

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO. 30-045-32689
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name VALANCE 33
8. Well Number #02
9. OGRID Number
10. Pool name or Wildcat BASIN DAKOTA/FRUITLAND COAL

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well ☐ Gas Well ☒ Other ☐

2. Name of Operator
PATINA SAN JUAN, INC.

3. Address of Operator
5802 U.S. HIGHWAY 64 FARMINGTON, NM 87401

4. Well Location
Unit Letter B : 320 feet from the NORTH line and 2145' feet from the EAST line
Section 33 Township 31N Range 13W NMPM County SAN JUAN

11. Elevation (Show whether DR, RKB, RT, GR, etc.)

Pit or Below-grade Tank Application ☒ or Closure ☐

Pit type Drilling Depth to Groundwater >100' Distance from nearest fresh water well >200' Distance from nearest surface water >1000'

Pit Liner Thickness: 14 mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: NAME CHANGE <input checked="" type="checkbox"/>		OTHER: PERMIT EXTENSION <input checked="" type="checkbox"/>	

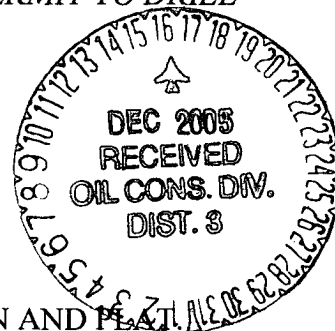
13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

PATINA SAN JUAN, INC. REQUESTS AN EXTENSION TO THE APPROVED PERMIT TO DRILL EXPIRING NOVEMBER 23, 2005.

CHANGE OF WELL NAME FROM: KAUFMAN #02
TO: VALANCE 33 #02 35345

MOVE THE WELL BORE FROM: 660' FNL, 1845' FEL
TO: 320' FNL, 2145' FEL

ADD THE FRUITLAND COAL FORMATION PER ATTACHED DRILLING PLAN AND PLAT.



extended to Nov. 23 2006

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Muse TITLE REGULATORY/ENGINEERING TECH. DATE 11/30/2005

Type or print name _____ E-mail address: _____ Telephone No. _____
For State Use Only

APPROVED BY: [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 3 DATE DEC 16 2005
Conditions of Approval (if any): _____

District I
PO Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised February 21, 1994

District II
PO Drawer DD, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

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

District III
1000 Rio Brazos Rd., Aztec, NM 87410

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-32689		*Pool Code 71629 / 71599	*Pool Name BASIN FRUITLAND COAL / BASIN DAKOTA
*Property Code	*Property Name VALANCE 33		*Well Number 02
*OGRID No. 173252	*Operator Name PATINA SAN JUAN, INC.		*Elevation 5543'

¹⁰ Surface Location

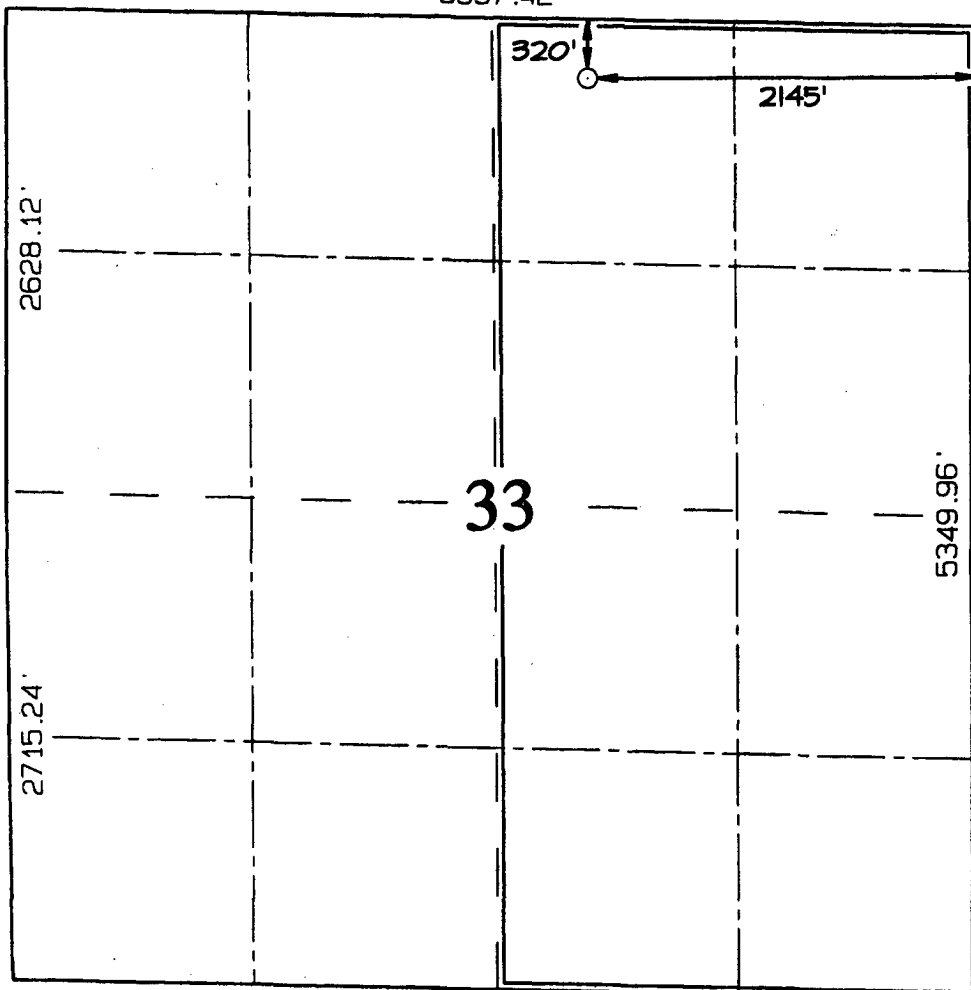
UL or lot no. B	Section 33	Township 31N	Range 13W	Lot Idn	Feet from the 320	North/South line NORTH	Feet from the 2145	East/West line EAST	County SAN JUAN
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¹¹ Bottom Hole Location If Different From Surface

