

UNITED STATES
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: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM 010063	
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name n/a	
2. Name of Operator Roddy Production Co., Inc.		7. If Unit or CA Agreement, Name and No.	
3a. Address P.O. Box 2221, Farmington NM 87499		8. Lease Name and Well No. Lucerne Federal 9	
3b. Phone No. (include area code) (505) 325-5750		9. API Well No. 30-045-32962	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 1978' FNL x 1979' FWL At proposed prod. zone same		10. Field and Pool, or Exploratory Fruitland Coal	
14. Distance in miles and direction from nearest town or post office* 3 miles south of Bloomfield, NM		11. Sec., T., R., M., or 131k. and Survey or Area F Section 17, T28N, R11W	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1978'		12. County or Parish San Juan	
16. No. of Acres in lease 1,731.86		13. State NM	
17. Spacing Unit dedicated to this well 320 W/2		18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1271'	
19. Proposed Depth 1750'		20. BLJIA/BIA Bond No. on file RLB 0004061	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5660' GL 5741'		22. Approximate date work will start* 03/30/05	
23. Estimated duration 20 days		24. Attachments drilling plan	

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

- | | |
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| 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 	Name (Printed/Typed) Robert R. Griffiee	Date 03/10/05
Title Operations Manager, Agent for Roddy Production		
Approved by (Signature) 	Name (Printed/Typed) AFM	Date 3-29-05
Title AFM		
Office FFO		

Application approval does not warrant or certify the 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)

NMCCD

DISTRICT I
P.O. Box 1980, Hobbs, N.M. 88241-1980

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised February 21, 1994

Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, N.M. 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, NM 87504-2088

☐ AMENDED REPORT

DISTRICT IV
PO Box 2088, Santa Fe, NM 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-32962	² Pool Code 71629	³ Pool Name BASIN FRUITLAND COAL
⁴ Property Code 13929	⁵ Property Name LUCERNE Federal	⁶ Well Number 9
⁷ GRID No. 36845	⁸ Operator Name RODDY PRODUCTION	⁹ Elevation 5741.47

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
F	17	28N	11W		1978	NORTH	1979	WEST	SAN JUAN

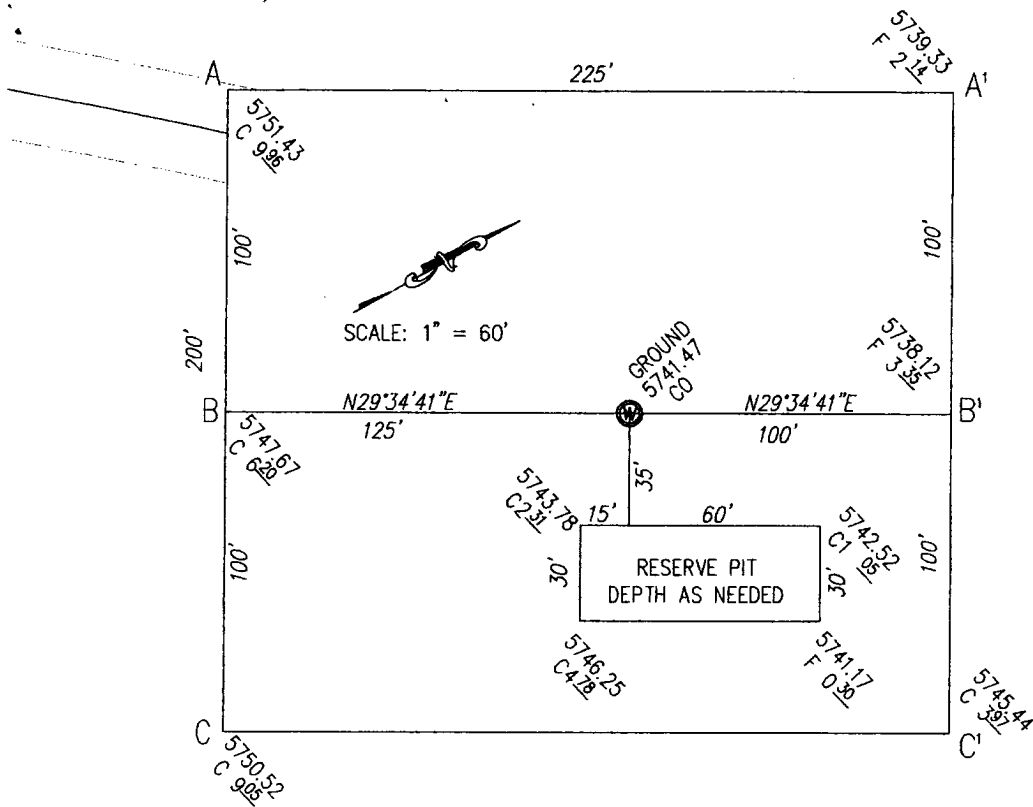
¹¹ Bottom Hole Location If Different From Surface

