



2006 SEP 29

FORM APPROVED
OMB NO. 1004-0136
Expires: November 30, 2000

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

RECEIVED
OTO FARM

5. Lease Serial No.

1060 NM NM 104609

6. If Indian, Allottee or Tribe Name

N/A

7. If Unit or CA Agreement, Name and No.

8. Lease Name and Well No.

Juniper West 23 #34

9. API Well No.

30-045-33980

10. Field and Pool, or Exploratory

Basin Fruitland Coal

11. Sec., T., R., M., or Blk. And Survey or Area

O Section 23, T24N, R11W

1a. TYPE OF WORK



DRILL



REENTER

b. TYPE OF WELL



OIL



GAS WELL



OTHER



SINGLE ZONE



MULTIPLE ZONE

2. Name of Operator

Coleman Oil & Gas, Inc.

3a. Address

P.O. Drawer 3337, Farmington N.M. 87499

3b. Phone No. (include area code)

(505) 327-0356

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

At surface

700' FSL, 1585' FEL Latitude 36.293559°, Longitude 107.968883°

At proposed prod. zone

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.

12. County or Parish

San Juan

13. State

NM

15. Distance from proposed*

location to nearest

property or lease line, ft.

(Also to nearest drilg unit line, if any)

700'

16. No. of Acres in lease

1120'

17. Spacing Unit dedicated to this well

320 ACRES E/2

18. Distance from proposed location*

to nearest well, drilling, completed,

applied for, on this lease, ft.

NA

19. Proposed Depth

1115'

20. BLM/ BIA Bond No. on file

BLM Blacket Bond #08510612

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

6402'

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.

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 a authorized officer.

25. Signature

Michael T. Hanson

Name (Printed/ Typed)

Michael T. Hanson

DATE

September 26, 2006

Title

Operations Engineer

Approved By (Signature)

AFM

Name (Printed/ Typed)

Office

FEO

DATE

10/5/06

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

NMOCD

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

DISTRICT I
P.O. Box 1980, Hobbs, N.M. 88241-1980

DISTRICT II
811 South First, Artesia, N.M. 88210

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

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

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

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

Form C-102
Revised: February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-33980	² Pool Code 71629	³ Pool Name Basin Fruitland Coal
⁴ Property Code 36065	⁵ Property Name JUNIPER WEST 23	
⁷ OGRID No. 4838	⁶ Operator Name COLEMAN OIL & GAS, INC.	
		⁸ Well Number 34
		⁹ Elevation 6402

¹⁰ Surface Location

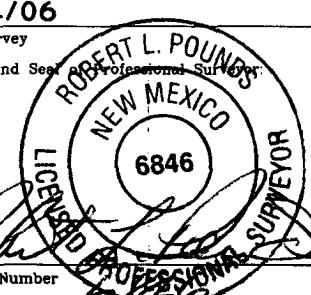
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	23	24 N	11 W		700	SOUTH	1585	EAST	SAN JUAN

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.

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	2628.45'	S 89°49'04" E	2624.82'	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief <i>Michael T. Hanson</i> Signature <i>Michael T. Hanson</i> Printed Name OPERATIONS Engineer Title September 26, 2006 Date
	N 0°02'25" E				
	SECTION 23				
2624.78'					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  Certificate Number
	N 0°00'43" E				
N 89°17'53" W	2636.80'		N 89°52'35" W	2592.06'	

LAT. N 36.293559°
LONG. W 107.968883°
NAD 83

700'

1585'

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. 30-045-33980
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 #34
8. Well Number #34
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 : O : 700' feet from the South line and 1585 feet from the East line
Section 23 Township 24N Range 11W NMPM County San Juan

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
6402' GR.

Pit or Below-grade Tank Application ☒ or Closure ☒

Pit type: LINED EARTHEN Depth to Groundwater: > 50 feet. Distance from nearest fresh water well > 5000'. Distance from nearest surface water > 300'.

