



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. NMNM-83503	
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE		6. If Indian, Allottee or Tribe Name	
2. Name of Operator Dominion Exploration & Production, Inc.		7. If Unit or CA Agreement, Name and No.	
3a. Address 14000 Quail Spgs Parkway, Okla. City, OK 73134		8. Lease Name and Well No. Grassy Canyon #7	
3b. Phone No. (include area code) 405-749-1300		9. API Number 30-045-33575	
4. Location of Well (Report location clearly and in accordance with any state requirements.) At surface 1330' FNL & 1385' FWL E At proposed prod. zone 660' FNL & 1400' FWL E		10. Field and Pool, or Exploratory Basin Fruitland Coal	
11. Sec., T., R., M., or Bk and Survey or Area E 30-32N-7W		12. County of Parish San Juan	
13. State NM		14. Distance in miles and direction from nearest town or post office* 26 miles NE of Aztec, New Mexico	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drlg. unit line, if any) 660'		16. No. of Acres in lease 1131	
17. Spacing Unit dedicated to this well 317' 09" 320' N 2		18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1491'	
19. Proposed Depth 3,818 (MD)		20. BLM/BLA Bond No. on file 76S 63050 0330	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) GL 6890 - 6893 GL		22. Approximate date work will start* 1-Jun-06	
23. Estimated duration 14 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:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see item 20 above).
- Operator certification.
- Such other site specific information and/or plans as may be required by the authorized officer.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

25. Signature <i>Carla Christian</i>	Name (Printed/Typed) Carla Christian	Date 2/02/06
Title Sr. Regulatory Specialist		
Approved by (Signature) <i>D. Mankie</i>	Name (Printed/Typed) D. Mankie	Date 4/26/06
Title AFH	Office PFO	

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, 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)

HOLD C104 FOR directional survey

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

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

2006 FEB 6 AM 11 55
RECEIVED
OTO FARMINGTON NM

OPERATOR

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

*API Number 30-045-33575		*Pool Code 71629	*Pool Name Basin Fruitland Coal
*Property Code 35772	*Property Name GRASSY CANYON		*Well Number 7
*OGRID No. 025773	*Operator Name DOMINION Exploration & Production, Inc.		*Elevation 6893'

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
E	30	32-N	7-W	2	1330	NORTH	1385	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
C	30	32-N	7-W		660	NORTH	1400	WEST	SAN JUAN

*Dedicated Acres 307.09 N/A 320	*Joint or Infill I	*Consolidation Code	*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

16		17	
SEC. CORNER FD 3 1/4" BC 1962 BLM 1400' LOT 1		QTR. CORNER FD 3 1/4" BC 1962/65 BLM 1385' LOT 2	
S 81-46-02 E 2838.6' (M) 660' BOTTOM HOLE LOCATION		QTR. CORNER FD 3 1/4" BC 1962/65 BLM 1385' LOT 2	
LAT: 36°57'23.1" N. (NAD 83) LONG: 107°36'48.7" W. (NAD 83)		NMNM - 83503 Grassy Canyon #1	
QTR. CORNER FD 3 1/4" BC 1962/65 BLM LOT 3		LOT 6	
LOT 4		LOT 7	
LOT 5		LOT 8	
18		18	
OPERATOR CERTIFICATION		SURVEYOR CERTIFICATION	
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief		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.	
Signature Carla Christian		Signature JOHN A. VUKONICH	
Printed Name Carla Christian		Printed Name JOHN A. VUKONICH	
Regulatory Specialist		Regulatory Specialist	
Title		Title	
September 12, 2005		September 12, 2005	
Date		Date	
Certificate Number		Certificate Number	

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.

30-045-33575

5. Indicate Type of Lease

STATE ☐ FEE ☐

6. State Oil & Gas Lease No.

NMNM - 83503

7. Lease Name or Unit Agreement Name

Grassy Canyon

8. Well Number

7

9. OGRID Number

025773

10. Pool name or Wildcat

Basin 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

Dominion Exploration & Production, Inc.