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 320.0 Acres - (E/2)					¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.		

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

5337.42'



¹⁷ OPERATOR CERTIFICATION

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

Signature
Jason Muse
Printed Name
Reg/Engineering Tech
Title
12/1/05
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.

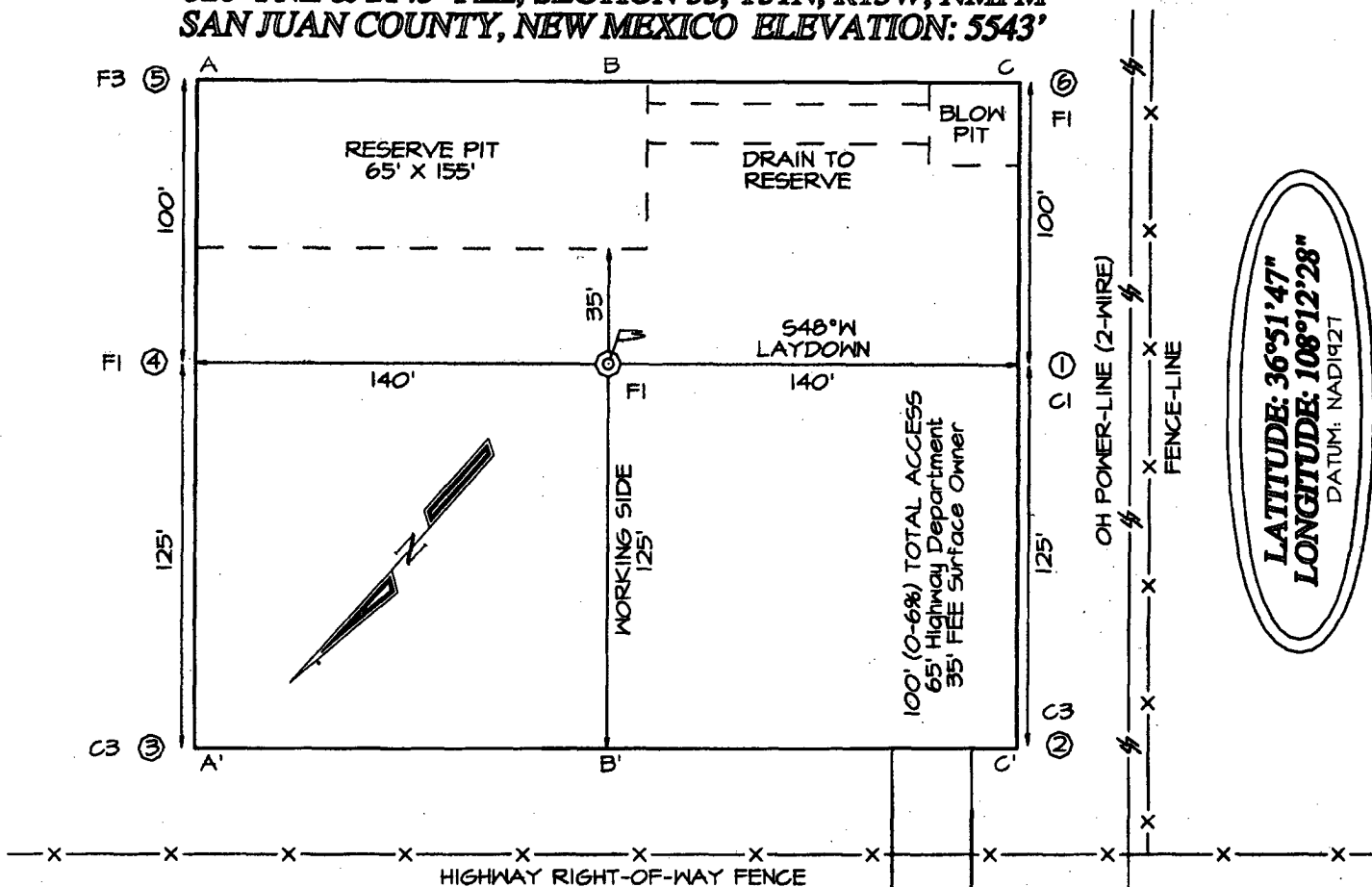
Survey Date: SEPTEMBER 2, 2005

Signature and Seal of Professional Surveyor



JASON C. EDWARDS
Certificate Number 15269

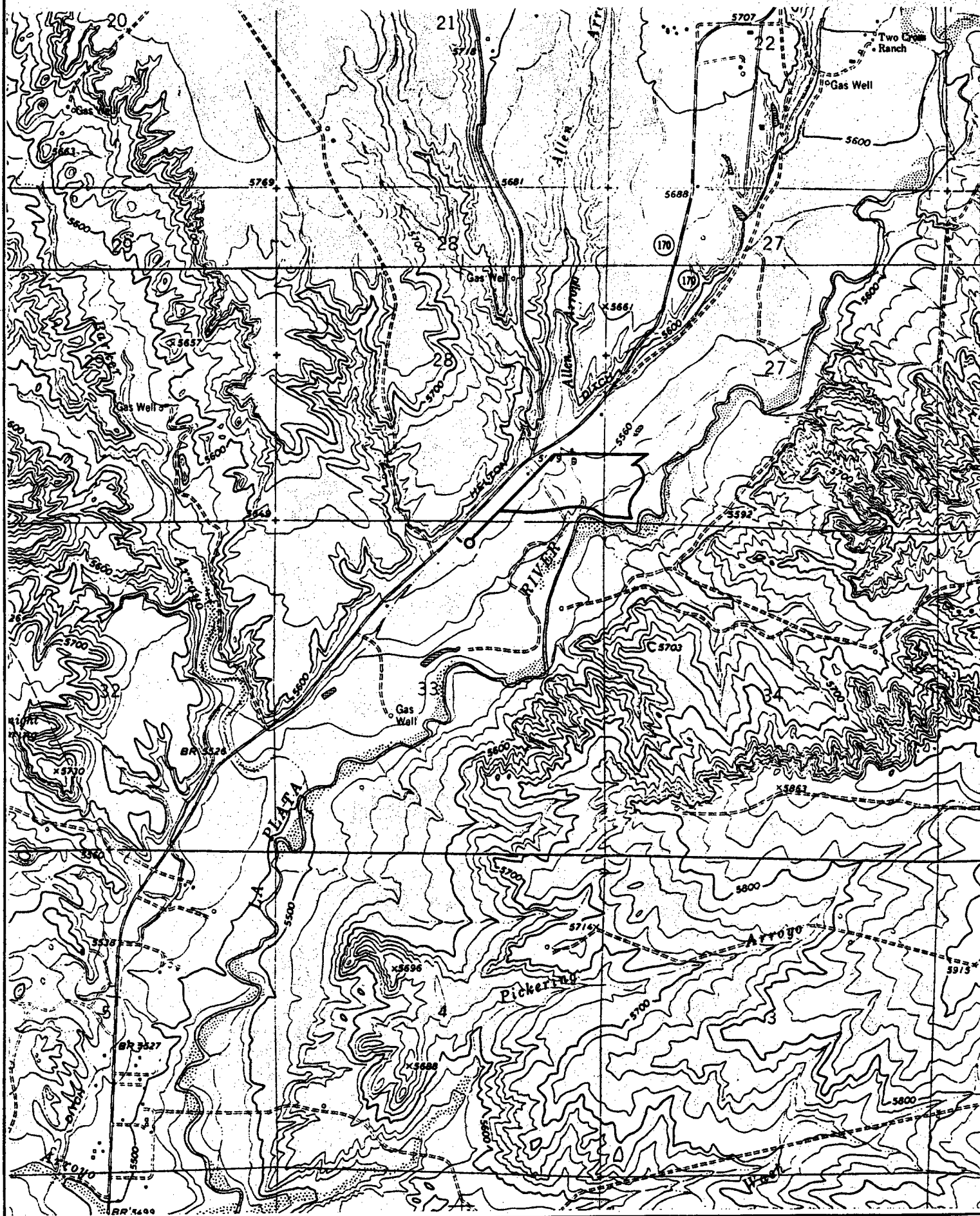
**PATINA SAN JUAN, INC. VALANCE 33 #02
320' FNL & 2145' FEL, SECTION 33, T31N, R13W, NMPM
SAN JUAN COUNTY, NEW MEXICO ELEVATION: 5543'**

[illegible]

B-B'					
5554'					
5544'					
5534'					

