Form 3160-3
(September 2001)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0136
Expires January 31, 2004

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.	NM 023038
6. If Indian, Allottee or Tribe Name	
7. If Unit or CA Agreement, Name and No.	
8. Lease Name and Well No	Price/Federal #2 (A-34)
9. API Well No.	30-045-39-29248
10. Field and Pool, or Exploratory	Pictured Cliffs/Basin Fruitland Coal
11. Sec., T., R., M., or Blk. and Survey or Area	A Section34, T25N, R2W, NMPM
12. County or Parish	Rio Arriba
13. State	NM

1a. Type of Work: X Drill ☐ REENTER

1b. Type of Well: X Gas Well ☐ Other X Single Zone ☐ Multiple Zone

2. Name of Operator: Benson-Montin-Greer Drilling Corp.

3a. Address: 4900 College Blvd., Farmington, NM 87401

3b. Phone No. *(include area code)*: 505-325-6874

4. Location of Well *(Report location clearly and in accordance with any State requirements. *)*
At surface 970' FNL – 1160' FEL, Section34, T25N, R2W, NMPM
At proposed prod. zone same

14. Distance in miles and direction from nearest town or post office*: 4 miles northeast of Lindreth, NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 970 feet	16. No. of Acres in lease 640	17. Spacing Unit dedicated to this well NE/4/160 PC E/2 ~~NE~~ - 320 FC
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 226 feet	19. Proposed Depth 3522 feet	20. BLM/BIA Bond No. on file NM0167
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 7280' GL	22. Approximate date work will start* As Soon As Permitted	23. Estimated duration 30 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.
2. A Drilling Plan.
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).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification.
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature Mike Diamond	Name *(Printed/Typed)* Mr. Mike Diamond	Date 6/4/04
Title Vice President		
Approved by *(Signature)* /s/ David R. Sitzler	Name *(Printed/Typed)*	Date SEP 2 4 2004
Title Assistant Field Manager	Office	

Application approval does not warrant or certify that 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.

**(Instructions on reverse)*

04 JUN 23 RECEIVED
070 FARMINGTON NM

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 LOCATION AND ACREAGE DEDICATION PLAT

[1] API Number	[2] Pool Code	[3] Pool Name
30-039-29248	77360 71629	Gavilan PC, Basin Fruitland Coal
[4] Property Code	[5] Property Name	[6] Well Number
34336	PRICE FEDERAL	2 (A-34)
[7] OGRID No.	[8] Operator Name	[9] Elevation
2096	BENSON-MONTIN-GREER DRILLING CORPORATION	7280'