3. Address of Operator

14000 Quail Springs Parkway, Suite 600, Oklahoma City, OK 73134

4. Well Location

Unit Letter E : 1330 feet from the North line and 1385 feet from the West line
Section 30 Township 32N Range 7W NMPM San Juan County

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

6893'

Pit or Below-grade Tank Application ☒ or Closure ☐

Pit type Reserve Depth to Groundwater 350 Distance from nearest fresh water well 1 Mile Distance from nearest surface water 1000'

Pit Liner Thickness: 20 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:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐

TEMPORARILY ABANDON ☐ CHANGE PLANS ☐

PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

OTHER: Reserve Pit

☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐ P AND A ☐

CASING/CEMENT JOB ☐

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.

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 Carla Christian TITLE Regulatory Specialist DATE 02/02/06

Type or print name
or State Use Only

E-mail address:

Carla_M_Christian@dom.com

Telephone No. (405) 749-5263

APPROVED BY:

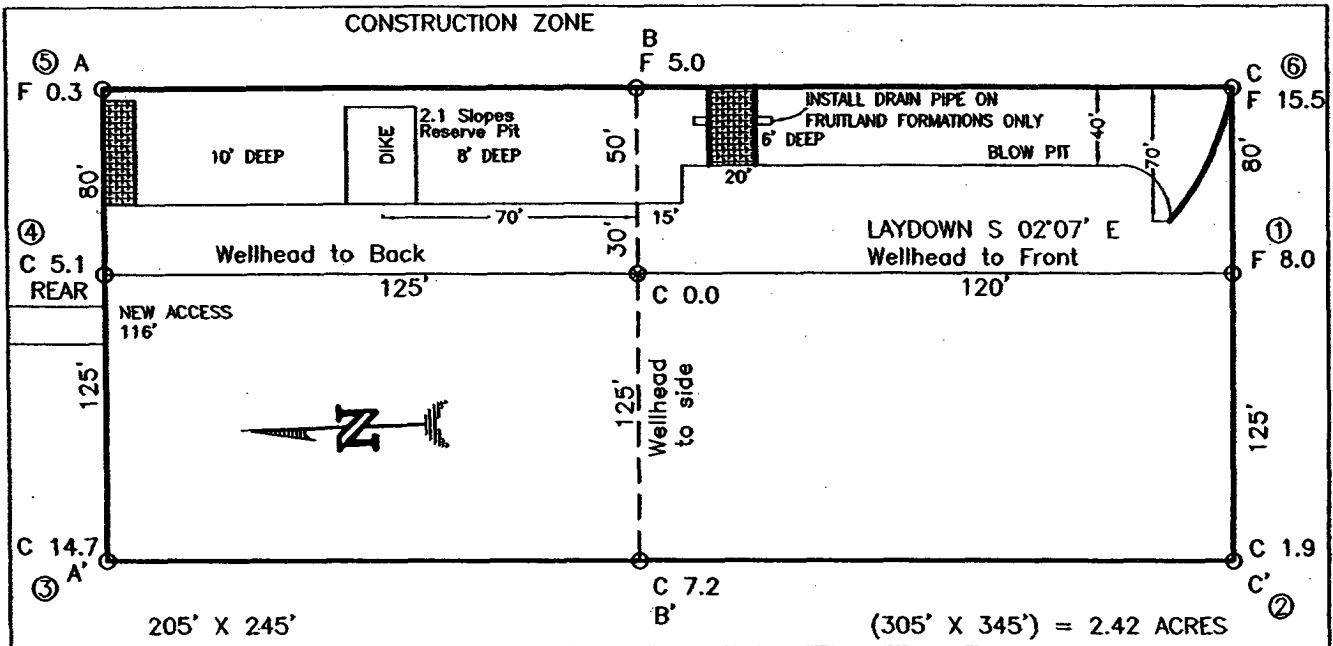
TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 1 DATE

Conditions of Approval (if any):

