

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

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

1a. Type of Work: ☒ DRILL

☐ REENTER

b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone

2. Name of Operator

Texas Crude, Inc.

3a. Address

c/o Walsh Engineering, 7415 E. Main, Farmington, NM 87402

3b. Phone No. (include area code)

(505) 327-4892

4. Location of Well (Report location clearly and in accordance with any State requirements. *)

At surface 435' FSL and 990' FWL

At proposed prod. Zone

4. Distance in miles and direction from nearest town or post office*

1 mile southwest of Regina, NM

5. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)

435'

16. No. of Acres in lease

40+

17. Spacing Unit dedicated to this well

SW/SW 40 acres

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.

NA

19. Proposed Depth

8750' +/-

20. BLM/BIA Bond No. on file

21. Elevations (Show whether DF, KDB, RT, GL, etc.)

7423' GR

22. Approximate date work will start*

October 1, 2004

23. Estimated duration

1 month

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 SUPC 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 office.

25. Signature

Paul C. Thompson

Name (Printed/Typed)

Paul C. Thompson, P.E.

Date

7/6/2004

Title

Agent

Approved by (Signature)

/s/ David R. Sitzler

Name (Printed/Typed)

Date

OCT 21 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)

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

API Number 30-043-20989		Pool Code 97399	Pool Name WC23N1W32; Entrada
Property Code 34386	Property Name REGINA RANCH FEDERAL 32		Well Number 1
GRID No. 22568	Operator Name TEXAS CRUDE		Elevation 7423'

10 Surface Location

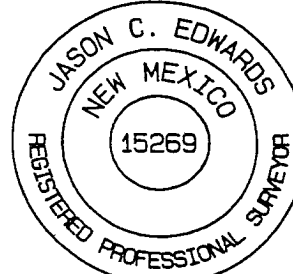
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	32	23N	1W		435	SOUTH	990	WEST	SANDOVAL

