

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

OCT 2006

2006 SEP 29 AM 11 16

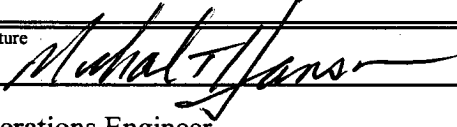
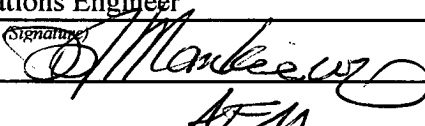
RECEIVED

030 FARMINGTON NM

1a. TYPE OF WORK <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No.  NM NM 104609
b. TYPE OF WELL <input type="checkbox"/> OIL <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  Coleman Oil & Gas, Inc.		7. If Unit or CA Agreement, Name and No.  N/A
3a. Address  P.O. Drawer 3337, Farmington N.M. 87499	3b. Phone No. (include area code)  (505) 327-0356	8. Lease Name and Well No.  Juniper West 23 #32
4. Location of well (Report location clearly and in accordance with any State requirements. *) At surface 1600' FNL, 1600' FEL Latitude 36.301697°, Longitude 107.968905° At proposed prod. zone		9. API Well No.  30-045-33978
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*  South East of Farmington New Mexico on County RD. 7610 approximately 60 miles.		10. Field and Pool, or Exploratory  Basin Fruitland Coal
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drlg unit line, if any)  1600		11. Sec., T., R., M., or Blk. And Survey or Area  G Section 23, T24N, R11W
16. No. of Acres in lease  1120	17. Spacing Unit dedicated to this well  320 ACRES E/2	12. County or Parish  San Juan
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.  NA	19. Proposed Depth  1180	13. State  NM
20. BLM/ BIA Bond No. on file  BLM Blacket Bond #08510612	21. ELEVATIONS (Show whether DF, RT, GR, etc.)  6446	22. Aproximate date work will start*  November, 2006
23. Estimated Duration  2 Weeks	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.   | 4. Bond to cover the operations unless covered by 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 a authorized officer. |

25. Signature 	Name (Printed/ Typed)  Michael T. Hanson	DATE  September 26, 2006
Title  Operations Engineer	2	
Approved By (Signature) 	Name (Printed/ Typed)  AFM	DATE  10/5/06
Title  AFM	Office  FFO	

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 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.

\*See Instructions On Reverse Side

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  
811 South First, Artesia, N.M. 88210

# OIL CONSERVATION DIVISION

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

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

DISTRICT IV  
2040 South Pacheco, Santa Fe, NM 87504-2088

☐ AMENDED REPORT

2006 SEP 29 09 11 16

## WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-045-33978	<sup>2</sup> Pool Code 71629	<sup>3</sup> Pool Name Basin Fruitland Coal
<sup>4</sup> Property Code 310065	<sup>5</sup> Property Name JUNIPER WEST 23	<sup>6</sup> Well Number 32
<sup>7</sup> GRID No. 4838	<sup>8</sup> Operator Name COLEMAN OIL & GAS, INC.	<sup>9</sup> Elevation 6446

### <sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	23	24 N	11 W		1600	NORTH	1600	EAST	SAN JUAN

### <sup>11</sup> 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

<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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

16 S 89°32'58" E 2626.65'	2628.45'	S 89°49'04" E 1600'	2624.82'	2625.36'
N 0°02'25" E		LAT. N 36.301697° LONG. W 107.968905° NAD 83	1600'	S 0°19'41" W
2624.78'	SECTION 23			2635.03'
N 0°00'43" E		N 89°52'35" W	2592.06'	

### 17 OPERATOR CERTIFICATION

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

Signature Michael T. Hanson  
Printed Name Michael T. Hanson  
Title OPERATIONS Engineer  
Date September 26, 2006

### 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.

7/14/06  
Date of Survey  
Signature and Seal of Professional Surveyor: Robert L. Pounds  
Certificate Number 6846

ROBERT L. POUNDS  
NEW MEXICO  
LICENSED PROFESSIONAL SURVEYOR  
6846

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

Form C-103  
May 27, 2004

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

WELL API NO. <b>30-045-33978</b>
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. Federal NMNM 104609
7. Lease Name or Unit Agreement Name Juniper West 23 #32
8. Well Number #32
9. OGRID Number 004838
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  
Coleman Oil & Gas, Inc.

3. Address of Operator  
P.O. Drawer 3337 Farmington, NM 87499

4. Well Location  
Unit Letter : G : 1600' feet from the North line and 1600 feet from the East line  
Section 23 Township 24N Range 11W NMPM County San Juan

11. Elevation (Show whether DR, RKB, RT, GR, etc.)  
6446' GR.

Pit or Below-grade Tank Application ☒ or Closure ☒

Pit type: LINED EARTHEN Depth to Groundwater: > 100' Distance from nearest fresh water well > 5000'. Distance from nearest surface water > 500'.

Pit Liner Thickness: 12 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: Construct and Reclaim Reserve Pit ☒

**SUBSEQUENT REPORT OF:**

REMEDIAL WORK ☐ ALTERING CASING ☐  
COMMENCE DRILLING OPNS. ☐ P AND A ☐  
CASING/CEMENT JOB ☐

OTHER: Construct and Reclaimed reserve pit ☐

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.

Dig earthen pit and line with 12 mil thick reinforced plastic for drilling reserve pit, as per approved Federal APD. See attached.

Coleman Oil & Gas, Inc. plans on reclaiming reserve pit as soon as possible.. Free liquids will be pulled and disposed of. Liner will be cut off at mud line. Excess plastic will be hauled off and disposed of. Reserve pit will be backfilled and reclaimed.

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 and closed according to NMOCD guidelines ☒, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Michael T. Hanson TITLE: Operations Engineer DATE: September 26, 2006

Michael T. Hanson [cogmhanson@sprynet.com](mailto:cogmhanson@sprynet.com) (505) 327-0356

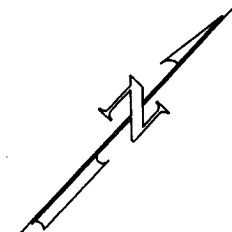
**For State Use Only**

APPROVED BY: [Signature] TITLE: DEPUTY OIL & GAS INSPECTOR, DIST. 27 DATE: OCT 06 2006

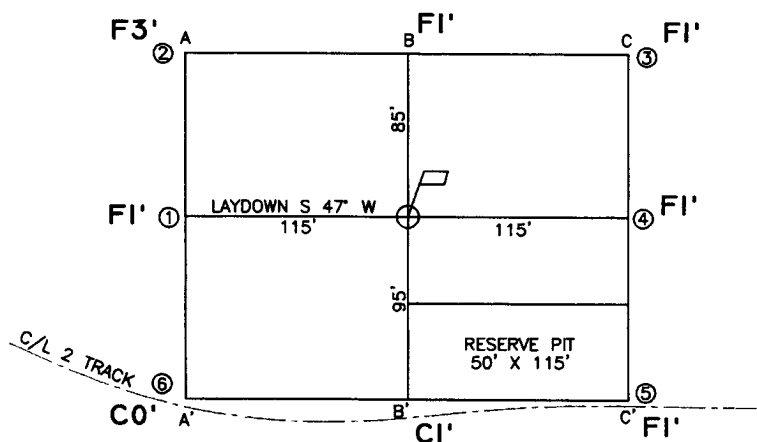
Conditions of Approval (if any):

8 10/11

NOTIFY  
NEW MEXICO ONE-CALL  
BEFORE COMMENCING  
EXCAVATION!  
(800) 321-2537



0 50 100  
SCALE: 1"=100'



A-A' ℄

6460				
6450				
6440				
6430				
6420				

B-B' ℄

6460				
6450				
6440				
6430				
6420				

C-C' ℄

6460				
6450				
6440				
6430				
6420				

CROSS SECTIONS  
HORIZONTAL: 1"=100'  
VERTICAL: 1"=100'

LEASE: JUNIPER WEST 23 #32

FOOTAGE: 1600' FNL, 1600' FEL

SEC. 23 TWN. 24 N RNG. II W N.M.P.M.

LATITUDE: N 36.301697° LONGITUDE: W 107.968905°

ELEVATION: 6446

COLEMAN OIL & GAS, INC.  
FARMINGTON, NEW MEXICO

SURVEYED: 7/14/06

REV. DATE:

APP. BY R.P.

DRAWN BY: A.D.

DATE DRAWN: 7/21/06

FILE NAME: 6940C01



P.O. BOX 3651  
FARMINGTON, NM 87499  
OFFICE: (505) 334-0408

Tuesday, September 26, 2006

## OPERATIONS PLAN

**Well Name:** Juniper West 23 #32  
**Location:** 1600' FNL, 1600' FEL, Section 23, T-24-N, R-11-W, NMPM  
San Juan County, NM  
**Formation:** Basin Fruitland Coal  
**Elevation:** 6446' GL

Formation:	Top	Bottom	Contents
Nacimiento	Surface	170'	Aquifer
Ojo Alamo	170'	280'	Aquifer
Kirtland	280'	690'	
Fruitland	690'	980'	Gas
Pictured Cliffs	980'	1180'	Gas
Total Depth	1180'		

**Drilling Contractor:** Availability

**Mud Program:**

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0' - 120'	Spud	8.4 - 9.0	40 - 50	No Control
120' - 1180'	Non-dispersed	8.4 - 9.0	30 - 60	6cc or less

**Logging Program:** Porosity Log - Triple Litho Density W/ GR and CAL.  
Induction Log - Array Induction W/ GR and SP

**Coring Program:** None

**Casing Program:**

<u>Hole Size</u>	<u>Depth Interval</u>	<u>Casing Size</u>	<u>Weight</u>	<u>Grade</u>
12 1/4"	0' - 120'	8 5/8"	24#	J-55 or K-55
7 7/8"	120' - 1180'	5 1/2"	15.5#	J-55 or K-55

**Tubing Program:**

0' - 1010'	2 7/8"	6.50#	J-55
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**Float Equipment:**

8 5/8" surface casing - saw tooth guide shoe. One ~~Centralizer~~.

5 1/2" production casing - Cement guide shoe and self fill insert float collar. Place float one joint above shoe. Five centralizers spaced every other joint above shoe and five centralizers every other joint from top of well straddling Ojo Alamo.

**Wellhead Equipment:**

8 5/8" x 5 1/2" Braiden Head and 5 1/2" x 2 7/8" Tubing Head. Independent Well Head assembly with a minimum rated working pressure of 1000 psig.

**Cementing:**

8 5/8" Surface Casing -

Cement with 92 sacks Class "B" cement with 1/4# celloflake/sx and 2% calcium chloride (108.56 cu. ft. of slurry, 100% excess to circulate to surface). WOC 12 hrs. Test casing to 750 psi/30 minutes.

5 1/2" Production Casing - *circulate cement*

Before cementing circulate hole with at least 1 1/2 hole volumes of mud. Precede cement with 20 bbls of fresh water. Lead with 109 sacks (284.49 cu. ft) of Class "G" with 3% D79 and 1/4# Per sack D29. (Yield = 2.61 cu. ft. /sack; slurry weight = 11.7 PPG). Tail with 90 sacks (113.4 cu. ft.) of Class "G" 50/50 POZ with 2% GEL D-20, 5# Per sack Gilsonite, .1% D46, 1% S-1 and 1/4# Per sack D29. (Yield = 1.26 cu. ft./sack; slurry weight = 13.5 PPG). Total cement volume is 397.89 cu. ft. (100% excess on open hole, calculated on cement volumes).

**BOP and Tests:**

Surface to Surface Total Depth – None

Surface TD to Total Depth – Annular or Double Ram Type 2000 psi (minimum) double gate BOP stack (Reference Figure #1, #2, #3). Prior to drilling out surface casing, test blind rams and casing to 750 psig for 30 minutes; all pipe rams and choke assembly to 750 psig for 30 minutes each.

From Surface TD to Total Depth - choke manifold (Reference Figure #3).

Pipe rams will be actuated at least once each day and blind rams actuated once each trip to test proper functioning. An upper kelly cock valve with handle and drill string safety valves to fit each drill string will be maintained and available on the rig floor.

**Additional information:**

- The Fruitland Coal formation will be completed.
- Anticipated pore pressure for the Fruitland is 250 psi.
- New casing will be utilized.
- Pipe movement (either rotation or reciprocation) will be done if hole conditions permit.

Date: September 26, 2006 Drilling Engineer: Michael T. Jans

# Cementing Usage Plan

Juniper West 23 #32

Enter Surface Casing Depth	120	FT
Enter capacity between Surf casin/ hole	0.41271	cu ft per ft
Enter Yield for surface cement job	1.18	cu ft per sack
Enter capacity between Prod/Surface Casings	0.19259	cu ft per ft
Enter Total Depth	1180	FT
Enter Shoe Joint Length	44	FT
Enter PBSD	1136	FT
Enter Capacity between Production/Hole	0.17325	cu ft. per ft
Enter Lead Cement Yield	2.61	cu ft per sack
Enter Tail Cement Yield	1.26	cu ft per sack
Enter Production Casing Capacity	0.0238	bbl per ft
Enter Amount of Tail Cement Required	90	Sacks

Surface Cement Needed (100% excess) 92 Sacks → 108.56 cu ft

TOTAL HOLE REQUIREMENTS 396.28 cu ft of cement

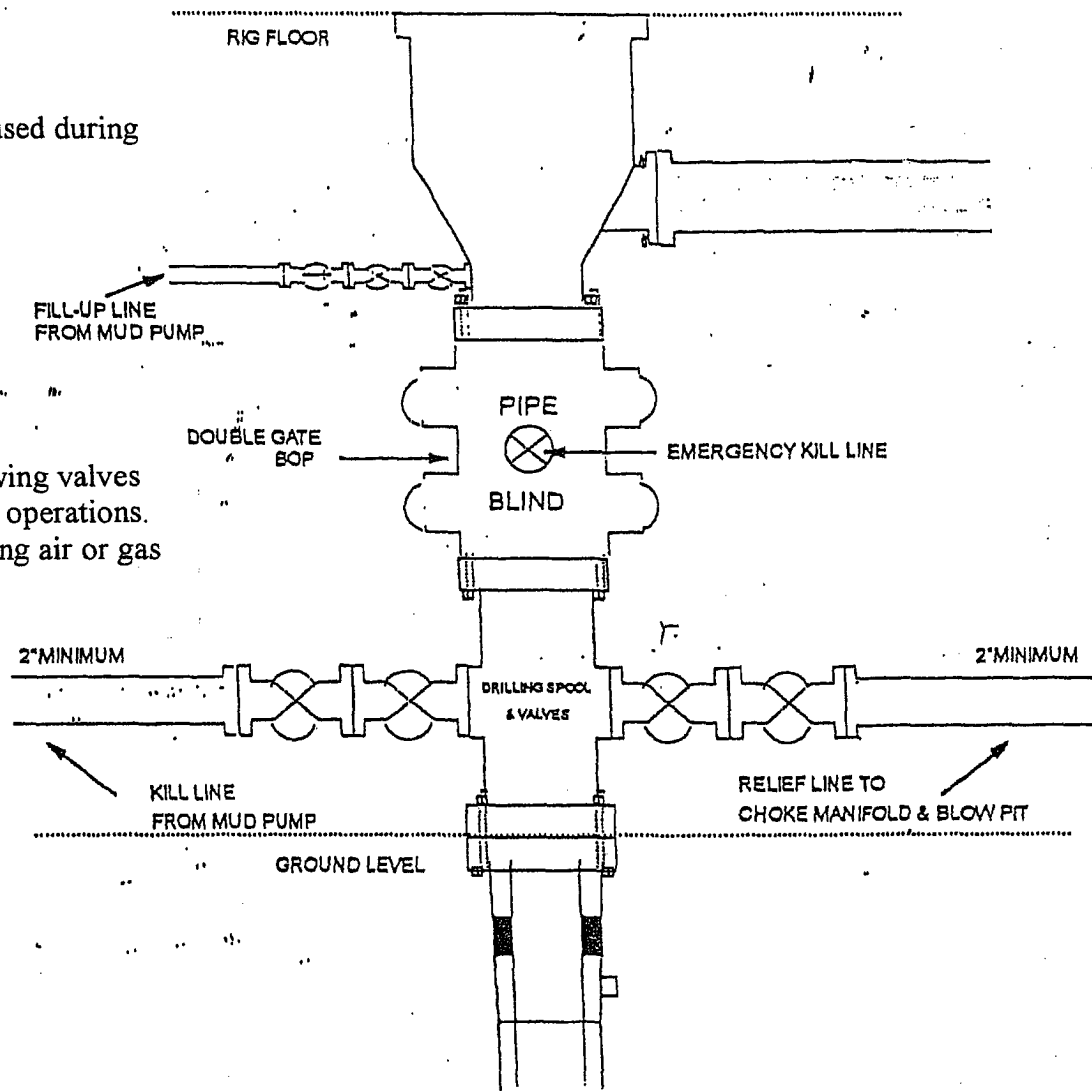
Lead Cement → 109 Sacks → 284.49 cu ft  
 Tail Cement → 90 Sacks → 113.40 cu ft

TOTAL CEMENT VOLUME 397.89 cu ft

## BOP Configuration 2M psi System

Rotating head will be used during  
air or gas drilling only.

Drilling spool single wing valves  
during normal drilling operations.  
Dual wing valves during air or gas  
dilling.



13 5/8" and 11" Bore, 2000psi minimum working pressure double gate BOP to be equipped with blind and pipe rams: A Schaffer Type 50 or equivalent rotating head to be installed on the top of the BOP. All equipment is 2000psi working pressure/ or greater.

**FIGURE #1**



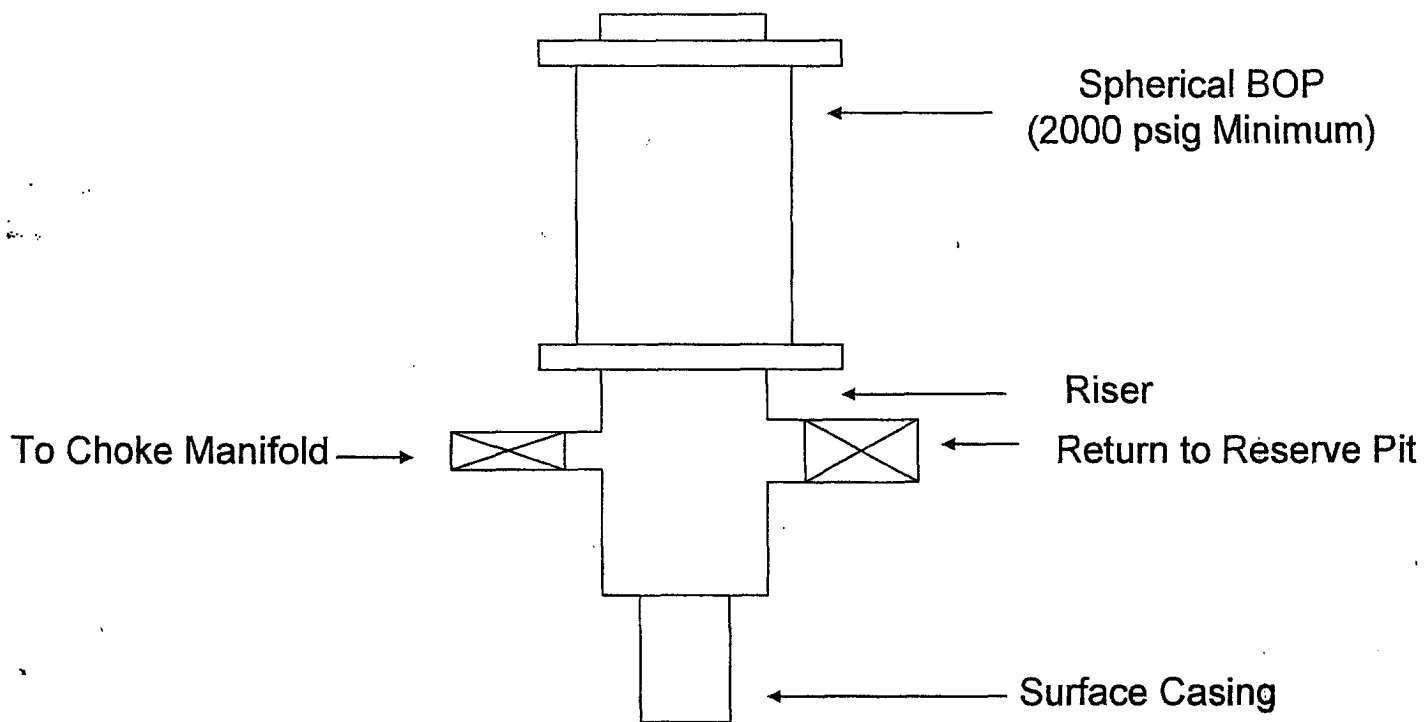
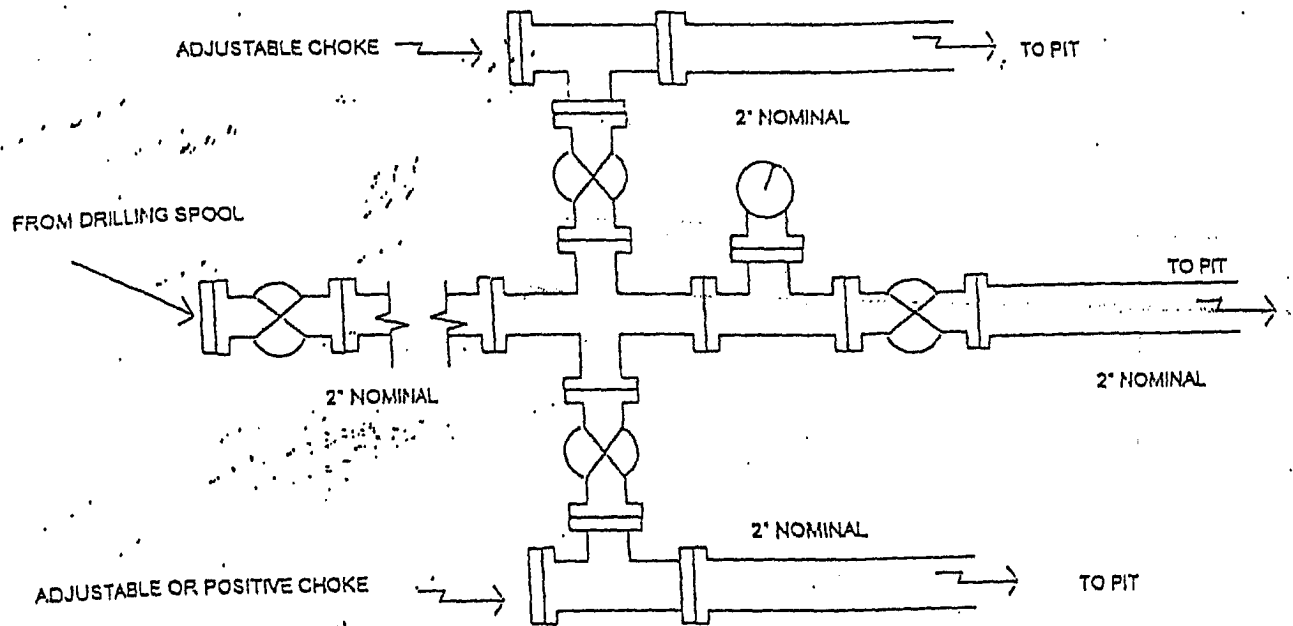


FIGURE #2

## Choke Manifold Configuration 2M System



Minimum choke manifold installation from surface to Total Depth.  
2" minimum, 2000psi working pressure equipment with two chokes.

Figure #3