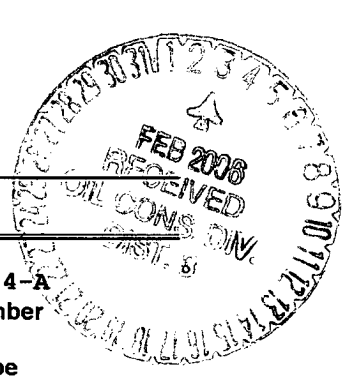
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT



APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

2005 JUN 10 PM 2 40

RECEIVED
070 FARMINGTON NM

1a. Type of Work
DRILL

5. Lease Number
NMSF-077754-A
Unit Reporting Number

1b. Type of Well
GAS

6. If Indian, All. or Tribe

2. Operator
BURLINGTON
RESOURCES Oil & Gas Company

7. Unit Agreement Name

3. Address & Phone No. of Operator
PO Box 4289, Farmington, NM 87499

(505) 326-9700

8. Farm or Lease Name
Kelly B

9. Well Number
#1M

4. Location of Well
Unit A (NENE), 1110' FNL, 1070' FEL

Latitude 36° 49.8172'N
Longitude 107° 54.0377'W

10. Field, Pool, Wildcat
Blanco Mesaverde/Basin Dakota

11. Sec., Twn, Rge, Mer. (NMPM)
Sec. 8, T30N, R10W

A

API # 30-045- 33156

14. Distance in Miles from Nearest Town

12. County
San Juan

13. State
NM

15. Distance from Proposed Location to Nearest Property or Lease Line
1070'

16. Acres in Lease

17. Acres Assigned to Well
320 N2 MV/DK

18. Distance from Proposed Location to Nearest Well, Drlg, Compl, or Applied for on this Lease
339'- Kelly B #2

19. Proposed Depth
7550'

20. Rotary or Cable Tools
Rotary

21. Elevations (DF, FT, GR, Etc.)
6307' GL

22. Approx. Date Work will Start

23. Proposed Casing and Cementing Program
See Operations Plan attached

24. Authorized by: Amanda Sandoval
Regulatory Compliance Assistant II

6-10-05
Date

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE 2/1/06

Archaeological Report attached
Threatened and Endangered Species Report attached
NOTE: This format is issued in lieu of U.S. BLM Form 3160-3
Title 18 U.S.C. Section 1001, makes 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 presentations as to any matter within its jurisdiction.

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

NMOCD

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

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240

DISTRICT II
1301 W. Grand Ave., Artesia, N.M. 88210

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

DISTRICT IV
1220 South St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

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

Form C-102
Revised June 10, 2003

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
30-045- 33156	72319/71599	Blanco Mesaverde/Basin Dakota

[4] Property Code	[5] Property Name	[6] Well Number
7220	KELLY B	1M

[7] OGRID No.	[8] Operator Name	[9] Elevation
14538	BURLINGTON RESOURCES OIL & GAS COMPANY LP	6307