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

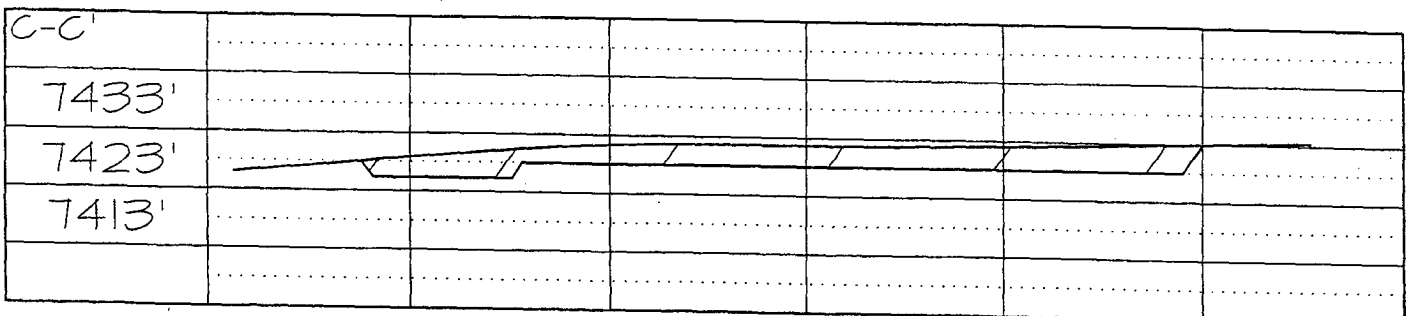
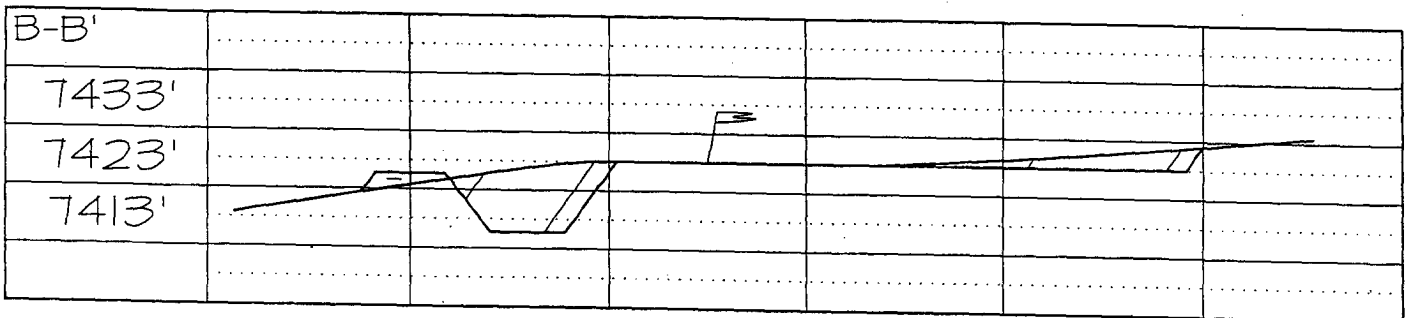
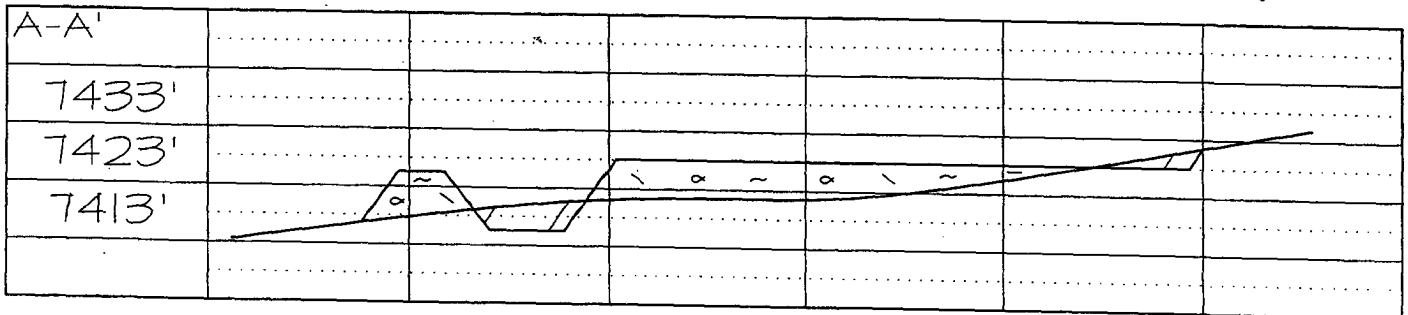
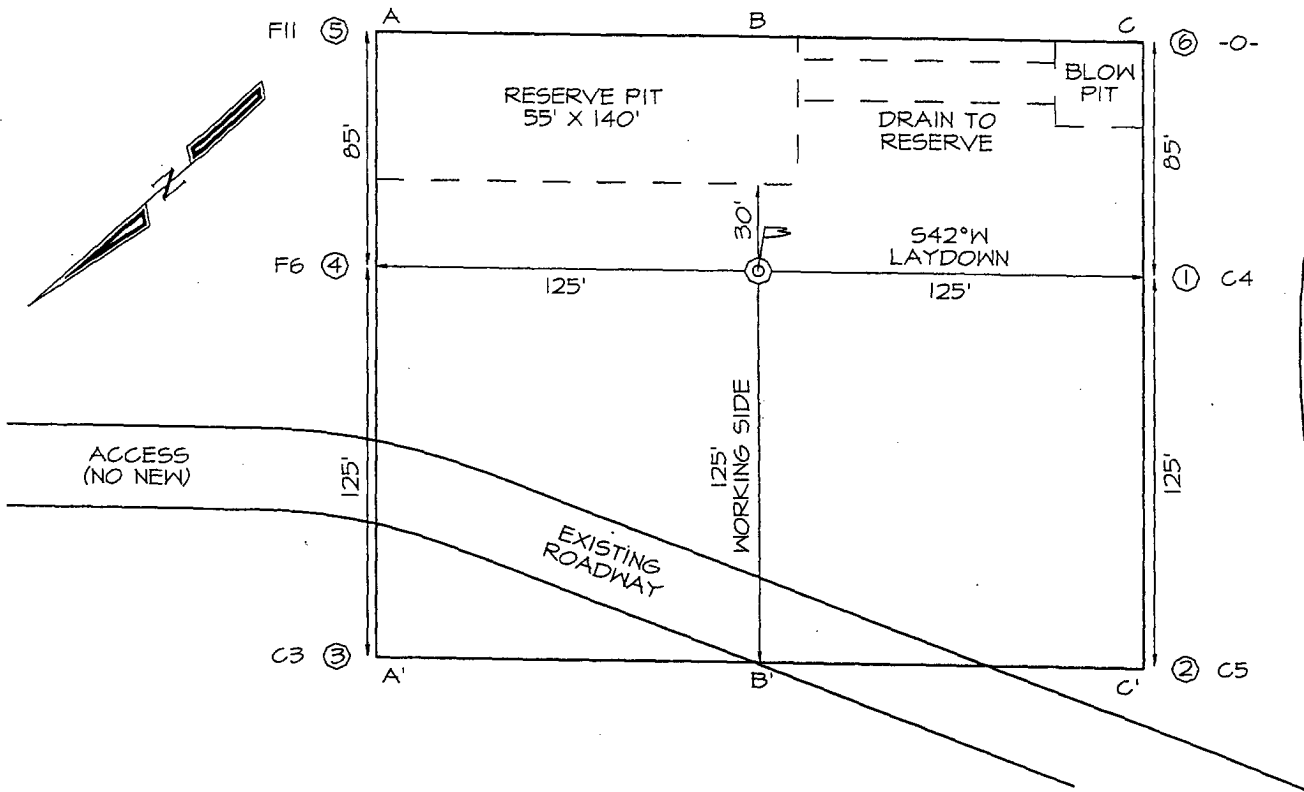
12 Dedicated Acres SW/SW 40 ACRES	13 Joint or Infill N	14 Consolidation Code	15 Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<div>16</div> <div>5290.56'</div> <div>5280.00'</div> <div>32</div> <div>LAT: 36°10.4540' N LONG: 106°58.2508' W DATUM: NAD27</div> <div>990'</div> <div>435'</div> <div>5280.00'</div>	<div>17 OPERATOR CERTIFICATION</div> <div>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</div> <div><u>Paul C. Thompson</u> Signature</div> <div><u>Paul C. Thompson</u> Printed Name</div> <div><u>AGENT</u> Title</div> <div><u>7/6/04</u> Date</div>
	<div>18 SURVEYOR CERTIFICATION</div> <div>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.</div> <div>Survey Date: MARCH 25, 2004</div> <div>Signature and Seal of Professional Surveyor</div> <div></div> <div><u>JASON C. EDWARDS</u> Certificate Number 15269</div>

