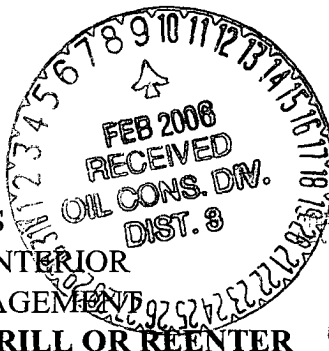


UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
APPLICATION FOR PERMIT TO DRILL OR REENTER



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

1a. Type of Work ☒ DRILL ☐ REENTER

1b. Type of Well ☐ Oil Well ☒ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone

2. Name of Operator

Chaparral Oil and Gas, Inc. Co. 4076

3a. c/o Titus Consulting P. O. Box 962

Farmington, New Mexico 87499

3b. Phone No. (include area code)

(505) 486-1701

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

At surface

1915' FNL, 1695' FWL, Latitude 36.684419 N, Longitude 107.981728 W

At proposed prod. zone

1915' FNL, 1695' FWL, Latitude 36.684419 N, Longitude 107.981728 W

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

Approximately 0.7 miles south southeast of Bloomfield, New Mexico by air.

15. Distance from proposed*

location to nearest

property or lease line, ft.

(Also to nearest drlg unit line, if any)

1695'

18. Distance from proposed location*

to nearest well, drilling, completed,

applied for, on this lease, ft.

300

21. Elevations (Show whether DF, RT, GR, etc.)

5618

5618

16. No. of Acres in lease

600.69

19. Proposed Depth

1860'

22. Approximate date work will start*

1-Mar-06

17. Spacing Unit dedicated to this well

320
N/2 - 322.16

20. BLM/ BIA Bond No. on file

103660301

23. Estimated Duration

10 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 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

Name (Printed/ Typed)

S. Max Libby

Date

26-Jan-06

Agent-Ellis & Associates

Approved By (Signature)

Name (Printed/ Typed)

Office

Date

2/7/06

Title

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 co 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)

State of New Mexico
Energy, Minerals & Mining Resources Department
OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C - 102

2006 JAN 27 PM 4 12

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|----------------------------|---|-----------------------------------|
| APA Number 30-045-33570 | Pool Code 71029 | Pool Name Basin Fruitland Coal |
| Property Code 2526 | Property Name CHAPARRAL | Well Number 2 |
| OGRD No. 4076 | Operator Name CHAPARRAL OIL & GAS INC. Co. | Elevation 5618' |

Surface Location

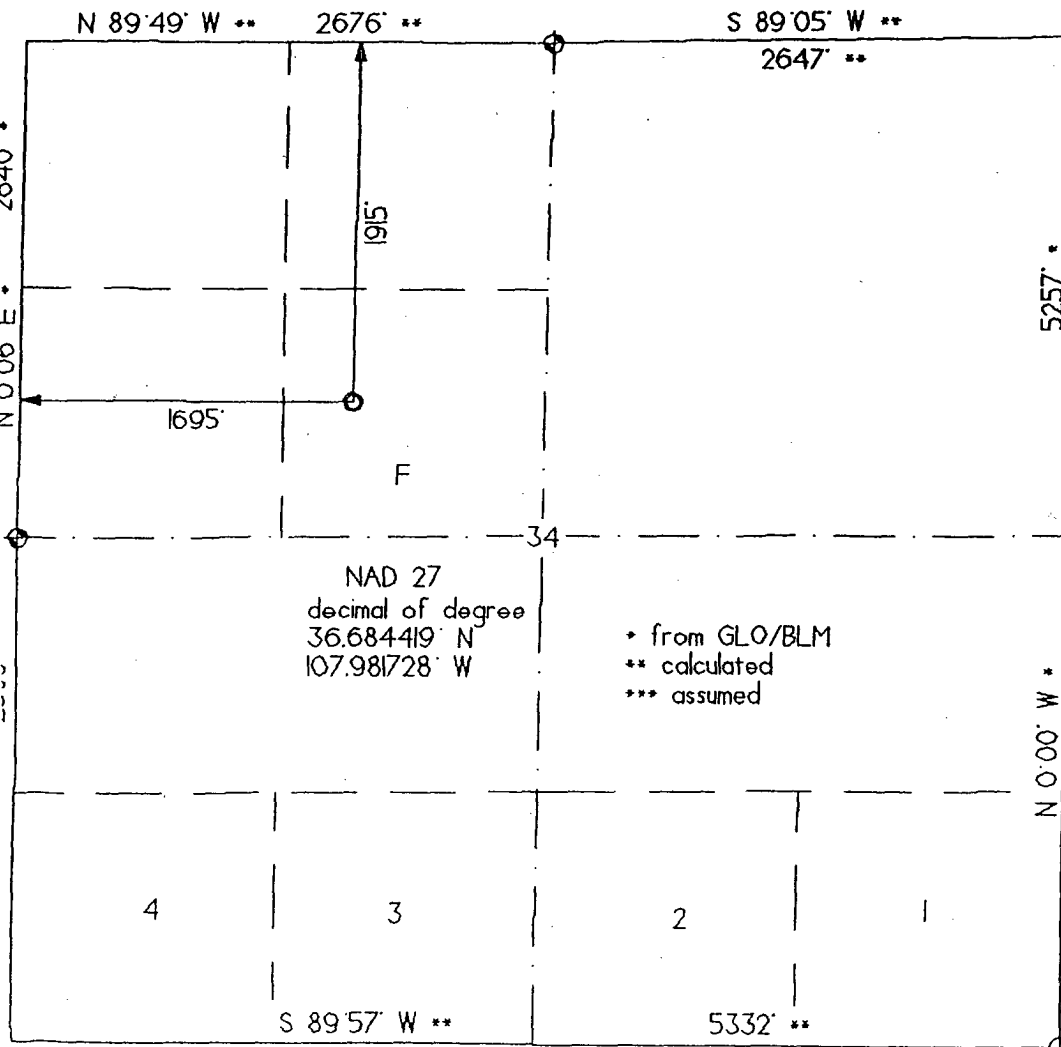
| UL or Lot | Sec. | Twp. | Rge. | Lot Ldn. | Feet From | North/South | Feet From | East/West | County |
|-----------|------|-------|-------|----------|-----------|-------------|-----------|-----------|----------|
| F | 34 | 29 N. | 11 W. | | 1915' | NORTH | 1695 | WEST | SAN JUAN |