[10] Surface Location

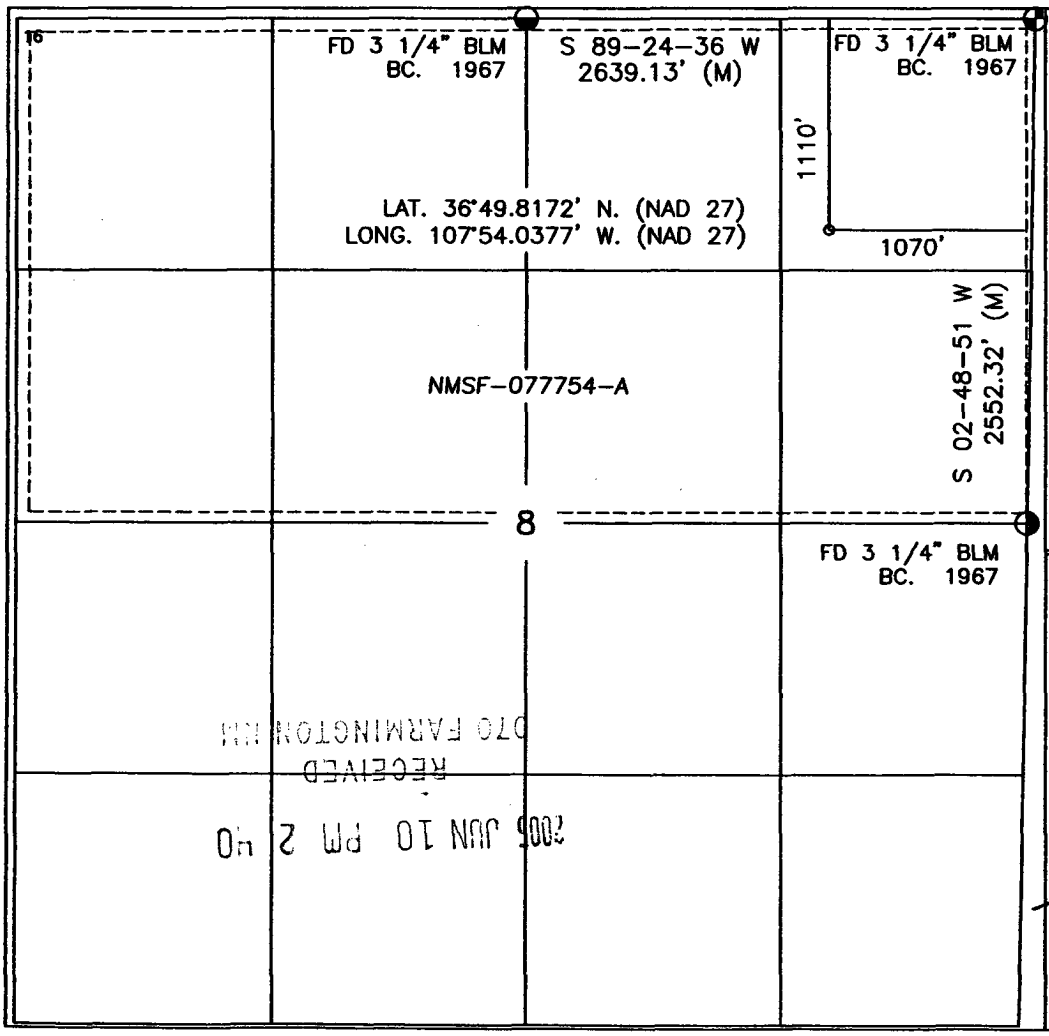
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	8	30-N	10-W		1110	NORTH	1070	EAST	SAN JUAN

[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	[13] Joint or Infill	[14] Consolidation Code	[15] Order No.
N/2 320 acres			

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: Joni Clark

Joni Clark
Printed Name

Sr. Regulatory Specialist
Title

4/19/05
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.

MARCH 18, 2005
Date of Survey

Signature and Seal of Professional Surveyor:
JOHN A. VUKONICH
NEW MEXICO
14831
REGISTERED PROFESSIONAL SURVEYOR

Certificate Number

070 FARMINGTON NM
RECEIVED
2005 JUN 10 PM 2 40

Submit 3 Copies To Appropriate District Office

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

State of New Mexico
Energy, Minerals and Natural Resources

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

Form C-103
May 27, 2004

WELL API NO. 30-045- 33156

5. Indicate Type of Lease STATE ☐ FEE ☐

6. State Oil & Gas Lease No. NMSF-077754-A

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.)

7. Lease Name or Unit Agreement Name: **Kelly B**

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

8. Well Number: **1M**

2. Name of Operator: BURLINGTON RESOURCES OIL & GAS COMPANY LP

9. OGRID Number: **14538**

3. Address of Operator: 3401 E. 30TH STREET, FARMINGTON, NM 87402

10. Pool name or Wildcat: **Blanco Mesaverde/Basin Dakota**

4. Well Location
Unit Letter **A** : **1110** feet from the North line and **1070** feet from the **East** line
Section **8** Township **30N** Range **10W** NMPM County San Juan

11. Elevation *(Show whether DR, RKB, RT, GR, etc.)* **6307'**

Pit or Below-grade Tank Application ☒ or Closure ☐

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

Pit Liner Thickness: na 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	☐	PLUG AND ABANDON	☐	REMEDIAL WORK	☐	ALTERING CASING	☐
TEMPORARILY ABANDON	☐	CHANGE PLANS	☐	COMMENCE DRILLING OPNS.	☐	P AND A	☐
PULL OR ALTER CASING	☐	MULTIPLE COMPL	☐	CASING/CEMENT JOB	☐		
OTHER:		New Drill Pit	☒	OTHER:			☐

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.