TEXAS CRUDE REGINA RANCH FEDERATED AL 32 #1
 435' FSL & 990' FWL, SECTION 32, T23N, 1W, NMPM
 SANDOVAL COUNTY, NEW MEXICO ELEVATION: 7423'

7 LAT #2



TEXAS CRUDE, INC.
OPERATIONS PLAN
Regina Ranch Federal 32 #1

I. Location: 435' FSL & 990' FWL
Sec 32, T23N, R1W
Sandoval County, NM

Date: April 29, 2004

Field: Wildcat Entrada
Surface: Regina Ranch, LLC
Minerals: NM 101970

Elev: GL 7423'

II. Geology: Surface formation _ San Jose

<u>A. Formation Tops</u>	<u>Depths</u>
Ojo Alamo	2600'
Kirtland	2790'
Pictured Cliffs	2920'
Cliff House	4690'
Menefee	4740'
Point Lookout	5170'
Gallup	6260'
Dakota	7460'
Morrison	7800'
Todilto	8475'
Entrada	8550'
Total Depth	8750'

Estimated depths of anticipated water, oil, gas, and other mineral bearing formations which are expected to be encountered:

Water and gas - 2920', 4690', 5170', 7460'
Oil - 8550'.

B. Logging Program: Induction/GR and density logs at TD.

C. No over pressured zones are expected in this well. No H₂S zones will be penetrated in this well. Max. BHP = 3750 psig.

III. Drilling

A. Contractor:

B. Mud Program:

The surface hole will be drilled with a fresh water mud.

The production hole will be drilled with a fresh water polymer mud. The weighting material will be drill solids or if conditions dictate, barite. The maximum mud weight expected is 9.0 ppg.