Bottom Hole Location if Different From Surface

| UL or Lot | Sec. | Twp. | Rge. | Lot Ldn. | Feet From | North/South | Feet From | East/West | County |
|-----------|------|------|------|----------|-----------|-------------|-----------|-----------|--------|
| | | | | | | | | | |

| | | | |
|-------------------|---------|---------------|-----------|
| Dedication N/2 | Joint ? | Consolidation | Order No. |
|-------------------|---------|---------------|-----------|

NO ALLOWABLE WILL ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



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

Signature
B.W. Salzman

Printed Name
B.W. SALZMAN

Title
CONSULTANT

Date
11-16-05

SURVEYOR CERTIFICATION

I hereby certify that the well location 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 05 27 '05

Signature and Seal
Professional Surveyor
G. HUDDLESTON
6844
REGISTERED LAND SURVEYOR

Chaparral # 2
well pad and section

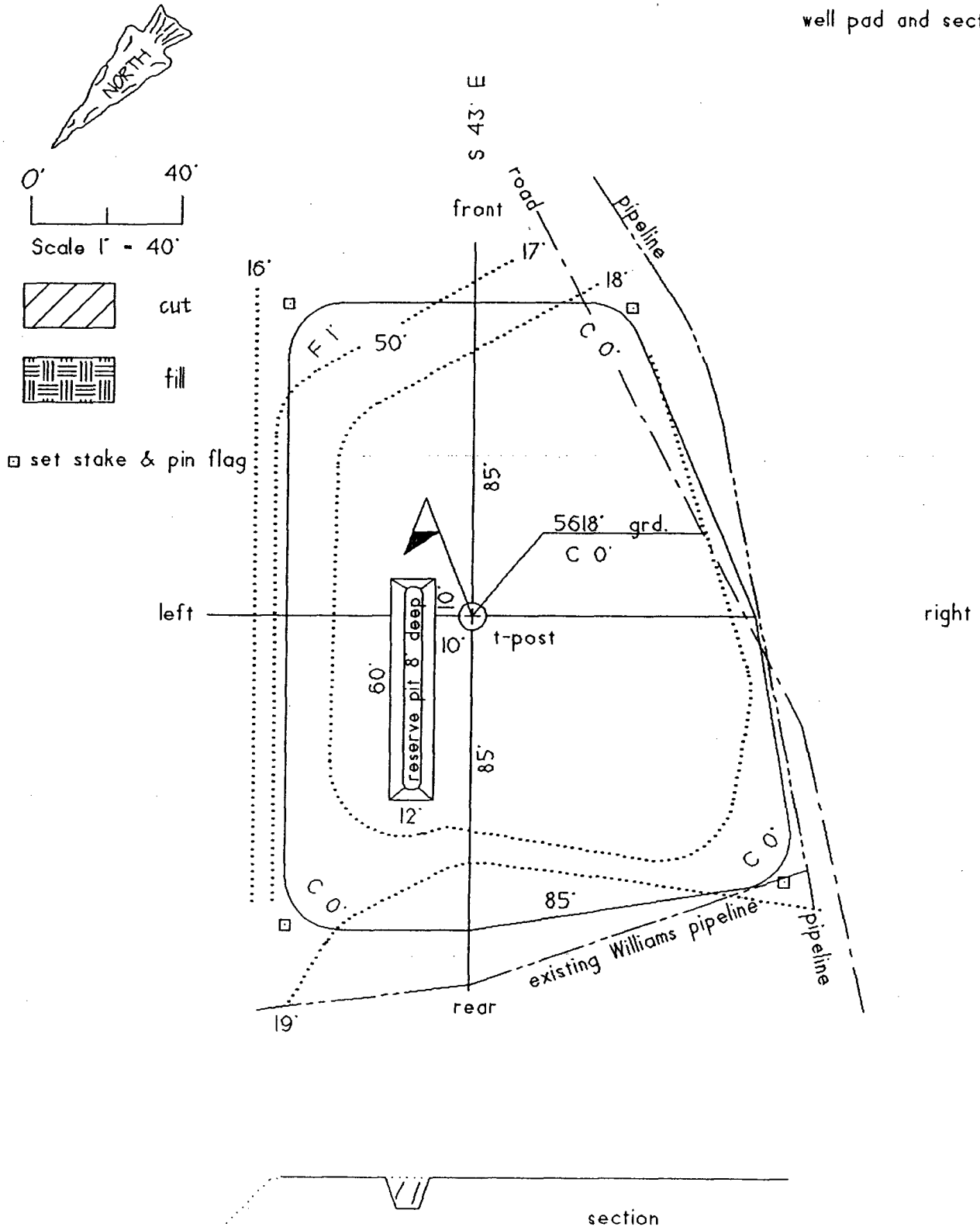


Exhibit C
TEN-POINT PROGRAM/ OPERATIONS PLAN
CHAPARRAL OIL & GAS, INC.

Well name: Chaparral # 2
Location: 1915' FNL, 1695' FWL, F, Sec. 34, T-29-N, R-11-W
San Juan County, NM
Formation: Basin Fruitland Coal

1. **The geological surface formation is:** San Jose
2. **The tops of important geological markers: (based on existing log information)**

Pictured Cliffs 1712'

3. **Estimated depths of anticipated water, oil, gas, or minerals:**

| <u>Substance</u> | <u>Formation</u> | <u>Anticipated Depth</u> |
|------------------|------------------|--------------------------|
| Gas | Fruitland Coal | 1860' |

4. **The Casing Program:**

| <u>Depth</u> | <u>Hole Size</u> | <u>Casing O.D.</u> | <u>Wt.</u> | <u>Grade</u> | <u>Type</u> | <u>New/Used</u> |
|--------------|------------------|--------------------|------------|--------------|-------------|-----------------|
| 0-650' | 8 3/4" | 7" | 20# | J-55 | ST&C | New |
| 65—1860' | 6 1/4" | 4 1/2" | 10.5# | J-55 | ST&C | New |

Proposed Cement Program: To effectively isolate and seal off all water, oil, gas and coal bearing strata encountered by the utilization of spacer and centralizers at the base of the Ojo Alamo formation as specified by NTL-FRA 90-1 III.B and API standards; and by using cement volumes as follows: (Exact volumes to be determined from logs):