[10] Surface Location

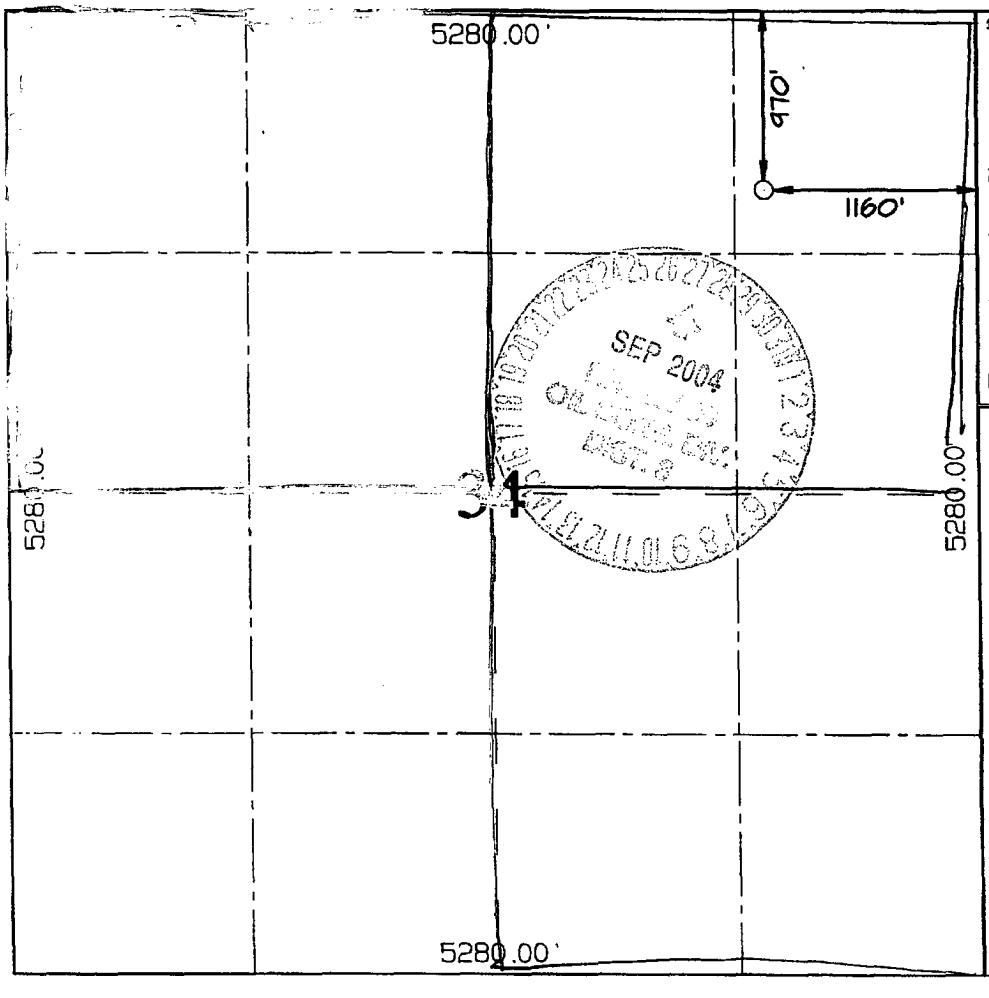
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	34	25N	2W		970	NORTH	1160	EAST	RIO ARRIBA

[11] Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

[12] Dedicated Acres	[13] Joint or Infill	[14] Consolidation Code	[15] Order No.
160 NE/4 PC 320/~~162~~ FC			

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

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Signature

MIKE DIAMOND
Printed Name

VICE PRESIDENT
Title

6/4/04
Date

[18] 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 belief.