Burlington Resources proposes to construct a new drilling pit and an associated vent/flare pit. Based on Burlington's interpretation of the Ecosphere's risk ranking criteria, the new drilling pit will be a lined pit as detailed in Burlington's Revised Drilling / Workover Pit Construction / Operation Procedures dated November 11, 2004 on file at the NMOCD office. A portion of the vent/flare pit will be designed to manage fluids and that portion will be lined as per the risk ranking criteria. Burlington Resources anticipates closing these pits according to the Drilling / Workover Pit Closure Procedure dated August 2, 2004 on file at the NMOCD office.

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 Amanda Sandoval TITLE **Regulatory Specialist** DATE **5/19/2005**

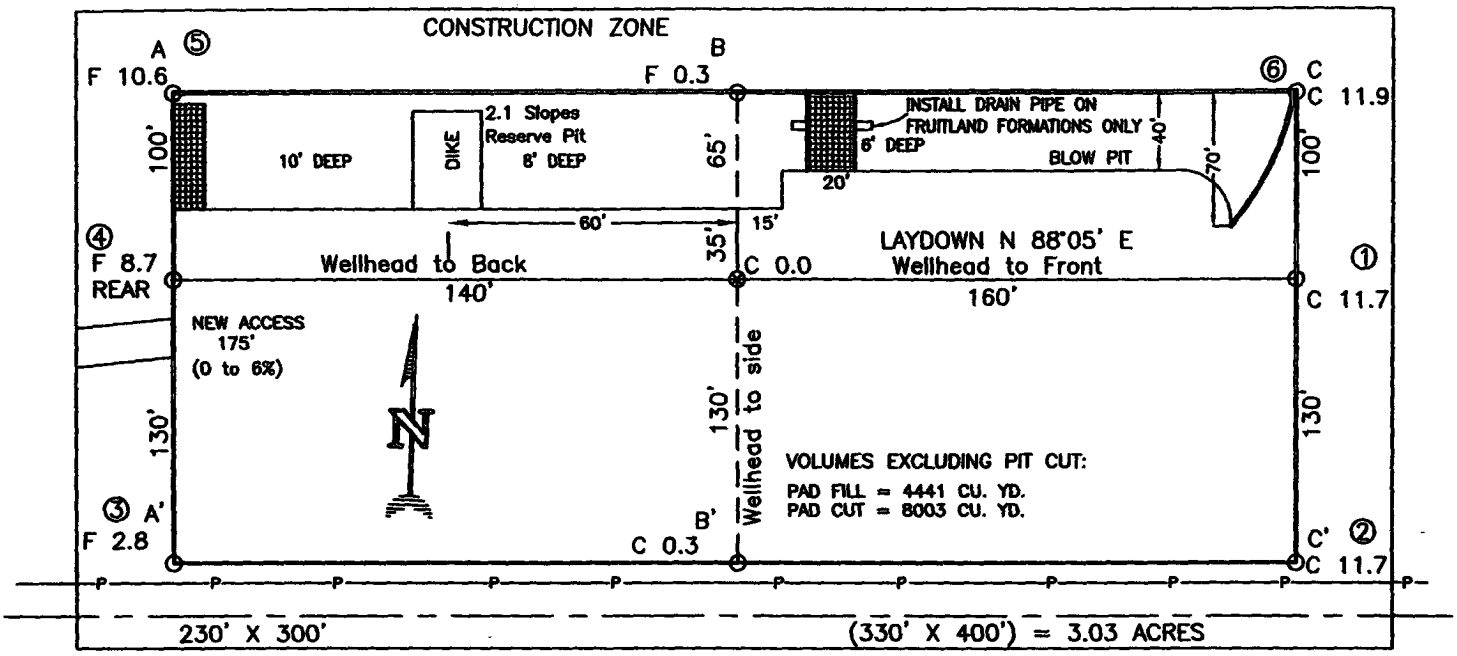
Type or print name **Amanda Sandoval** E-mail address: asandoval@br-inc.com Telephone No. **505-326-9700**

For State Use Only

APPPROVED BY _____ TITLE **DEPUTY OIL & GAS INSPECTOR, DIST. #3** DATE FEB 03 2006

Conditions of Approval (if any):