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 ☐

SUBSEQUENT REPORT OF:

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

OTHER: Construct and Reclaim Reserve Pit ☒

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 (505) 327-0356

For State Use Only

APPROVED BY: [Signature] TITLE: DEPUTY OIL & GAS INSPECTOR, DIST. #3 DATE: OCT 06 2006

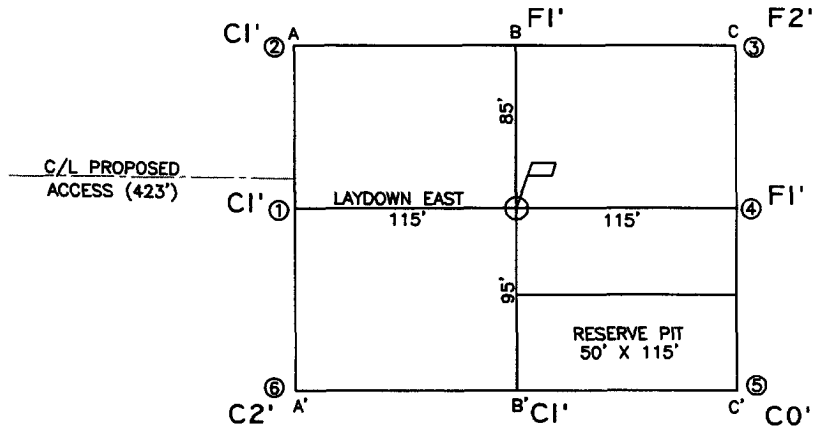
Conditions of Approval (if any):

5 10/11

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



0 50 100
SCALE: 1"=100'



A-A'

£

6420	.....	.....	.....	.....
6410	.....	.....	.....	.....
6400	.....	.....	.....	.....
6390	.....	.....	.....	.....
6380	.....	.....	.....	.....

B-B'

£

6420	.....	.....	.....	.....
6410	.....	.....	.....	.....
6400	.....	.....	.....	.....
6390	.....	.....	.....	.....
6380	.....	.....	.....	.....

C-C'

£

6420	.....	.....	.....	.....
6410	.....	.....	.....	.....
6400	.....	.....	.....	.....
6390	.....	.....	.....	.....
6380	.....	.....	.....	.....

CROSS SECTIONS

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

LEASE: JUNIPER WEST 23 #34

FOOTAGE: 700' FSL, 1600' FEL

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

LATITUDE: N 36.293559° LONGITUDE: W 107.968883°

ELEVATION: 6402

COLEMAN OIL & GAS, INC.
FARMINGTON, NEW MEXICO

SURVEYED: 7/14/06

REV. DATE:

APP. BY R.P.

DRAWN BY: A.D.

DATE DRAWN: 7/22/06

FILE NAME: 6941C01

UNITED
FIELD SERVICES INC.

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

Tuesday, September 26, 2006

OPERATIONS PLAN

Well Name: Juniper West 23 #34
Location: 700' FSL, 1585' FEL, Section 23, T-24-N, R-11-W, NMPM
San Juan County, NM
Formation: Basin Fruitland Coal
Elevation: 6402' GL

Formation:	Top	Bottom	Contents
Nacimiento	Surface	105'	Aquifer
Ojo Alamo	105'	215'	Aquifer
Kirtland	215'	625'	
Fruitland	625'	915'	Gas
Pictured Cliffs	915'	1115'	Gas
Total Depth	1115'		

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' – 1115'	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' – 1115'	5 1/2"	15.5#	J-55 or K-55

Tubing Program:

0' – 945'	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 100 sacks (261.00 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 374.40 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. Janson

Cementing Usage Plan

Juniper West 23 #34

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	1115	FT
Enter Shoe Joint Length	44	FT
Enter PBTD	1071	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