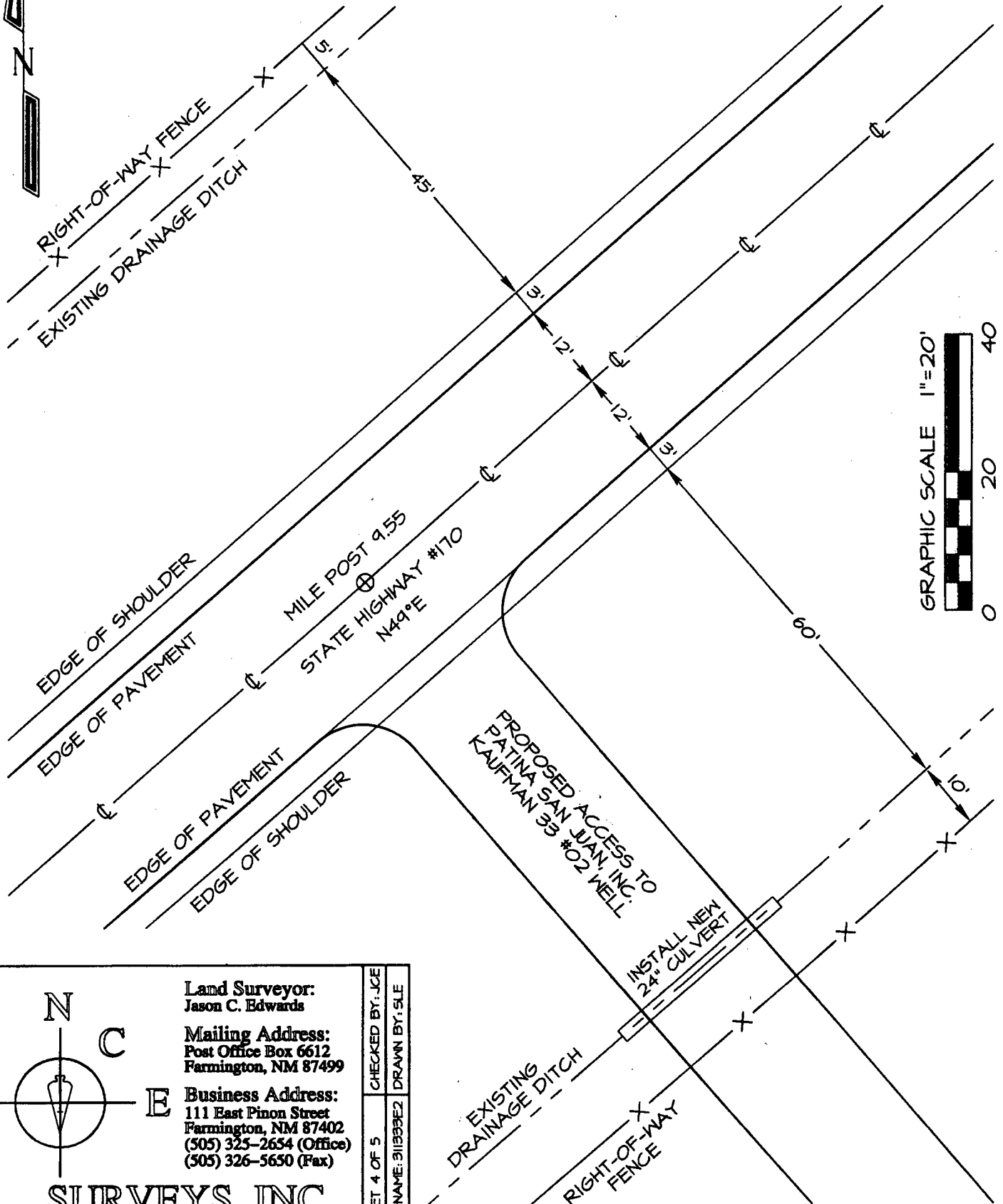
C-C'						
5554'						
5544'						
5534'						

PATINA SAN JUAN, INC. VALANCE 33 #02
320' FNL & 2145' FEL, SECTION 33, T31N, R13W, N.M.P.M.
SAN JUAN COUNTY, NEW MEXICO



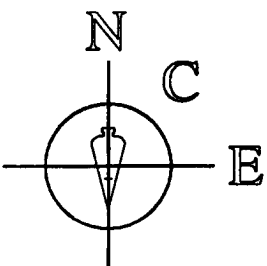
PATINA SAN JUAN, INC.