JUN 16 2006

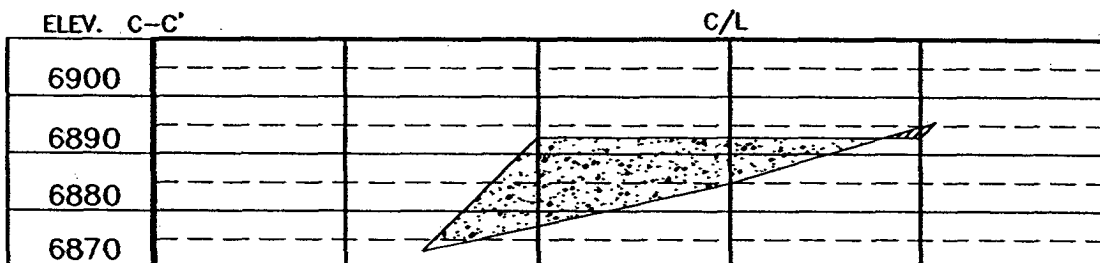
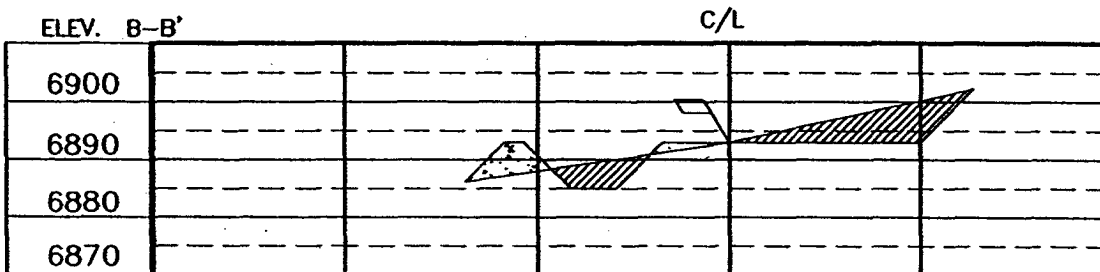
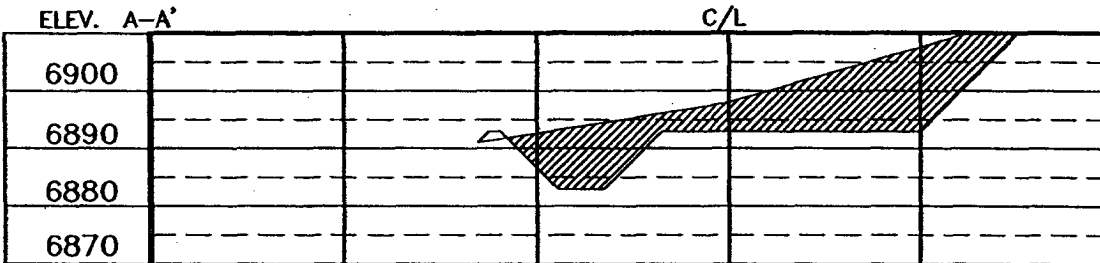
DOMINION OKLAHOMA TEXAS EXPLORATION & PRODUCTION INC.
 GRASSY CANYON No. 7, 1330' FNL 1385' FWL
 SECTION 30, T32N, R7W, N.M.P.M., SAN JUAN COUNTY, N. M.
 GROUND ELEVATION: 6893', DATE: JULY 28, 2005

LAT. = 36°57'23.1" N.
 LONG. = 107°36'48.7" W




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.

REVISION:	DATE	REVISED BY
<p>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</p>		
		DRAWN BY: A.G. ROW: DW008 DATE: 08/16/05

DRILLING PLAN

APPROVAL OF OPERATIONS

Attachment for Permit to Drill

Name of Operator: Dominion Exploration & Production
Address: 14000 Quail Springs Parkway, Suite 600
Oklahoma City, OK 73134
Well Location: Grassy Canyon #7
SHL 1330' FNL & 1385' FWL
BHL 660' FNL & 1400' FWL
Section 30-32N-7W
San Juan County, NM

1. GEOLOGIC SURFACE FORMATION San Jose

2. ESTIMATED DEPTHS OF IMPORTANT GEOLOGIC MARKERS

<u>Formation</u>	<u>Depth (MD)</u>
Alamo	2,643'
Kirtland	2,761'
Fruitland	3,307'

ADHP ~ 1500 PSI

3. ESTIMATED DEPTHS OF ANTICIPATED WATER, OIL, GAS OR MINERALS

<u>Formation</u>	<u>Depth (MD)</u>	<u>Type</u>
Fruitland	3,307'	Gas

4. PROPOSED CASING PROGRAM

All casing used to drill this well will be new casing. All depths are measured depths.