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 320	¹³ Joint or Infill I	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><p>¹⁶</p><p>SECTION 17</p></div>	<div><p>¹⁷ OPERATOR CERTIFICATION</p><p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p><p><i>Robert R Griffiee</i></p><p>Signature Robert R Griffiee</p><p>Printed Name Operations Manager</p><p>Title March 10, 2005</p><p>Date</p></div> <div><p>¹⁸ SURVEYOR CERTIFICATION</p><p>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</p><p>JANUARY 14, 2005</p><p>Date of Survey</p><p>Signature and Seal of Professional Surveyor:</p><p>Certificate Number N.M. PLS #9673</p></div>
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Roddy Production

OPERATOR

Lucerne #9

WELL NAME and NUMBER

1978' F/NL

1979' F/WL

FOOTAGES

17	28N	11W
SEC.	TWP.	RGE.

San Juan,

New Mexico

COUNTY

STATE

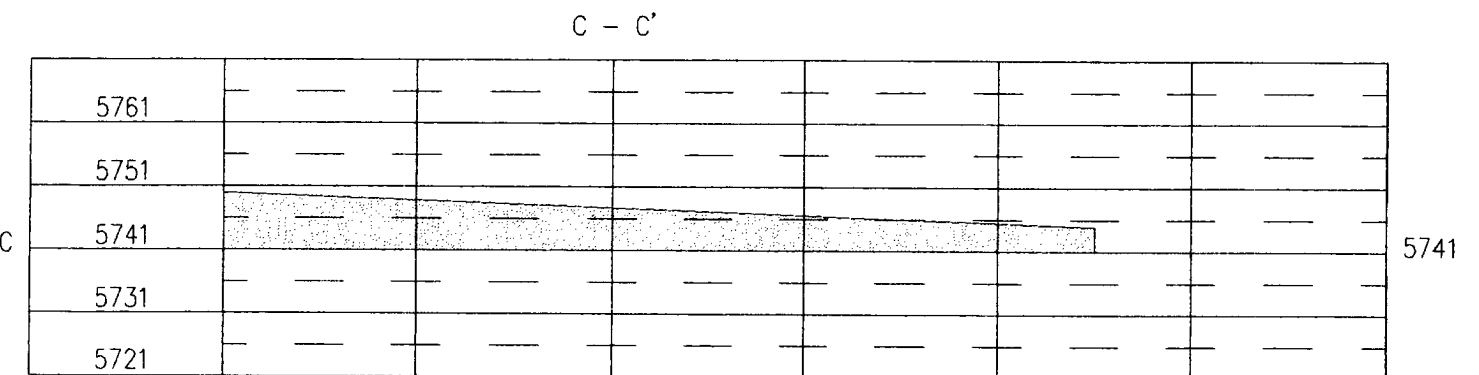
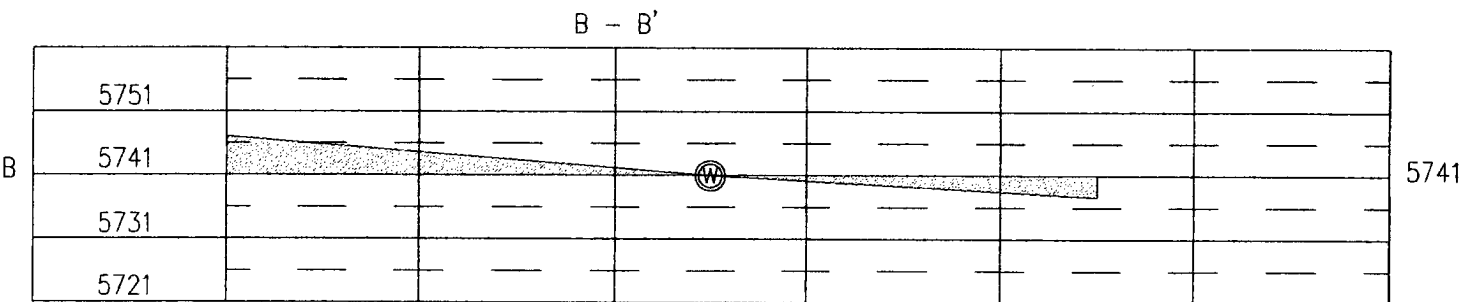
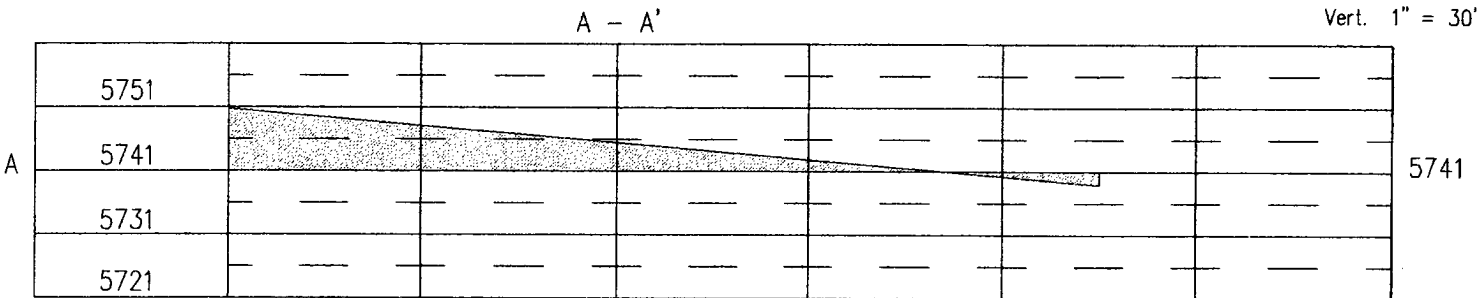
January 14, 2005

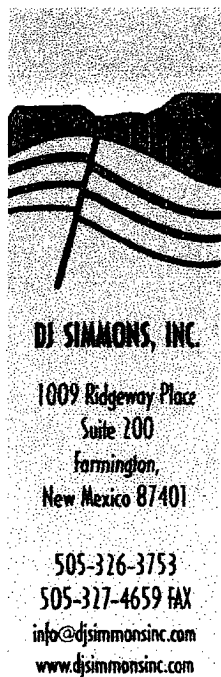
DATE

SCALE

Horiz. 1" = 50'

Vert. 1" = 30'





Drilling Plan

Well Name: Lucerne Federal 9
Operator: Roddy Production Co., Inc.
Location: 1978' FNL x 1979' FWL, Section 17, T28N, R11W
 San Juan County, NM

Formation: Fruitland Coal

Elevation: 5660' GL

Geology:

Formation	Top	Probable Content
Nacimiento	Surface	
Ojo Alamo	460	salt water
Kirtland	560	gas/water
Fruitland	1235	gas
Fruitland Sand	1388	gas
Basal Coal	1630	gas
Pictured Cliffs	1650	gas
TD	1750	

Logging Program: Spectral Density, Epithermal Neutron, Induction Log from TD to surface casing shoe.