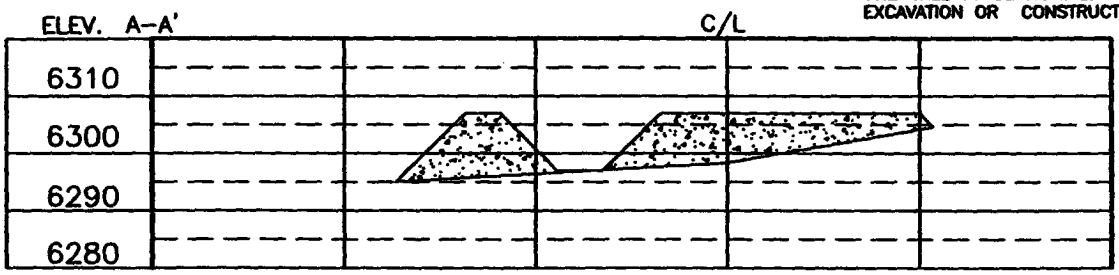
BURLINGTON RESOURCES OIL & GAS COMPANY LP
KELLY B No. 1M, 1110 FNL 1070 FEL
SECTION 8, T-30-N, R-10-W, N.M.P.M., SAN JUAN COUNTY, NEW MEXICO
GROUND ELEVATION: 6307, DATE: MARCH 18, 2005

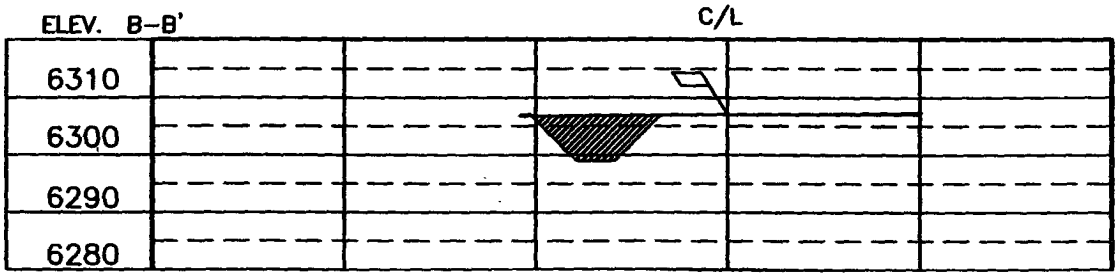


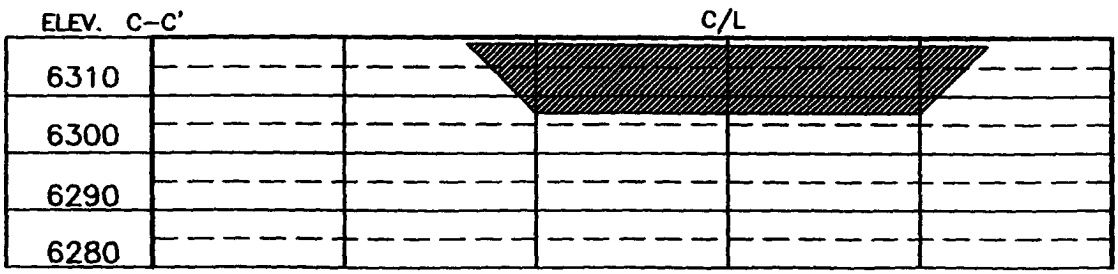
RESERVE PIT DIKE: TO BE 8' ABOVE DEEP SIDE (OVERFLOW - 3' WIDE AND 1' ABOVE SHALLOW SIDE).
BLOW PIT: OVERFLOW PIPE HALFWAY BETWEEN TOP AND BOTTOM AND TO EXTEND OVER PLASTIC LINER AND INTO BLOW PIT.

NOTE:

DAGGETT ENTERPRISES, INC. IS NOT LIABLE FOR UNDERGROUND UTILITIES OR PIPELINES. NEW MEXICO ONE CALL TO BE NOTIFIED 48 HOURS PRIOR TO EXCAVATION OR CONSTRUCTION.







NOTE: CONTRACTOR SHOULD CALL ONE-CALL FOR LOCATION OF ANY MARKED OR UNMARKED BURIED PIPELINES OR CABLES ON WELL PAD AND OR ACCESS ROAD AT LEAST TWO (2) WORKING DAYS PRIOR TO CONSTRUCTION.

Daggett Enterprises, Inc.
Surveying and Oil Field Services
P. O. Box 15068 - Farmington, NM 87401
Phone (505) 326-1772 - Fax (505) 326-6019
NEW MEXICO P.L.S. No. 14831

REVISED BY:
DATE:
REVISION:
DRAWN BY: B.L.
date: 04/06/05

OPERATIONS PLAN

Well Name: KELLY B 1M
Location: 1110' FNL & 1070' FEL, Section 08 T30N R10W
San Juan County, New Mexico

Formation: Blanco Mesaverde/Basin Dakota
Elevation: 6307' GL

Formation Tops:	***Top***	***Bottom***	***Contents***
Surface	San Jose	1614'	
Ojo Alamo	1614'	1681'	aquifer
Kirtland	1681'	2754'	gas
Fruitland Coal	2754'	2954'	gas
Pictured Cliffs	2954'	3081'	gas
Lewis	3081'	3664'	
Huerfanito Bentonite	3664'		
Chacra	3976'	4539'	gas
Massive Cliff House	4539'	4706'	gas
Menefee	4706'	5169'	gas
Massive Point Lookout	5169'	5569'	gas
Mancos Shale	5569'	6442'	
Upper Gallup	6442'	7204'	gas
Greenhorn	7204'	7254'	gas
Graneros	7254'	7309'	gas
Two Wells	7309'	7397'	gas
Paguate	7397'	7440'	gas
Cubero	7440'	7550'	gas
Encinal	7550'	7550'	gas
Total Depth:	7550'		gas

Logging Program:

Mud Logs/Coring/DST

Mud logs - none
Coring - none
DST - none
Open hole - none
Cased hole - **Gamma Ray, CCL, CBL – surface to TD**

Mud Program:

Interval	Type	Weight	Vis.	Fluid Loss
0 - ~~120'~~ 200	Spud MUD/Air/Air Mist	8.4 - 9.0	40 - 50	no control
120 - 3181'	LSND	8.4 - 9.0	30 - 60	no control
3181 - 7550'	Air/Air Mist/Nitrogen	n/a	n/a	n/a

Casing Program (as listed, the equivalent, or better):

Hole Size	Depth Interval	Csg.Size	Wt.	Grade
12 1/4"	0' - ~~120'~~ 200	9 5/8"	32.3#	H-40
8 3/4"	0' - 3181'	7"	20/23#	J-55
6 1/4"	0' - 7550'	4 1/2"	10.5#	J-55

Tubing Program:

Depth Interval	Csg.Size	Wt.	Grade
0' - 7550'	2 3/8"	4.7#	J-55

BOP Specifications, Wellhead and Tests:

Surface to Intermediate TD -

11" 2000 psi minimum double gate BOP stack (Reference Figure #1). After nipple-up prior to drilling out surface casing, rams and casing will be tested to 600 psi for 30 minutes.

Intermediate TD to Total Depth -

11" 2000 psi minimum double gate BOP stack (Reference Figure #1). After nipple-up prior to drilling out intermediate casing, rams and casing will be tested to 1500 psi for 30 minutes.

Surface to Total Depth -

2" nominal, 2000 psi minimum choke manifold (Reference Figure #3).

Completion Operations -

7 1/16" 2000 psi double gate BOP stack (Reference Figure #2). After nipple-up prior to completion, pipe rams, casing and liner top will be tested to 2000 psi for 15 minutes.

Wellhead -

9 5/8" x 7" x 4 ½" x 2 3/8" x 2000 psi tree assembly.

General -

- Pipe rams will be actuated once each day and blind rams will be actuated once each trip to test proper functioning.
- An upper kelly cock valve with handle available and drill string valves to fit each drill string will be available on the rig floors at all times.
- BOP pit level drill will be conducted weekly for each drill crew.
- All BOP tests & drills will be recorded in daily drilling reports.
- Blind and pipe rams will be equipped with extension hand wheels.

Cementing:

9 5/8" surface casing -

Pre-Set Drilled - Cement with 23 sx Type I, II cement with 20% flyash mixed at 14.5 ppg, 1.61 cu ft per sack yield. (38 cu ft of slurry, bring cement to surface) Wait on cement for 24 hours for pre-set holes before pressure testing or drilling out from under surface.