<u>Type</u>	<u>Size</u>	<u>Weight</u>	<u>Grade</u>	<u>Conn.</u>	<u>Top</u>	<u>Bottom</u>	<u>Hole</u>
Surface	9 5/8"	36.0 ppf	J-55	LTC	0'	300'	12-1/4"
Intermediate	7"	23.0 ppf	K-55	LTC	0'	3,307'	8 3/4"
Prod. Liner	5-1/2"	15.5 ppf	K-55	LTC	3,100'	3,818'	6 1/8"

5. MUD PROGRAM

- An air or an air/mist system may be used to drill to drill the surface hole until water influx becomes too great.
- KCL mud system will be used to drill well.

<u>Depths</u>	<u>Mud System</u>
0' - 300'	Spud mud of lime and gel.
300' - 3,150'	Polymer and water with 5 sack gel sweeps every 500' or less if hole conditions dictate.
3,150' - 3,307'	Fresh water, low solids mud. Mud wt. 9.5 to 10.0 ppg, as necessary to control well. 35-40 sec./qt. Viscosity. 6-8 cc water loss.

Start mud up 100' above Fruitland

3,307' - 3,818'	Air and Air/water combination
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DRILLING PLAN

APPROVAL OF OPERATIONS

6. TESTING, LOGGING, AND CORING PROGRAMS TO BE FOLLOWED

- Laterolog small-scale log from surface casing to TD.
- Laterolog/GR detail log from surface casing to TD.
- LDT/CNL/GR/Caliper detail log from surface casing to TD.

7. WATER SUPPLY

- No water pipelines will be laid for this well.
- No water well will be drilled for this well.
- Drilling water for this will be hauled on the road(s) shown in Attachment No. 3.
- Water will be hauled from: A supply in Bloomfield

8. CEMENT SYSTEMS

a. Surface Casing Cement:

Drill 12 1/4" hole to 300' \pm and cement 9 5/8" to surface with 170 sks Halliburton Premium Cement + 2% CaCl₂ + 1/4 # pps flocele.

<u>Sacks</u>	<u>Interval</u>	<u>Density</u>	<u>Yield</u>	<u>Hole</u> <u>Volume</u>	<u>Cement</u> <u>Volume</u>	<u>Excess</u>
170	0 – 300'	15.6 ppg	1.18 CFS	94 CF	188 CF	100%

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b. Intermediate Casing Cement:

Drill 8 3/4" hole to 3,307' \pm , run and cement 7" to surface.

Lead: Halliburton Premium HLC + 10 pps gilsonite + 2% CaCl₂ + 1/4 pps flocele.

Tail: Halliburton Premium Cement + 5 pps gilsonite + 1/4 pps flocele

<u>Type</u>	<u>Sacks</u>	<u>Interval</u>	<u>Density</u>	<u>Yield</u>	<u>Hole</u> <u>Volume</u>	<u>Cement</u> <u>Volume</u>	<u>Excess</u>
Lead	340	0' – 2,592'	12 ppg	1.96 CFS	395 CF	553 CF	75%
Tail	150	2,592' – 3,307'	13.5 ppg	1.32 CFS	107 CF	188 CF	75%

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5 1/2" Production Liner not cemented.