VALANCE 33 #02 HIGHWAY ACCESS PERMIT SKETCH
320' FNL & 2145' FEL, SECTION 33, T31N, R13W, NMPM
SAN JUAN COUNTY, NEW MEXICO



GRAPHIC SCALE 1"=20'

0 20 40

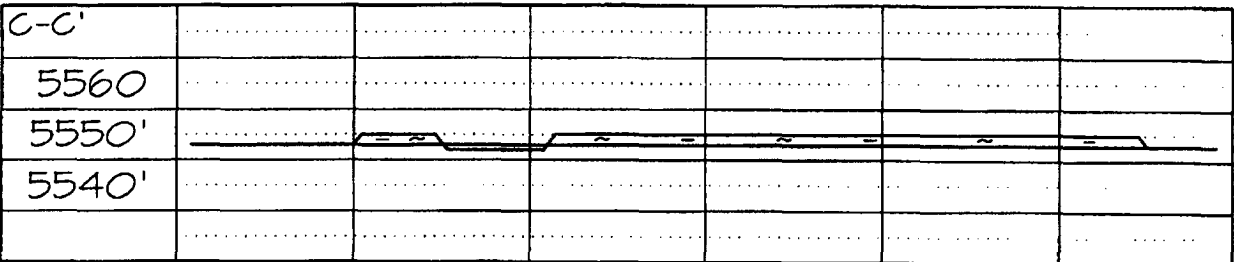
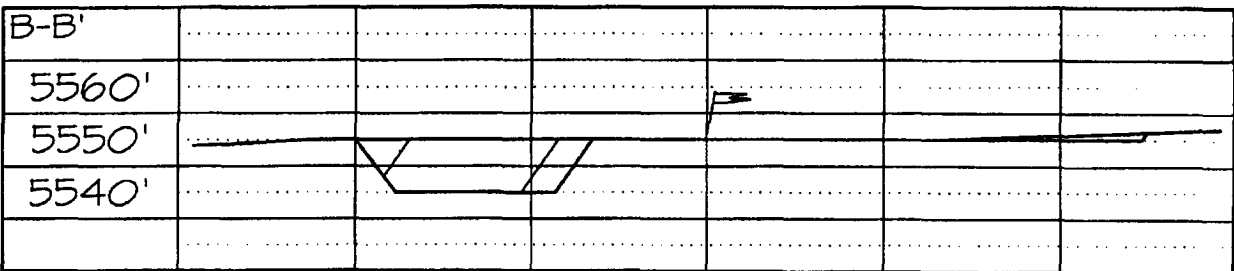
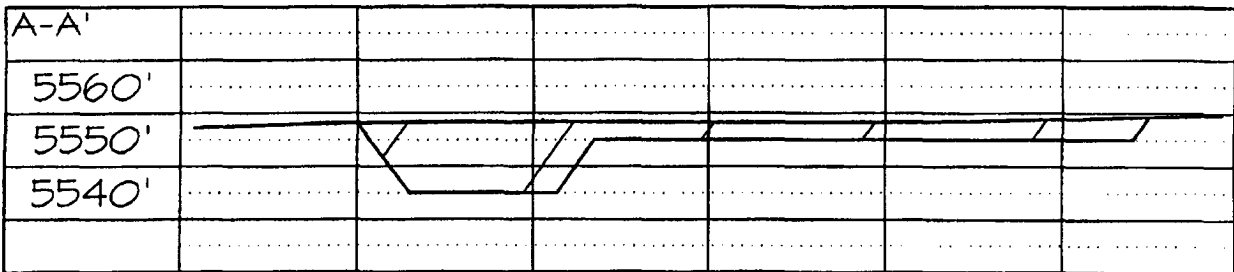
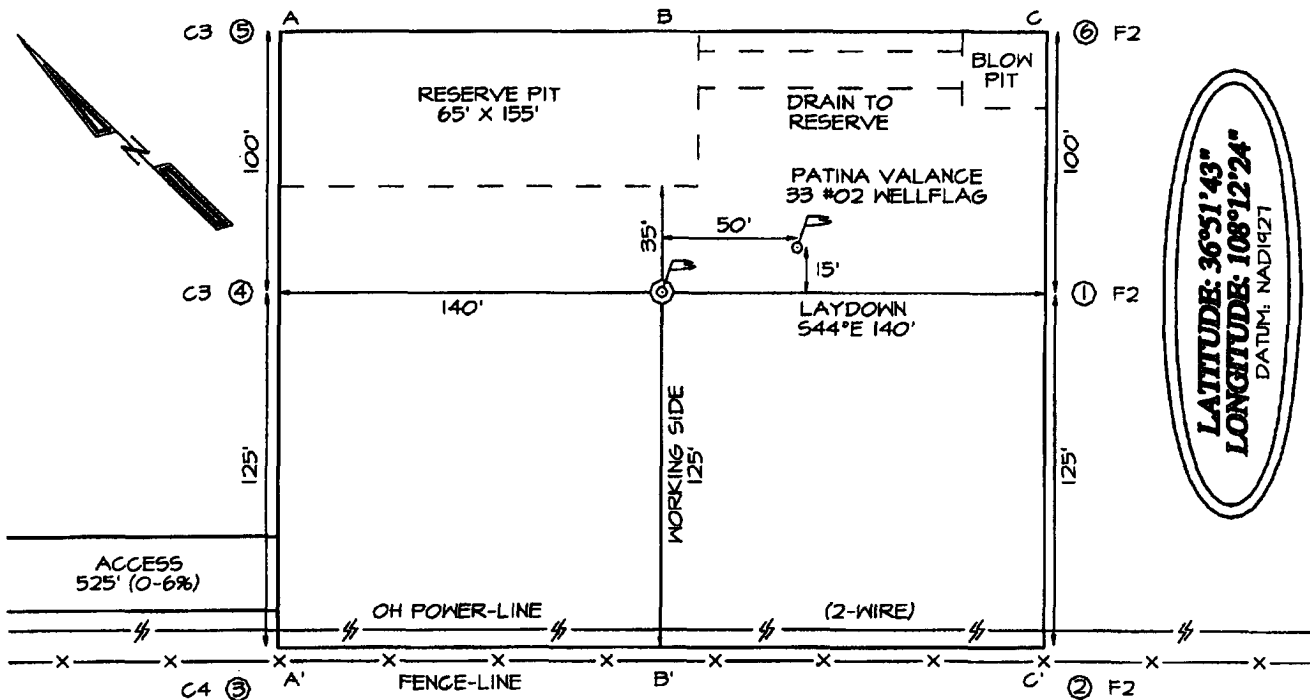


Land Surveyor:
Jason C. Edwards
Mailing Address:
Post Office Box 6612
Farmington, NM 87499
Business Address:
111 East Pinon Street
Farmington, NM 87402
(505) 325-2654 (Office)
(505) 326-5650 (Fax)

SURVEYS, INC.

CHECKED BY: JCE
DRAWN BY: SLE
SHEET 4 OF 5
FILENAME: 311333E2

PATINA SAN JUAN, INC. KAUFMAN 33 #02
660' FNL & 1845' FEL, SECTION 33, T31N, R13W, NMPM
SAN JUAN COUNTY, NEW MEXICO ELEVATION: 5550'



Valance 33 #02
General Drilling Plan
Patina San Juan, Inc.
San Juan County, New Mexico

1. LOCATION:

Est. elevation: 5550'
NWNE of Section 33, T31N, R13W
San Juan, New Mexico

Field: Blanco Mesa Verde & Basin DK
Surface: Fee
Minerals: Fee

2. SURFACE FORMATION, ESTIMATED TOPS AND WATER, OIL, GAS OR MINERAL BEARING FORMATIONS (TVD):

Surface formation – Nacimiento

<u>Formation</u>	<u>Estimated Formation Top (Ft)</u>
Ojo Alamo	421
Kirtland	596
Fruitland**	1185
Pictured Cliffs**	1569
Lewis	1753
Cliff House**	3186
Menefee**	3326
Point Lookout***	3981
Mancos	4312
Gallup	5520
Greenhorn	6050
Graneros	6109
Dakota ***	6162
TD	6350

Legend: * Freshwater bearing formation
 ** Possible hydrocarbon bearing formation
 *** Probable hydrocarbon bearing formation
 # Possible H2S bearing formation

All fresh water and prospectively valuable minerals encountered during drilling will be recorded by depth and adequately protected.

3. PRESSURE CONTROL EQUIPMENT:

BOP equipment will be tested to its rated working pressure or 70-percent of the internal yield of the surface casing, but not to exceed 1,000 psi. See attachments for BOP and choke manifold diagrams.

Production Hole BOP Requirements and Test Plan

11" – 2,000 psi single ram (blind)

11" – 2,000 psi single ram (pipe)

Test as follows:

a) Pipe rams:	1,000 psi (High)	250 psi (low)
b) Choke manifold:	1,000 psi (High)	250 psi (low)
c) Choke lines:	1,000 psi (High)	250 psi (low)

All ram type preventers and related equipment will be hydraulically tested at nipple-up. They will also be retested in either of the following events:

- A pressure seal is broken.
- 30 days have elapsed since the last successful test of the equipment.

Furthermore, BOP's will be checked daily as to mechanical operating condition. All ram type preventers will have hand wheels, which will be operative and accessible at the time the preventers are installed. See attached Exhibit for details on the BOP equipment.

AUXILIARY EQUIPMENT:

- a) Manually operated kelly cock (upper and lower)
- b) Full opening manually operated safety valves in the full open position, capable of fitting all drill stem connections.