C. Minimum Blowout Control Specifications:

Double ram type 2000 psi working pressure BOP with a rotating head. See the attached Exhibit #1 for details on the BOP equipment. All ram type preventers and related equipment will be hydraulically tested at nipple-up and after any use under pressure to 1000 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, floor safety valve, and choke manifold all rated to 2000 psi.

IV. Materials

A. Casing Program:

Hole Size	Depth	Casing Size	Wt. & Grade
12-1/4"	500'	9-5/8"	36# J-55
8-3/4"	8750'-6200'	5-1/2"	17.0# N-80 LT&C
	6200' - 0'	5-1/2"	17.0# J-55 LT&C

B. Float Equipment:

- a) Surface Casing: Notched collar on bottom and insert float on top of the bottom joint. 5 centralizers on the bottom 5 joints.
- b) Production Casing: 5-1/2" cement float shoe and self fill insert float collar. Place float one joint above shoe. Place stage tools at approximately 4000' and 6260' KB. Ten centralizers spaced every other joint above shoe and turbolizers above and below the stage tools and every fifth joint from 2600' to the surface casing.

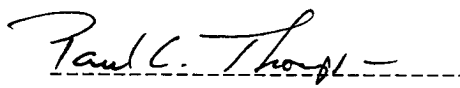
V. Cementing:

Surface casing: 9-5/8" - Use 285 sx (336 cu. ft.) of Cl "B" with 2% CaCl_2 (Yield = 1.18 cu. ft./sk; slurry weight = 15.6 PPG). 100% excess to circulate cement to surface. WOC 12 hours. Pressure test surface casing to 1000 psi for 30 min.

Production Casing: 7" - Before cementing circulate hole with at least 1-1/2 hole volumes of mud. Precede cement with 20 bbls of fresh water and 30 sx of flyash - gel spacer. **1st Stage:** Cement with 730 sx (1066 cu.ft) of Cl "H" 50:50 poz with 0.9% Halad®-9 Fluid loss control, 0.1% HR-5 (retarder), 0.2% CFR-3 (dispersant), 5 #/sk gilsonite and ¼ #/sk flocele. (Yield = 1.46 cu.ft./sk; slurry weight = 13.0 PPG). Displace cement and bump the plug to 1500 psi. Open the stage tool at 6260' and circulate for four hours. Total cement volume is 1066 cu.ft. (65% excess to circulate the stage tool at 6260').

2nd Stage: Precede cement with 20 bbls of fresh water and 30 sx of flyash - gel spacer. **Lead** with 445 sx (801 cu.ft) of TXI Lightweight cement with 0.6% Halad®-9 (fluid loss control), 2% CaCl_2 , 5 #/sk gilsonite and ¼ #/sk flocele. (Yield = 1.80 cu.ft./sk; slurry weight = 12.0 PPG). **Tail** with 100 sx (142 cu.ft.) of TXI Lightweight cement with 0.6% Halad®-9 (fluid loss control), 2% CaCl_2 , 5 #/sk gilsonite and ¼ #/sk flocele. (Yield = 1.42 cu.ft./sk; slurry weight = 13.0 PPG). Displace cement and bump the plug to 1500 psi. Open the stage tool at 4000' and circulate for four hours. Total cement volume is 943 cu.ft. (65% excess to the stage tool at 4000').

3rd Stage: Precede cement with 10 bbls of fresh water, 20 bbls of mud flush, and 10 bbls of fresh water. **Lead** with 850 sx (1530 cu.ft) of TXI Lightweight cement with 0.4% Halad®-9 (fluid loss control), 2% CaCl_2 , 5 #/sk gilsonite and ¼ #/sk flocele. (Yield = 1.80 cu.ft./sk; slurry weight = 12.0 PPG). **Tail** with 100 sx (142 cu.ft.) of TXI Lightweight cement with 0.4% Halad®-9 (fluid loss control), 2% CaCl_2 , 5 #/sk gilsonite and ¼ #/sk flocele. (Yield = 1.42 cu.ft./sk; slurry weight = 13.0 PPG). Displace cement and bump the plug to 1500 psi. Total cement volume is 1672 cu.ft. (65% excess to circulate cement to surface).


Paul C. Thompson, P.E.

Texas Crude, Inc.