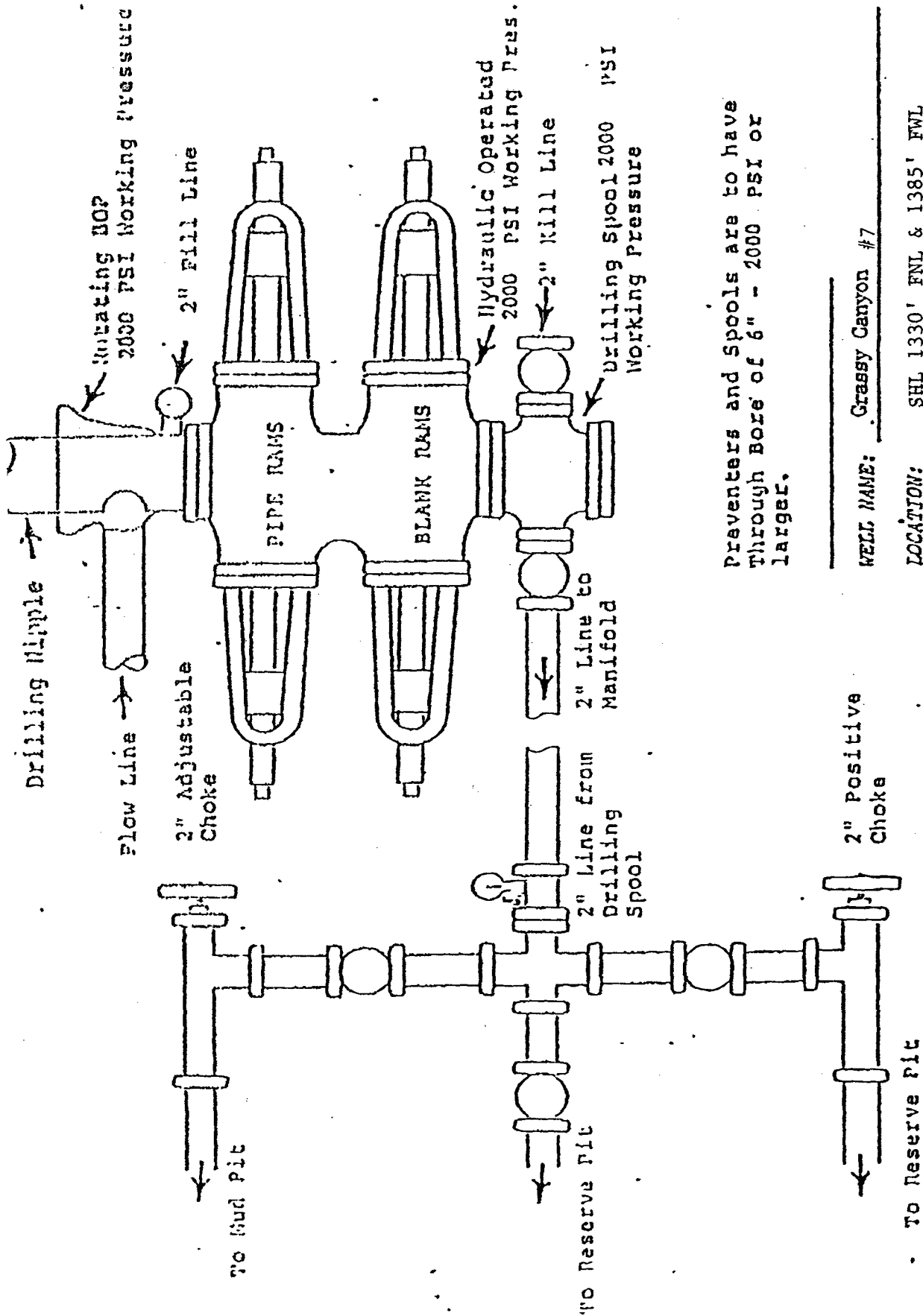
9. MISCELLANEOUS

Operate pipe rams daily and record in tour reports. Operate Blind rams on each trip and record in tour reports. 7" casing rams are to be installed prior to running the production casing. 5 1/2" casing rams are to be installed prior to running the production liner.

10. ANTICIPATED STARTING DATE AND DURATION OF THE OPERATIONS

Starting Date: June 1, 2006

Duration: 14 Days



Preventers and Spools are to have Through Bore of 6" - 2000 PSI or larger.