Drilling Fluid Program:

Interval Fluid Loss	Fluid Type	Weight	Viscosity	
0' - 250'	fresh water spud mud	8.4 - 9.0 ppg	30 - 50 sec	no
control				
250' - 1750'	fresh water polymer	8.4 - 9.0 ppg	30 - 50 sec	8-10

Casing Program:

Interval Thread	Hole Diameter	Csg Size	Wt.	Grade	
0' - 250'	8 3/4"	7"	20 ppf	J-55	STC
0' - 1750'	6 1/4"	4 1/2"	10.5 ppf	J-55	STC

Tubing Program: 0 - 1700', 2 3/8", 4.7 ppf, J55, EUE

BOPE and Wellhead Specifications and Testing:

From surface casing shoe to TD: 7 1/16" 2000 psi threaded casing head with two 2" outlets.

7 1/16", 2000 psi double gate BOP and 2000 psi choke manifold (see figures 1 and 2). Pressure test BOPE to 2000 psi and 7" surface casing to 600 psi prior to drilling surface casing shoe.

For completion operations: 7" x 2 3/8", 2000 psi tree assembly. 7 1/16", 2000 psi double gate BOP system (see figure 3).

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:

7" 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 60 sks class 'G' with 1/4 #/sk flocele and 3% CaCl₂ (density = 15.8 ppg, yield = 1.16 cf/sk, water = 5.1 gals/sk). 100% excess to circulate to surface.

4 1/2" Production Casing String: Run casing with float shoe on bottom, float collar one joint from bottom and centralizers every other joint through out Fruitland section. Install one centralizer at the base of the Ojo Alamo and one centralizer inside the surface casing shoe. Cement with 65 sks Class 'G' + .25 lb/sk D29 + 3.0% D79 + 2.0% S1 + 0.2% D46 (density = 11.7 pg, yield = 2.66 cf.sk, wtr = 16.09 gals/sk) followed by 65 sks Class 'G' 50/50 poz + 5 lbs/sk D24 + 0.25 lbs/sk D29 + 2.0% D20 + 2.0% S1 + 0.1% D46 (density = 13.5 ppg, yield = 1.28 cf/sk, wtr = 5.255 gals/sk). All additives are Schlumberger products. Volumes based on open hole volume + 50% excess. The exact volume of slurry will be recalculated after open hole logs are run and based on the open hole caliper volume + 30%. Top of cement to be at surface.

Special Drilling Operations:

- Mud materials, equipment, and water will be available on location to maintain control of the well during all operations.

Additional Information:

- This well is to be completed in the Fruitland Coal formation.
- 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

Completion Information:

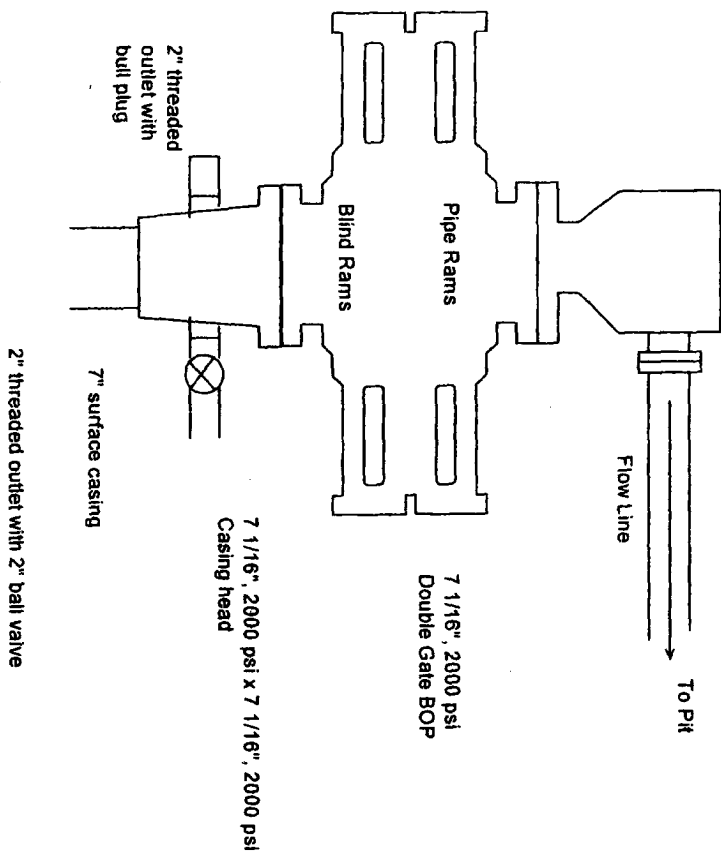
The completion procedure will be prepared after open hole logs are analyzed. The well will probably be completed by hydraulic frac in two stages.