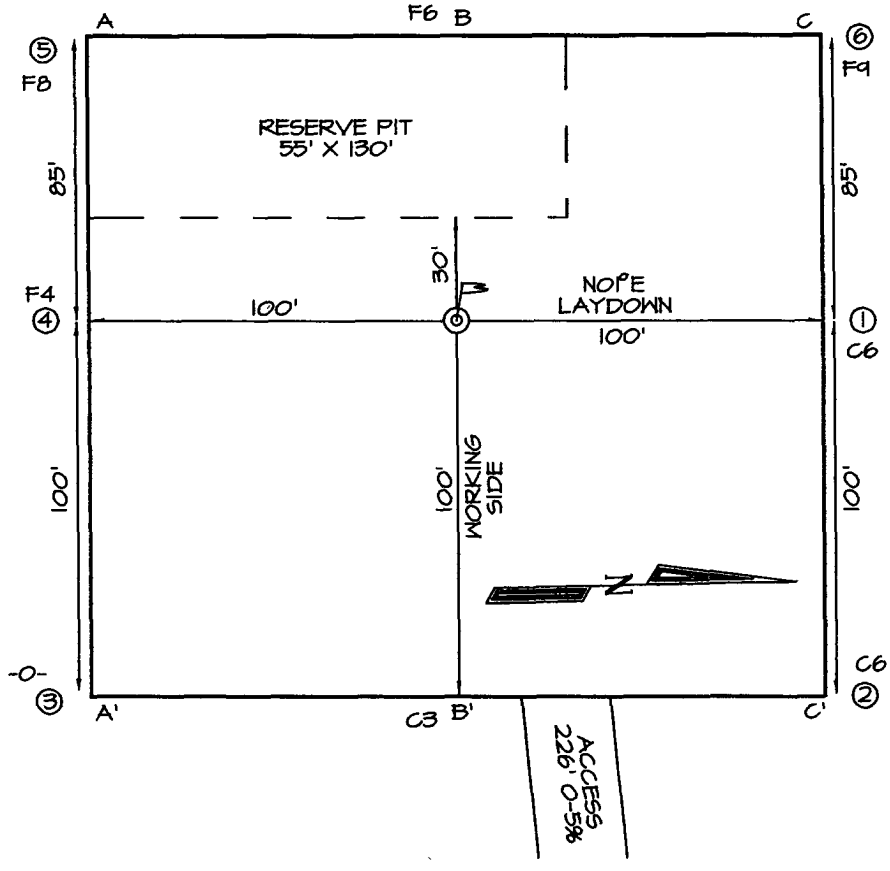
Date of Survey: MAY 11, 2004

Signature and Seal of Professional Surveyor

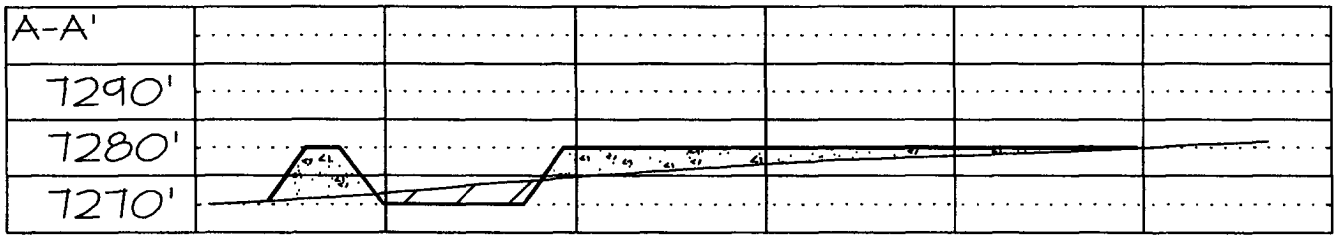
JASON C. EDWARDS
NEW MEXICO
15269
REGISTERED PROFESSIONAL SURVEYOR

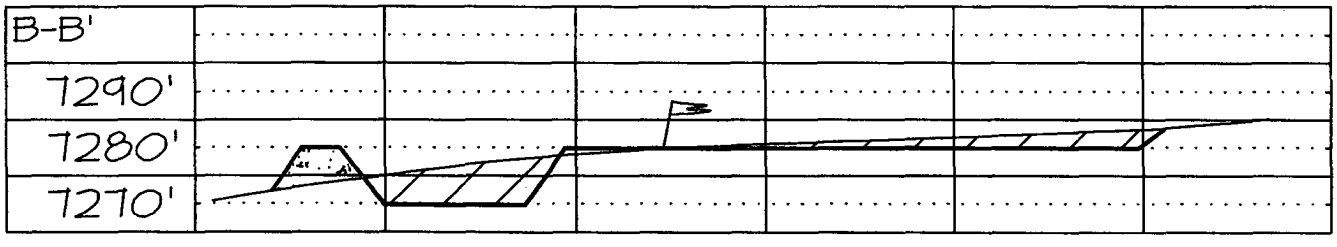
JASON C. EDWARDS
Certificate Number 15269

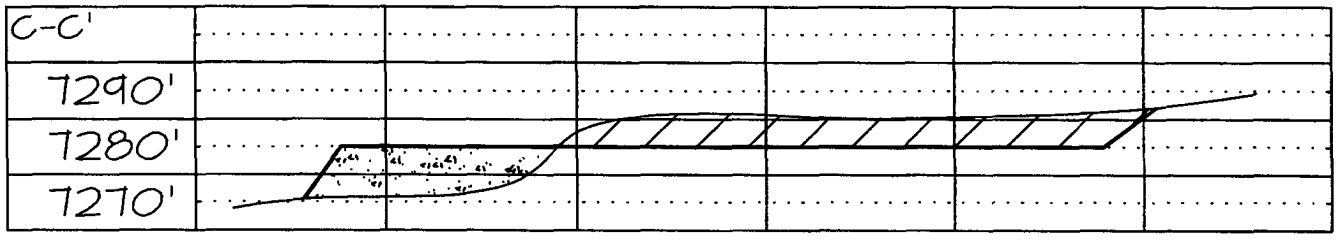
BENSON-MONTIN-GREER DRILLING CORPORATION: PRICE FEDERAL #2 (A-34)
970' FNL & 1160' FEL, SECTION 34, T25N, R2W, NMPM
RIO ARRIBA COUNTY, NEW MEXICO
GROUND ELEVATION: 7280'