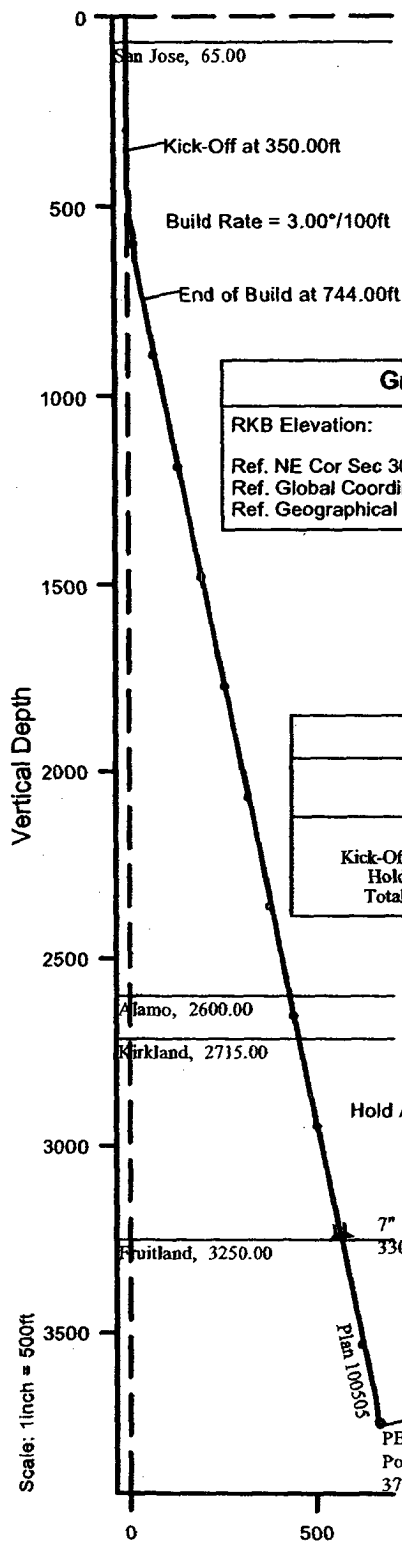
WELL NAME:	Grassy Canyon #7
LOCATION:	SHL 1330' FNL & 1385' FWL Section 30, T32N - R7W
COUNTY:	San Juan County
STATE:	New Mexico

NOTE: Upper Kelly cock valve with handle will be used. Safety valves for all drill strings used will be on the rig floor.

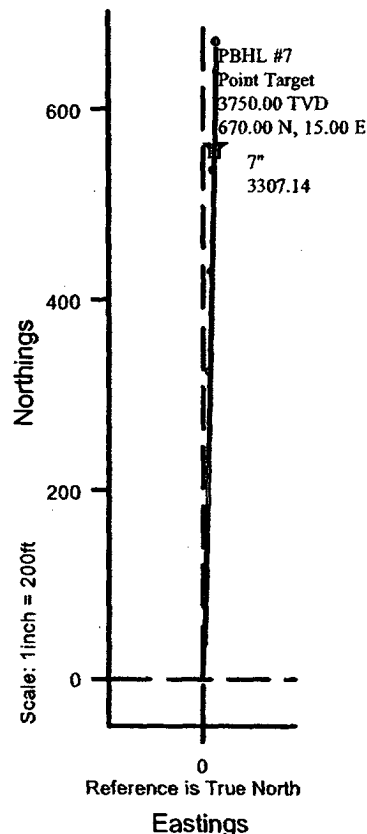
New Mexico
San Juan (NAD 83)
Sec 30-T32N-R07W
Grassy Canyon #7
Plan 100505



Dominion



Grassy Canyon #7 Surface Location	
RKB Elevation:	6915.00ft above Mean Sea Level
Ref. NE Cor Sec 30:	1330.00 S, 3895.00 W
Ref. Global Coordinates:	2167263.92 N, 2787595.00 E
Ref. Geographical Coordinates:	36° 57' 20.3669" N, 107° 36' 45.2374" W



Plan 100505 Proposal Data								
	Measured Depth	Incl.	Azim.	Vertical Depth	Northings	Eastings	Vertical Section	Dogleg Rate
Kick-Off Point	0.00	0.000	0.000	0.00	0.00 N	0.00 E	0.00	
Hold Angle	744.00	11.820	1.283	741.21	40.49 N	0.91 E	40.50	3.00
Total Depth	3817.97	11.820	1.283	3750.00	670.00 N	15.00 E	670.17	0.00

Plan 100505 Bottom Hole Location	
Ref. RKB(6915'):	3750.00ft
Ref. Structure:	-3165.00ft
Ref. Wellhead:	670.00 N, 15.00 E (True North)
Ref. NE Cor Sec 30:	660.00 S, 3879.91 W (True North)
Ref. Global Coordinates:	2167933.95 N, 2787608.45 E
Ref. Geographical Coordinates:	36° 57' 26.9921" N, 107° 36' 45.0526" W

Section Azimuth: 1.283° (True North)

Vertical Section

Prepared by:
Dennis Cook

Date/Time:
5 October, 2005 - 14:17

Checked:

Approved: