMA OIL & GAS CORPORATION, sent to the Farmington

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

This action is subject to technical and  
procedural review pursuant to 43 CFR 3165.3  
and appeal pursuant to 43 CFR 3165.4

\*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED \*\*

NMOCD

State of New Mexico  
Energy, Minerals & Mining Resources Department  
OIL CONSERVATION DIVISION  
2040 South Pacheco  
Santa Fe, NM 87505

Form C - 102

☐ AMENDED REPORT

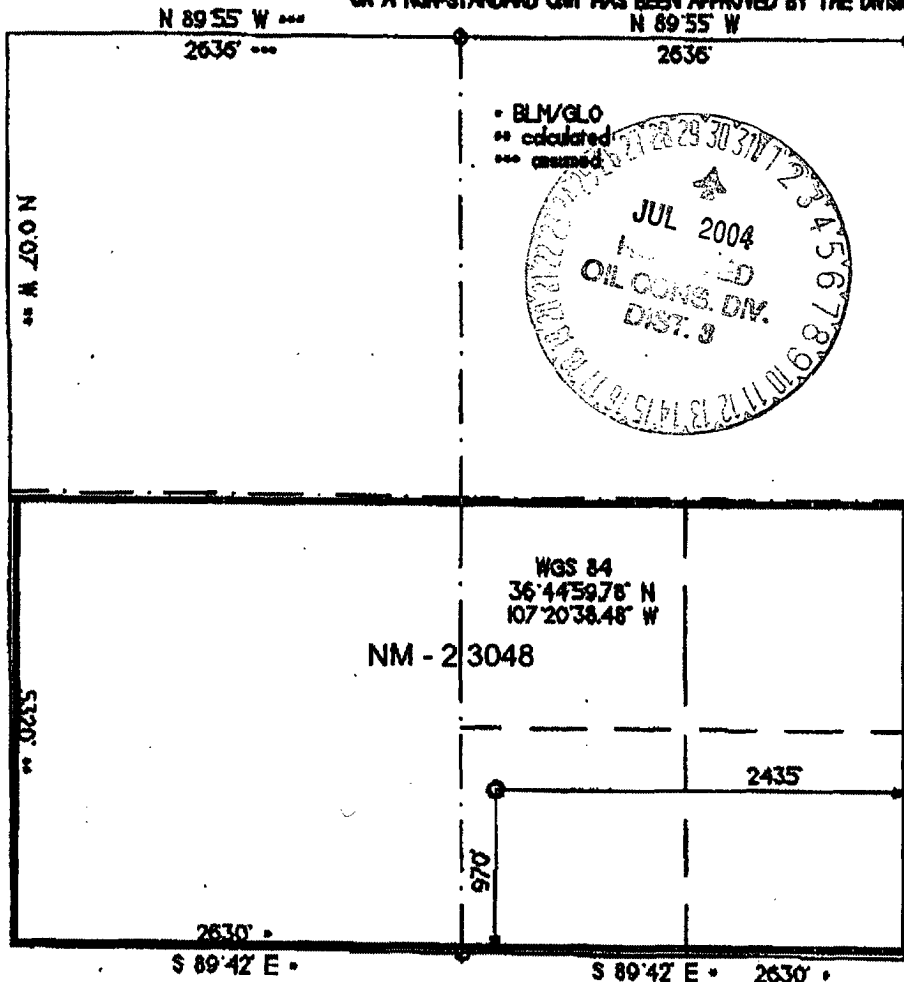
WELL LOCATION AND ACREAGE DEDICATION PLAT

APA Number <b>30039-2776</b>	Pool Code <b>71629</b>	Pool Name <b>BASIN FRUITLAND COAL</b>
Property Code <b>13295</b>	Property Name <b>DUGAN FEDERAL</b>	Well Number <b>4</b>
CORD No. <b>22521</b>	Operator Name <b>TEXAKOMA OIL &amp; GAS CORPORATION</b>	Elevation <b>6392'</b>

Surface Location									
UL or Lot	Sec.	Twp.	Rgn.	Lot Id.	Feet from	North/South	Feet from	East/West	County
<b>0</b>	<b>3</b>	<b>29 N.</b>	<b>5 W.</b>		<b>970'</b>	<b>SOUTH</b>	<b>2435'</b>	<b>EAST</b>	<b>RIO ARriba</b>

Bottom Hole Location if Different From Surface									
UL or Lot	Sec.	Twp.	Rgn.	Lot Id.	Feet from	North/South	Feet from	East/West	County
Dedication <b>S/2 320</b>	John P	Consolidation	Order No.						