Surface: 196 Cu Ft(166Sx) Class B w/ 0.25# Flocele/ Sx w/5#/Sk Gilsonite plus 2% CaCl (100% Excess).

Production: 85 Cubic Feet (42 Sacks Lite Standard Cement w/ 2% Metasilicate + 0.25 pps Flocele mixed to 12.4 ppg followed by 162 Cubic Feet (134 Sacks) Standard w/ 0.6% Halad-322 mixed to 15.6 ppg w/ caliper plus 25% excess in both slurries. Grand Totals: 247 Cubic Feet (176 Sacks).

5. **Operators Minimum Specifications for pressure control:**

Expected bottom hole pressure 300 psi or less.

Exhibit E is a schematic of the blowout preventer used by a local contractor for other wells in the area. The BOP to be used is an annular BOP with screwed connections with high-pressure inlet and outlet hoses, all tested to 750 psi minimum.

Exhibit C
TEN-POINT PROGRAM
CHAPARRAL OIL & GAS, INC.

Well name: Chaparral # 2
Location: 1915' FNL, 1695' FWL, F, Sec. 34, T-29-N, R-11-W
San Juan County, NM
Formation: Basin Fruitland Coal

6. The type and characteristic of the proposed circulating muds:

Surface Casing: Spud flocculating bentonite with lime.

Production Casing: Low solids non- disbursing system.

| Interval | Mud Weight | Viscosity | Fluid Loss | Ph | Additives |
|----------|------------|-----------|------------|----|--|
| 0-650' | 9.0 | 45 | | 9 | Gel, Lime |
| 650-TD | 8.6-9.2 | 30-50 | <15cc | 9 | Additives as needed yo maintain viscosity |

7. Auxiliary Equipment to be used is as follows:

- a. Float valve above bit.
- b. Monitoring of mud system will be visual.
- c. A safety valve and subs to fit all drill strings will be used.

8. Testing, logging and coring will be as follows:

- a. Cores: None
- b. Drill stem tests: none anticipated.
- c. Logs will include: High Resolution Induction w/ Gamma Ray, SP, Caliper, Microlog, Spectral Density and Dual Spaced Neutron Microlog; all from Total depth to the surface casing shoe.

9. Anticipated Abnormal Pressures and temperatures:

No abnormal pressures, temperatures, or Hydrogen Sulfide gases are anticipated during the completion of this well.

10. Anticipated starting date and duration of operations:

The anticipated starting date is January 6, 2006. The drilling operations should be completed within 15 days after rig-up date. Completion will be done as equipment availability and weather permit.

Date: 11-16-05 Drilling Engineer: B. H. Salzman

BLOW OUT PREVENTER (B.O.P.)