Conventionally Drilled - Cement with 88 sx Type III cement with 0.25 pps Celloflake, 2% CaCl. (113 cu ft of slurry, 200% excess, bring cement to surface) Wait on cement for 8 hrs for conventionally set holes before pressure testing or drilling out from under surface. Wait on cement appropriate time until cement achieves 250 psi compressive strength at 60 degrees F. prior to nipple up of BOPE. Wait on cement for 8 hrs for conventionally set holes before pressure testing or drilling out from under surface. Test casing to 600 psi for 30 minutes.

Saw tooth guide shoe on bottom. Bowspring centralizers will be run in accordance with Onshore Order #2.

7" intermediate casing -

Lead with 276 sacks Premium Lite cement with 3% calcium chloride, 0.25 pps Celloflake, 5 pps LCM-1, 0.4% fluid loss, 0.4% sodium metasilicate. Tail w/90 sacks Type III cmt w/1% calcium chloride, 0.25 pps Celloflake, 0.2% fluid loss (711 cu ft 50% excess to circulate to surface). WOC minimum of 8 hours before drilling out intermediate casing. If cement does not circulate to surface, a CBL or a temperature survey will be run to determine TOC. Test casing to 1500 psi for 30 minutes.

7" intermediate casing alternative two stage -

Stage collar set 300' above the top of the Fruitland. First stage: Lead w/19 sacks Premium Lite cement with 3% calcium chloride, .25 pps celloflake, 5 pps LCM-1, 0.4% fluid loss. Tail w/90 Type III cmt w/1% calcium chloride, 0.25 pps Celloflake, 0.2% fluid loss. Second stage: 257 sacks Premium Lite cement with 3% calcium chloride, .25 pps celloflake, 5 pps LCM-1, 0.4% fluid loss, 0.4% sodium metasilicate (711 cu ft - 50% excess to circulate to surface).

Cement nose guide shoe on bottom with float collar spaced on top of shoe joint. Bowspring centralizers spaced every other joint off bottom, to the base of the Ojo Alamo @ 1681'. Two turbolating centralizers at the base of the Ojo Alamo @ 1681'. Bowspring centralizers spaced every fourth joint from the base of the Ojo Alamo to the base of the surface casing.

4 1/2" Production Casing -

Pump 300-sxs Premium Lite HS FM w/0.25 pps celloflake, 0.3% CD-32, 6.25 pps LCM-1, 1% fluid loss, 6% gel, 7 pps CSE (~~384~~ 594 cu.ft., 30% excess to achieve 100' overlap in 4-1/2" x 7" annulus). WOC a minimum of 18 hrs prior to completing.

Cementing: ***Continued***

Cement float collar stacked on top of float shoe.

Note: If open hole logs are run, cement volumes will be based on 25% excess over caliper volumes.

Cement nose guide shoe on bottom with float collar spaced on top of shoe joint. The liner hanger will have a rubber packoff.

- If hole conditions permit, an adequate water spacer will be pumped ahead of each cement job to prevent cement/ mud contamination or cement hydration.

Special Drilling Operations (Air/Mist Drilling):

The following equipment will be operational while air/mist drilling:

- An anchored blooie line will be utilized to discharge all cuttings and circulating medium to the blow pit a minimum of 100' from the wellhead.
- The blooie line will be equipped with an automatic igniter or pilot light.
- Compressors will be located a minimum of 100' from the wellhead in the opposite direction from the blooie line.
- Engines will have spark arresters or water cooled exhaust.
- The rotating head will be properly lubricated and maintained.
- A float valve will be utilized above the bit.
- Mud circulating equipment, water, and mud materials will be sufficient to maintain control of the well.

Additional Information:

- The Mesa Verde and Dakota formations will be completed and commingled.
- No abnormal temperatures or hazards are anticipated.
- Anticipated pore pressures are as follows:

Fruitland Coal	300 psi
Pictured Cliffs	600 psi
Mesa Verde	700 psi
Dakota	2000 psi