4. CASING DESIGN:

Hole Data				
Interval	Bit Size (Inches)	Casing Size (Inches)	Top (Ft)	Bottom (Ft)
Surface	13.50	9.625	0	300
Intermediate	8.75	7.0	0	4350
Production	6.25	4.5	4050	6350

Casing Data							
OD (Inches)	ID (Inches)	Weight (Lbs/Ft)	Grade	Thread	Collapse (psi)	Burst (psi)	Min. Tensile (Lbs)
9.625	8.921	36.0	J55	STC	2,020	3,520	394,000
7.000	6.366	23.0	L80	LTC	3,830	6,340	435,000
4.5	4.276	11.6	N80	LTC	6,350	7,780	223,000

MINIMUM CASING DESIGN FACTORS:

COLLAPSE: 1.125

BURST: 1.00

TENSION: 1.80

Area Fracture Gradient Range: 0.7 – 0.8 psi/foot

Maximum anticipated reservoir pressure: 2,500 psi

Maximum anticipated mud weight: 9.0 ppg

Maximum surface treating pressure: 3,750 psi

Float Equipment:

Surface Casing: Guide shoe on bottom and 3 centralizers on the bottom 3 joints.

Intermediate Casing: Float shoe on bottom joint and a float collar one joint up from float shoe. One centralizer 10 ft above float shoe and nine centralizers spaced every joint above the float collar. Stage tool above the Cliffhouse formation. One centralizer below stage tool and one centralizer above stage tool.

Production Casing: 4 1/2" whirler type cement nosed guide shoe and a float collar on top of bottom joint with centralizers over potential hydrocarbon bearing zones.

CEMENTING PROGRAMS:

9-5/8" Surface casing:

225 sx Type III cement with 3% CaCl_2 , 1/4#/sx cellofakes. 100% excess to circulate cement to surface. WOC 12 hrs. Pressure test surface casing to 1000 psi for 30 minutes.

Slurry weight: 14.5 ppg
Slurry yield: 1.42 ft³/sack

Volume basis:	40' of 9-5/8" shoe joint	17 cu ft
	300' of 13-1/2" x 9-5/8" annulus	147 cu ft
	<u>100% excess (annulus)</u>	<u>147 cu ft</u>
	Total	311 cu ft

Note:

1. Design top of cement is the surface.
2. Have available 100 sx Type III cement with 2% CaCl_2 for top out purposes.

7" Intermediate Casing:

1st Stage:
125 sx of Type III cement plus additives
Slurry weight: 12.3 ppg
Slurry yield: 2.22 ft³/sx

2nd Stage: (Stage tool at $\pm 3000'$)
Lead: 235 sx of Type III cement plus additives
Slurry weight: 12.3 ppg
Slurry yield: 2.22 ft³/sx

Tail: 50 sx of Type III cement plus additives
Slurry weight: 14.5 ppg
Slurry yield: 1.40 ft³/sx

Volume Basis:	40' of 7" shoe joint	9 cu ft
	4050' of 7" x 8 3/4" hole	609 cu ft
	300' of 7" x 9 5/8" casing	50 cu ft
	<u>30% excess (annulus)</u>	<u>198 cu ft</u>
	Total	866 cu ft

Note:

1. Design top of cement is surface.
2. Actual cement volumes to be based on caliper log plus 30%.

4 1/2" Production casing:

175 sx of Type III cement plus additives

Slurry weight: 12.5 ppg

Slurry yield: 2.06 ft³/sx

Volume basis:	40' of 4 1/2" shoe joint	5 cu ft
	2000' of 4 1/2" x 6 1/4" hole	205 cu ft
	300' of 4 1/2" x 7" casing overlap	33 cu ft
	200' above 4.5" liner (without drill pipe)	44 cu ft
	<u>30% excess (annulus)</u>	<u>71 cu ft</u>
	Total	358 cu ft

Note:

1. Design top of cement is ±4100' (200' above the top of the 4.5" liner w/out drill pipe).
2. Actual cement volumes to be based on caliper log plus 30%.

5. MUD PROGRAM:

The surface hole will be drilled with spud mud. Gel and polymer sweeps will be used from surface to 300 feet as necessary to keep hole clean.

The intermediate hole will be drilled with water until mud up at about 3100 ft. From mud up point to intermediate casing depth (±4600'), it will be drilled with a LSND mud.

Anticipated mud weight ranges from 8.5 – 9.2 ppg. Mud weight will be increased as required to maintain hole stability and control gas influx.

The production hole will be drilled with air or air/mist to TD.

Sufficient mud materials to maintain stable wellbore conditions (for either well control or lost circulation scenarios) will be maintained at the well site.

No chrome-based additives will be used in the mud system.

6. EVALUATION PROGRAM:

Mud logger: From base of surface casing to TD.

Testing: No DST is planned

Coring: None Planned

Electric logs: Intermediate Hole:

1) DIL-GR-SP: TD to base of surface casing.