Prepared by: Robert R. Griffie
Operations Manager
Agent for Roddy Production

Date: 02/07/05

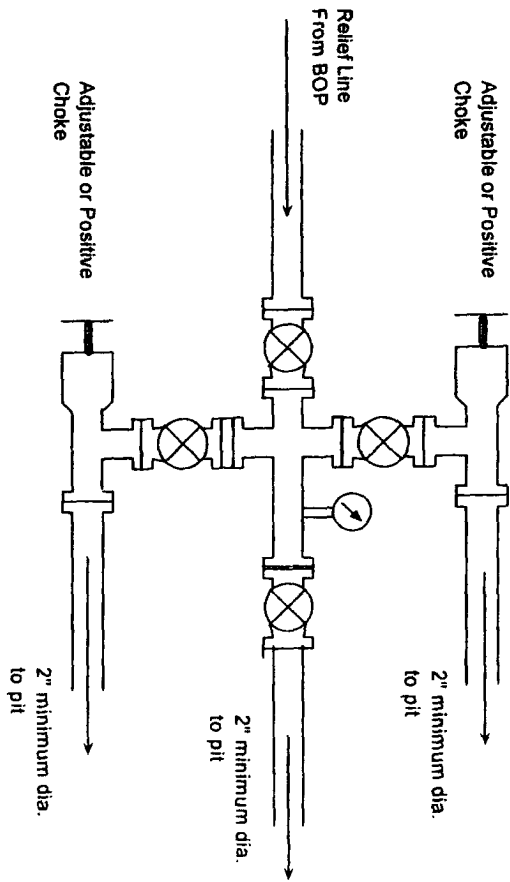
Figure 1

7 1/16", 2000 psi Drilling BOP System



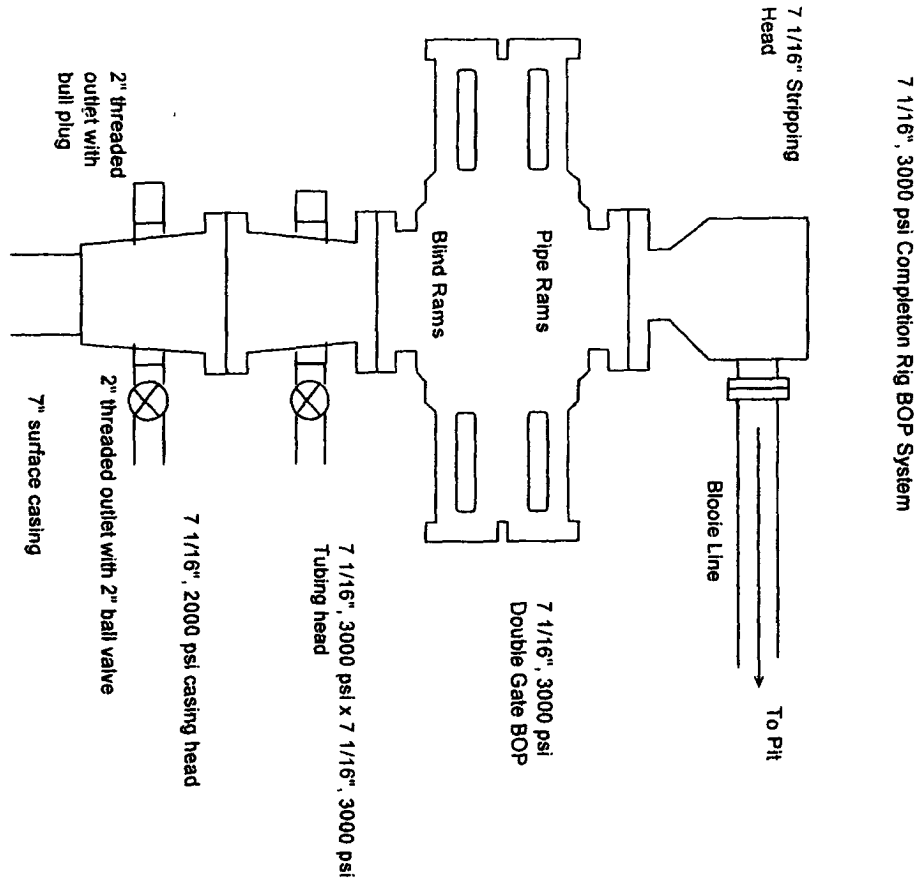
BOP Installation for Completion operations. 7 1/16", 2000 psi double gate BOP equipped with blind and pipe rams. All equipment rated at 2000 psi or greater working pressure.

Figure 2



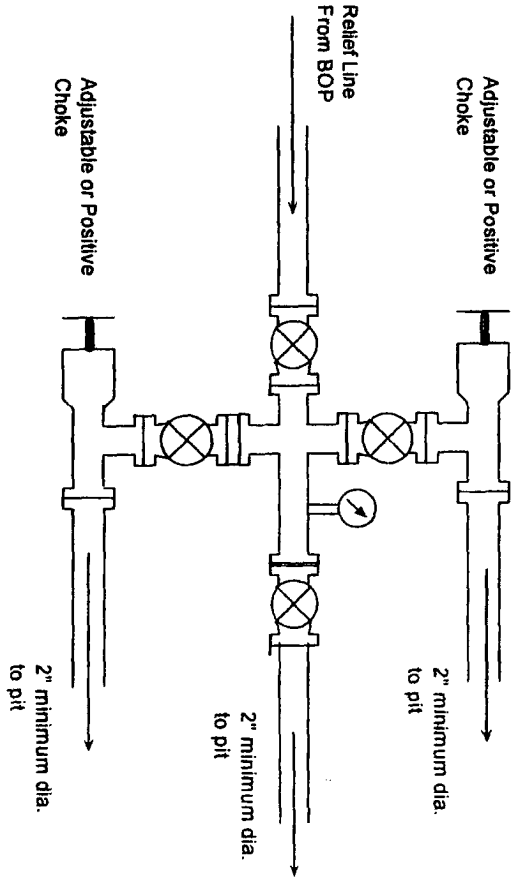
Choke manifold for BOP system shown in Figure 5. All equipment to be rated at 2000 psi or greater.

Figure 3



BOP installation for Completion operations. 7 1/16", 3000 psi double gate BOP equipped with blind and pipe rams. All equipment rated at 3000 psi or greater working pressure.

Figure 4



Choke manifold for BOP system shown in Figure 5. All equipment to be rated at 3000 psi or greater.