NO ALLOWABLE WELL ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



<b>OPERATOR CERTIFICATION</b>	
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
Signature	<i>Tom Sprinkle</i>
Printed Name	<b>TOM SPRINKLE</b>
Title	<b>DRILLING MANAGER</b>
Date	<b>MAY 19, 2004</b>
<b>SURVEYOR CERTIFICATION</b>	
I hereby certify that the well location 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 belief.	
Date of Survey	<b>04/19/04</b>
Signature	<i>Gerard Huddleston</i>
Professional Seal	

EXHIBIT A

TEN-POINT PROGRAM  
Texakoma Oil & Gas Corporation  
Dugan Federal # 4  
970' FSL & 2435' FEL, O-3-T29N-R5W  
San Juan County, New Mexico  
Lease No. NM 23048

1. THE GEOLOGICAL SURFACE FORMATION IS: SAN JOSE.
2. THE TOPS OF IMPORTANT GEOLOGICAL MARKERS: (BASED ON EXISTING LOG INFORMATION)

FRUITLAND	2800'
PICTURED CLIFFS	3300'
TOTAL DEPTH	3600'

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

<u>SUBSTANCE</u>	<u>FORMATION</u>	<u>ANTICIPATED DEPTH</u>
GAS	FRUITLAND COAL	3100'

4. THE CASING PROGRAM:

<u>DEPTH</u>	<u>HOLE SIZE</u>	<u>CASING O.D.</u>	<u>WEIGHT</u>	<u>GRADE</u>	<u>TYPE</u>
<u>NEW/USED</u>					
0 – 350'	12- 1 / 4"	8-5/8"	36	J-55	ST&C
NEW					
0 – 3600'	7 - 7 / 8"	5-1/2"	15.5	J-55	ST&C
NEW					

**SURFACE:** Guide shoe on bottom, insert float on top of shoe joint; centralizers, on shoe and every third joint for a total of 3 centralizers.

**PRODUCTION:** Guide shoe on bottom, float collar on top of shoe joint; 10 centralizers, on shoe joint and every other joint for 18 joints.

**PROPOSED CEMENT PROGRAM:** To effectively isolate and seal off all water, oil, gas, and coal-bearing 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: (Exact volumes to be determined after caliper log are evaluated).

**Surface:** 262 CuFt (220 sx) Standard w/ 2% CaCl plus 0.25# / sx Flocele mixed @ 15.6 ppg and 1.19 CuFt/sx = 100% excess.

**Production:** Lead Slurry, 450 Sks Cls B (1022 Cu.Ft.) w/ 2% Econolite w/ 5#/sk Gilsonite w/0.25# /sk Flocele mixed at 12.2 ppg with 2.27 cf/sk yield and Tail in with 190 sks (236 Cu.Ft.) Cls B Cmt w/ 5% Gilsonite /sk w/ 1% CaCl<sub>2</sub>, w/0.25# /sk Flocele mixed at 15.4 ppg with yield of 1.24 Cu.Ft./sk. for a total of 1258 Cu.Ft. of Slurry and 640 sks of Cls B cement to cement to surface which includes 30% excess.

## EXHIBIT C

TEN-POINT PROGRAM  
Texakoma Oil & Gas Corporation  
Dugan Federal # 4  
970' FSL & 2435' FEL, O-3-T29N-R5W  
San Juan County, New Mexico  
Lease No. NM 23048

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.

6. THE TYPE AND CHARACTERISTIC OF THE PROPOSED DRILLING MUD:  
8.3 to 9.2 # /gallon, 32 to 45 viscosity

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: Density – Induction – Lateral, Gamma Ray, and Caliper logs at TD.

9. ANTICIPATED ABNORMAL PRESSURES AND TEMPERATURES:

No abnormal pressures, temperatures or Hydrogen Sulfide gases are anticipated during the completion of this well.

The maximum bottom hole pressure is expected to be less than 2500 psi.