Well Control Equipment Schematic for 2M Service

Attachment to Drilling Technical Program

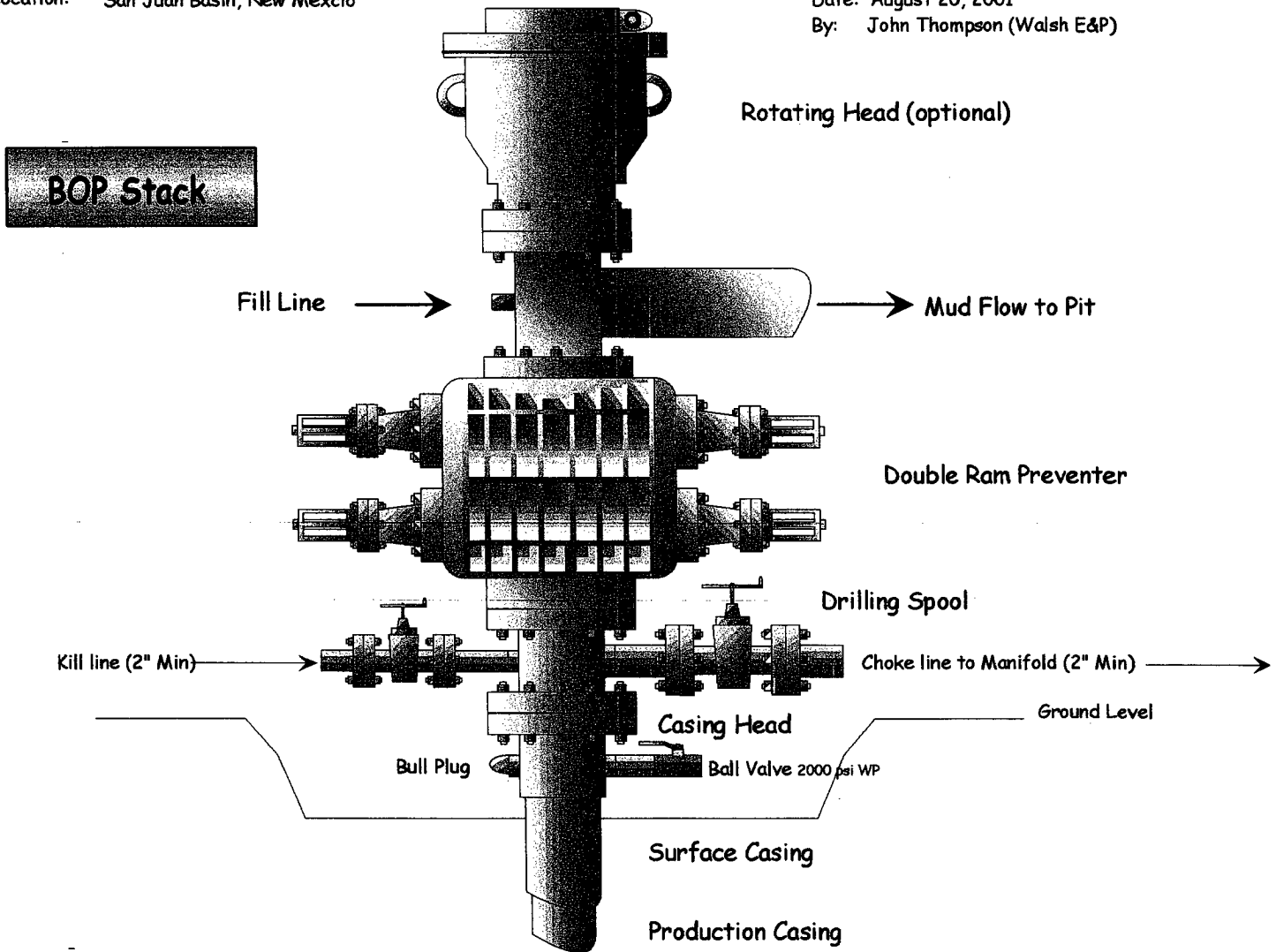
Exhibit #1

Typical BOP setup

Location: San Juan Basin, New Mexico

Date: August 20, 2001

By: John Thompson (Walsh E&P)



Choke & Kill Manifold