LATITUDE: 36°21'33"
LONGITUDE: 107°01'55"
DATUM: NAD1927







FILE NAME: BMG004CF	DATE DRAWN: 5/16/04	NORTHSTAR SURVEYING & MAPPING, INC.	DRAWN BY: KER	CHECKED BY: CCR

Benson-Montin-Greer Drilling Corporation
4900 College Blvd.
Farmington, NM 87402
(505) 325-8874

Price/Federal #2 (A-34)
NENE Sec 34-T25N-R2W
970' FNL & 1160' FEL
Rio Arriba County, New Mexico

EIGHT POINT DRILLING PROGRAM

1. Estimated Formation Tops:

Ojo Alamo	3033'
Kirtland	3235'
Fruitland Coal	3255'
Pictured Cliffs	3386'
Total Depth	3522'

2. Estimated Depth of Anticipated Minerals:

Fruitland (Gas)	3255'
Pictured Cliffs (Gas)	3386'

3. Minimum Specifications for Pressure Control Equipment:

BOP equipment and accessories will meet or exceed BLM requirements outlined in 43 CFR Part 3160.

A 2000 psig working pressure double ram hydraulic BOP with a Hydrill will be used (see attached diagram). The BOP and all related equipment will be hydraulically tested prior to drilling. Operation of both rams will be checked on each trip. The BOP equipment will include a Kelly valve, floor safety valve, and choke manifold, all rated to 1500 psig.

4. Casing and Cementing Program:

Hole Size	Interval	Csg Size	Wt, Grd, Jt
12-1/4"	0-610'	8-5/8"	23#/foot, LS
7-7/8"	610'- 3600'	5-1/2"	17#/footJ-55, LT&C

Surface Casing will be cemented to surface with 420 sacks (100% excess) class B regular w/2% CaCl and 1/4# flocele/sack. A guide shoe, insert float valve top and bottom joint

and five (5) centralizers will be used. WOC time is 12 hours. Pressure test surface casing to 1500 psig prior to drilling guide shoe.

Production Casing: 100 sacks Class B regular cement with fluid loss additive plus flocele and gilsonite followed by 312 sacks of Lite cement. Cement volume includes excess to circulate cement to surface. Cementing equipment will include a guide shoe, insert float valve, 10 centralizers, and reciprocating well scratchers throughout the Friutland/Ojo Alamo zones. A packoff-DV tool will be used 500' above Total Depth.

5. Mud Program:

A fresh water polymer mud system will be used from the surface to TD. Adequate filter cake and minimum mud weight will be maintained to prevent excessive fluid loss. Mud weight will be 9.0 (ppg) or less, Ph of 9.0-9.5, and viscosity of 28-35 (sec/qt) across all intervals.

6. Testing, Coring and Logging Program:

SP/GR-DIL, CDL/CNL.

7. Anticipated Abnormal Pressures and Temperatures:

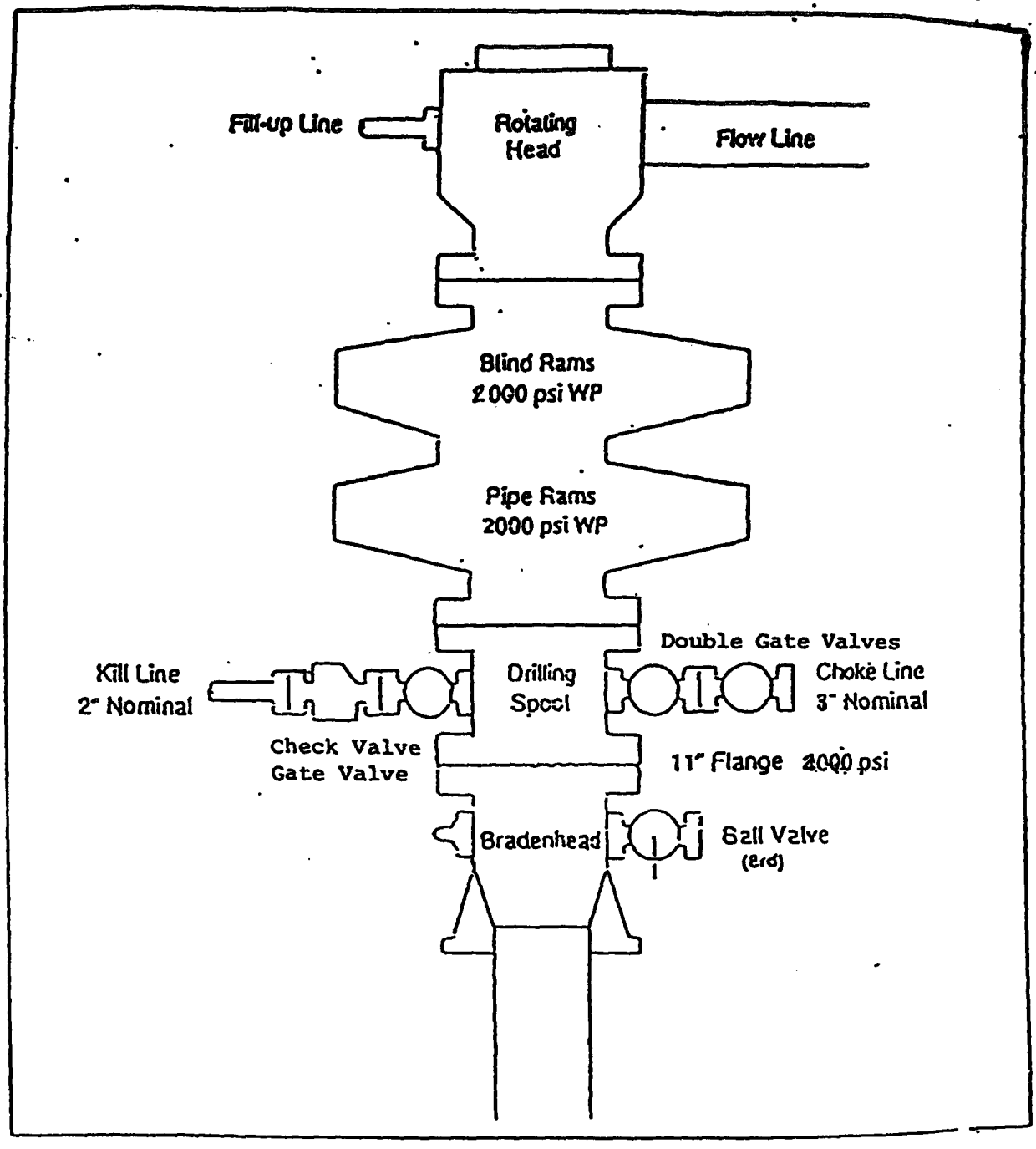
No abnormal pressures or temperatures are expected in this well. Maximum anticipated Fruitland reservoir pressure is 1200-1300 psig with a normal temperature gradient. Maximum anticipated Pictured Cliffs reservoir is 1400-1500 psig with normal temperature gradient.

8. Operations:

Anticipated spud date is as soon as permits are received and work can be scheduled. Estimated drilling time is 7 days. Completion operations are expected to take 7 – 10 days and will commence as soon after completion of drilling operations and scheduling allow.

EXHIBIT 1

BOP STACK ARRANGEMENT



All ram type preventers and related equipment will be hydraulically tested at nipple-up and after any use under pressure to 1500 psi. The blind rams will be hydraulically activated and checked for operational readiness each time pipe is pulled out of the hole. All checks of the BOP stack and equipment will be noted on the daily drilling report. The BOP equipment will include a kelly cock with handle, floor safety valve with change overs for each tool joint in the string, and choke manifold all rated to 2000 psi.

EXHIBIT 2

Choke Manifold & Accumulator Schematic