10. ANTICIPATED STARTING DATE AND DURATION OF OPERATIONS:

The anticipated starting date is July 15, 2004. The drilling operations should be completed within 15 days after Spud date. Completion operations will commence in 30-60 days after drilling is completed.

EXHIBIT C

# "2M" BLOWOUT PREVENTER SYSTEM

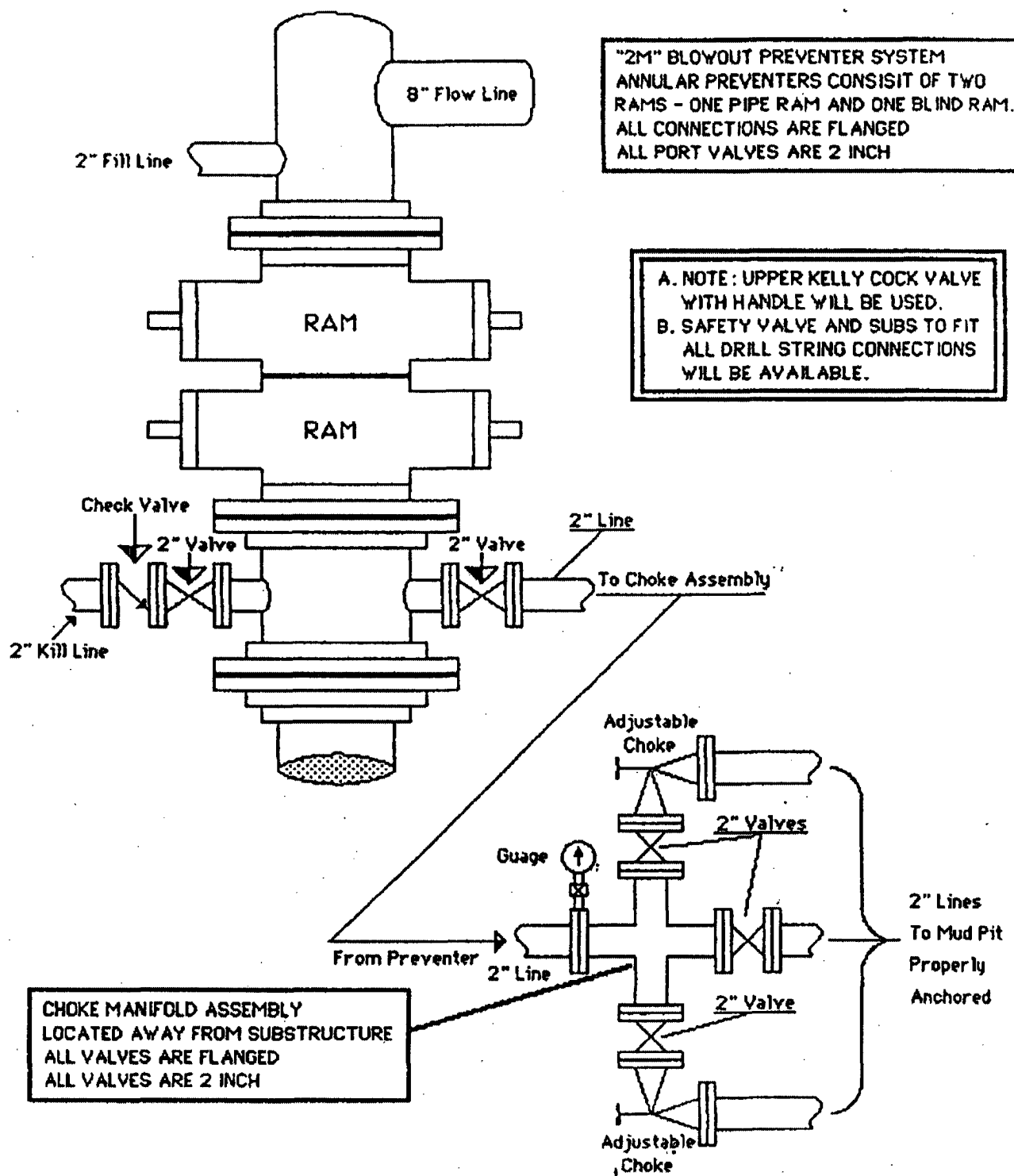


EXHIBIT E

FEDERAL  
Dugan # 4  
well pad & section