2) LDT-CNL-GR-CAL-PE: TD to base of surface casing

Production Hole:

1) No open hole logs

2) Cased hole resistivity & porosity logs

7. ABNORMAL PRESSURE AND TEMPERATURE:

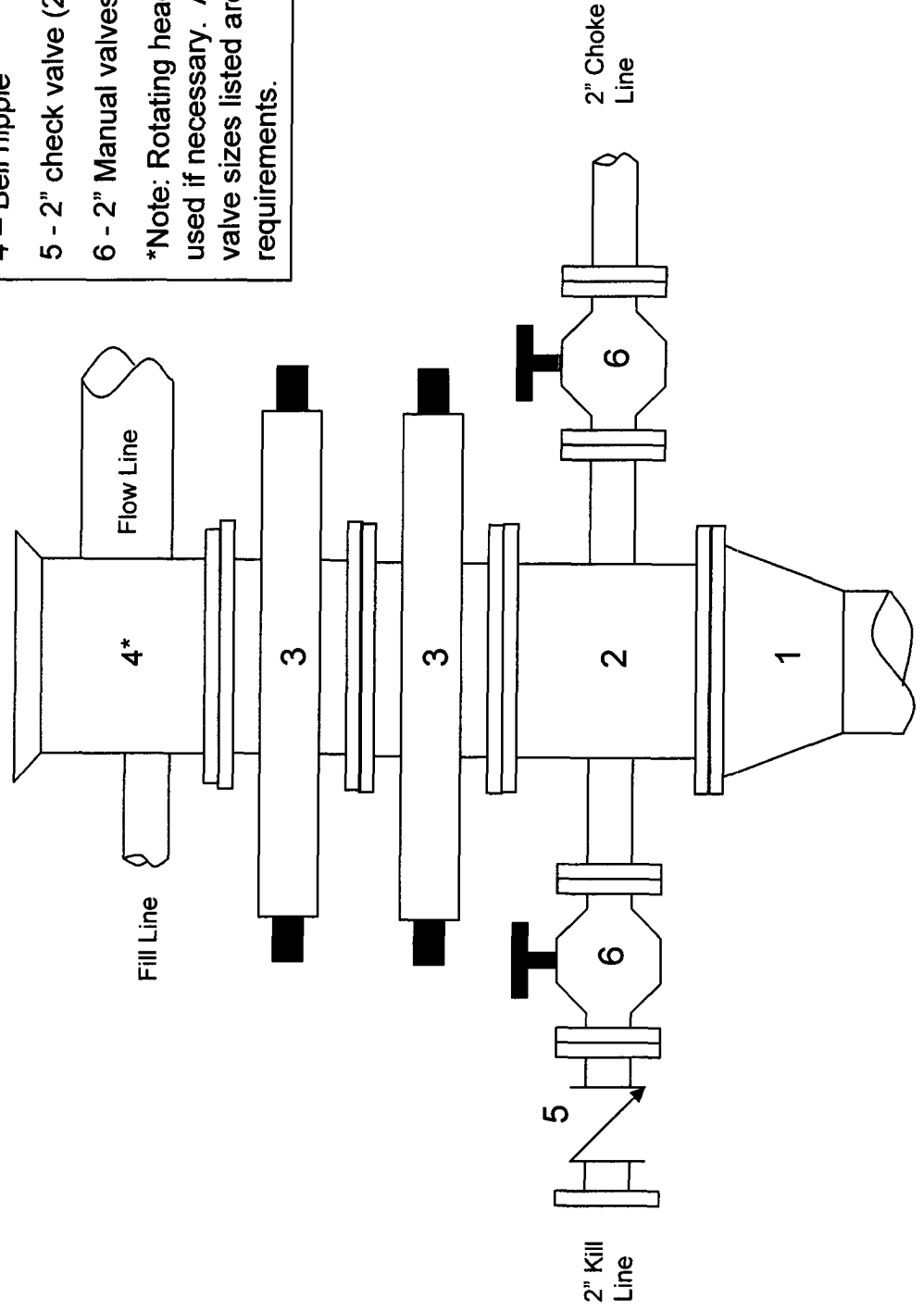
H ₂ S	None
Coal	Fruitland
Minerals	None
Water	None
Static BHT	175° F
Lost Circulation	Possible
Hole Deviation	None
Abnormal Pressures	None
Unusual Drilling Problems	None

8. ANTICIPATED STARTING DATE: Q1, 2006

Anticipated duration: 16 days

Valance 33 #02

2000 psi BOP stack
Minimum requirements



Components

- 1 - Wellhead 9-5/8" (2M)
- 2 - Drilling spool 11" (2M)
- 3 - A double or two single rams with blinds on bottom 11" (2M)
- 4 - Bell nipple*
- 5 - 2" check valve (2M)
- 6 - 2" Manual valves (2M)

*Note: Rotating head may also be used if necessary. Also, all line and valve sizes listed are minimum requirements.

Valance 33 #02 2000 psi Choke Manifold Minimum requirements

Components

- 1 – 2" Valve (2M)
- 2 – 2" Valve (2M)
- 3 – Mud cross with gauge (2M) flanged below the gage.
- 4 – Adjustable choke (2M)
- 5 – Adjustable choke (2M)

Note: All line and valve sizes listed are minimum requirements.