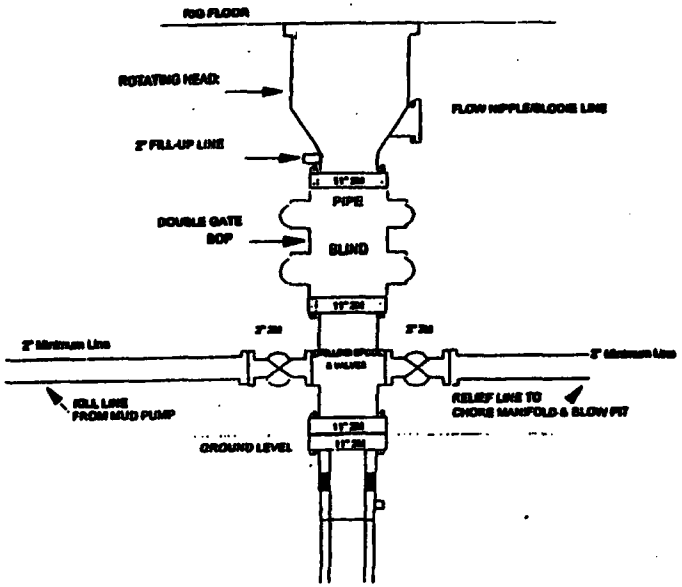
- Sufficient LCM will be added to the mud system to maintain well control, if lost circulation is encountered below the top of the Pictured Cliffs.
- The north half of Section 8 is dedicated to the Mesa Verde and Dakota.
- This gas is dedicated.

Drilling Engineer

6/10/05
Date

Burlington Resources

Drilling Rig
2000 psi System



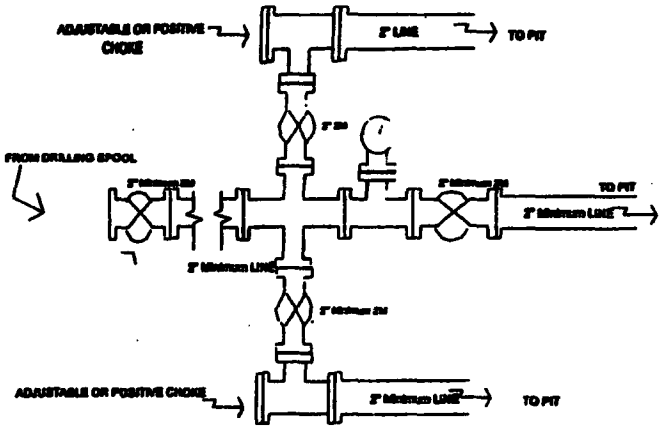
BOP installation from Surface Casing Point to Total Depth. 11" Bore 10" Nominal, 2000 psi working pressure double gate BOP to be equipped with blind rams and pipe rams. A 500 psi rotating head on top of ram preventers. All BOP equipment is 2,000 psi working pressure

Figure #1

4-20-01

BURLINGTON RESOURCES

Drilling Rig
Choke Manifold Configuration
2000 psi System



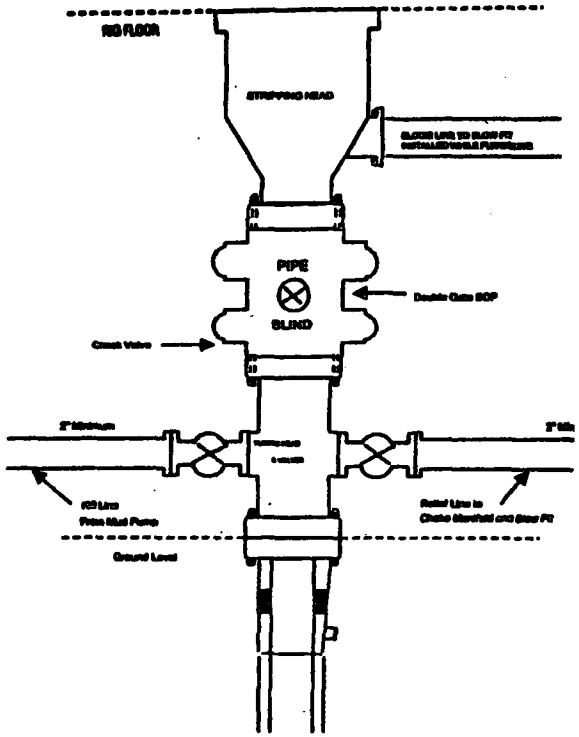
Choke manifold installation from Surface Casing Point to Total Depth. 2,000psi working pressure equipment with two chokes.

Figure #3

4-20-01

BURLINGTON RESOURCES

Completion/Workover Rig
BOP Configuration
2,000 psi System



Minimum BOP installation for all Completion/Workover Operations. 7-1/16" bore, 2000 psi minimum working pressure double gate BOP to be equipped with blind and pipe rams. A stripping head to be installed on the top of the BOP. All BOP equipment is 2000 psi working pressure or greater excluding 600 psi stripping head.

Figure #2