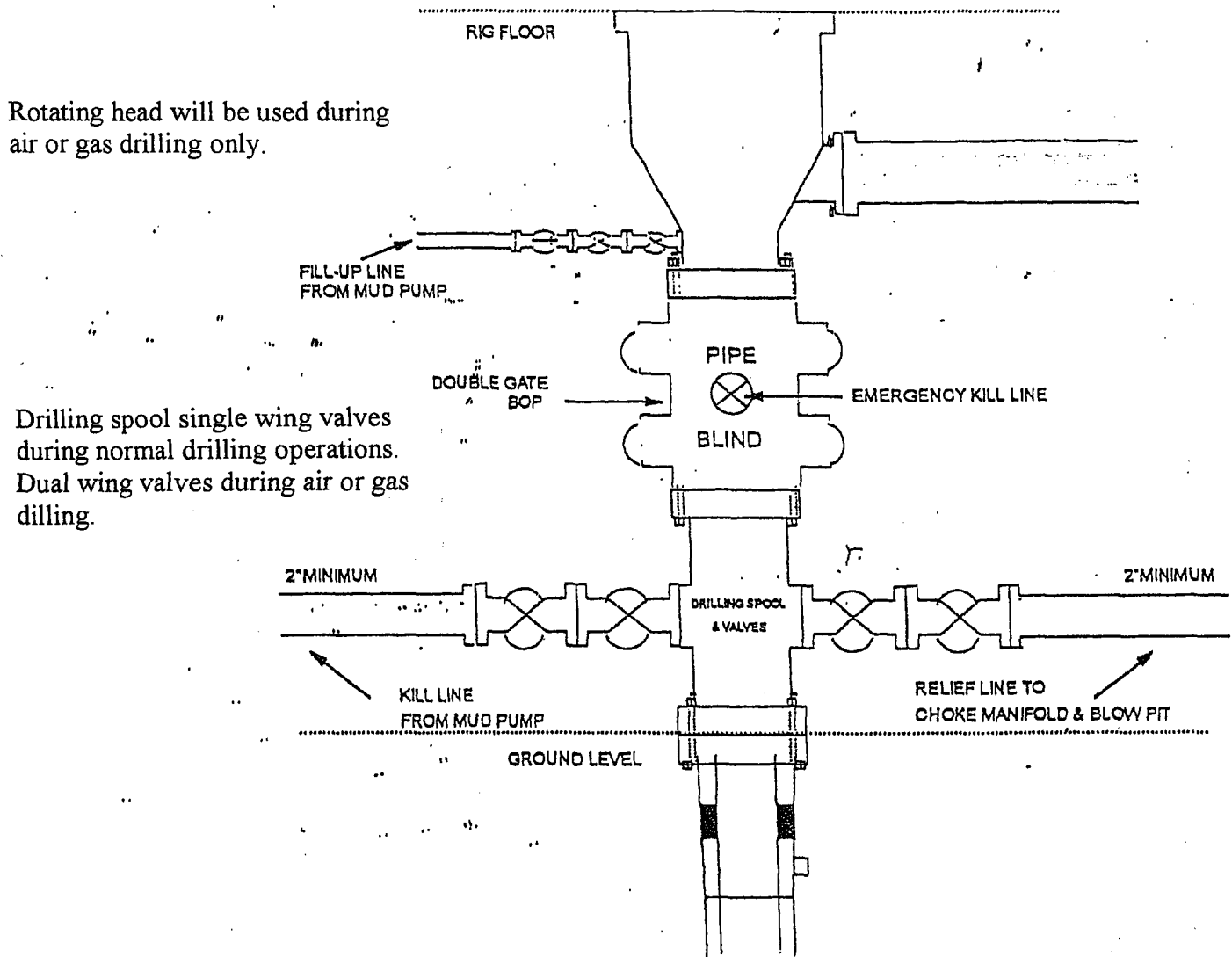
Surface Cement Needed (100% excess) 92 Sacks → 108.56 cu ft

TOTAL HOLE REQUIREMENTS 373.76 cu ft of cement

Lead Cement	→	100	Sacks →	261.00 cu ft
Tail Cement	→	90	Sacks →	113.40 cu ft

TOTAL CEMENT VOLUME 374.40 cu ft

BOP Configuration 2M psi System



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

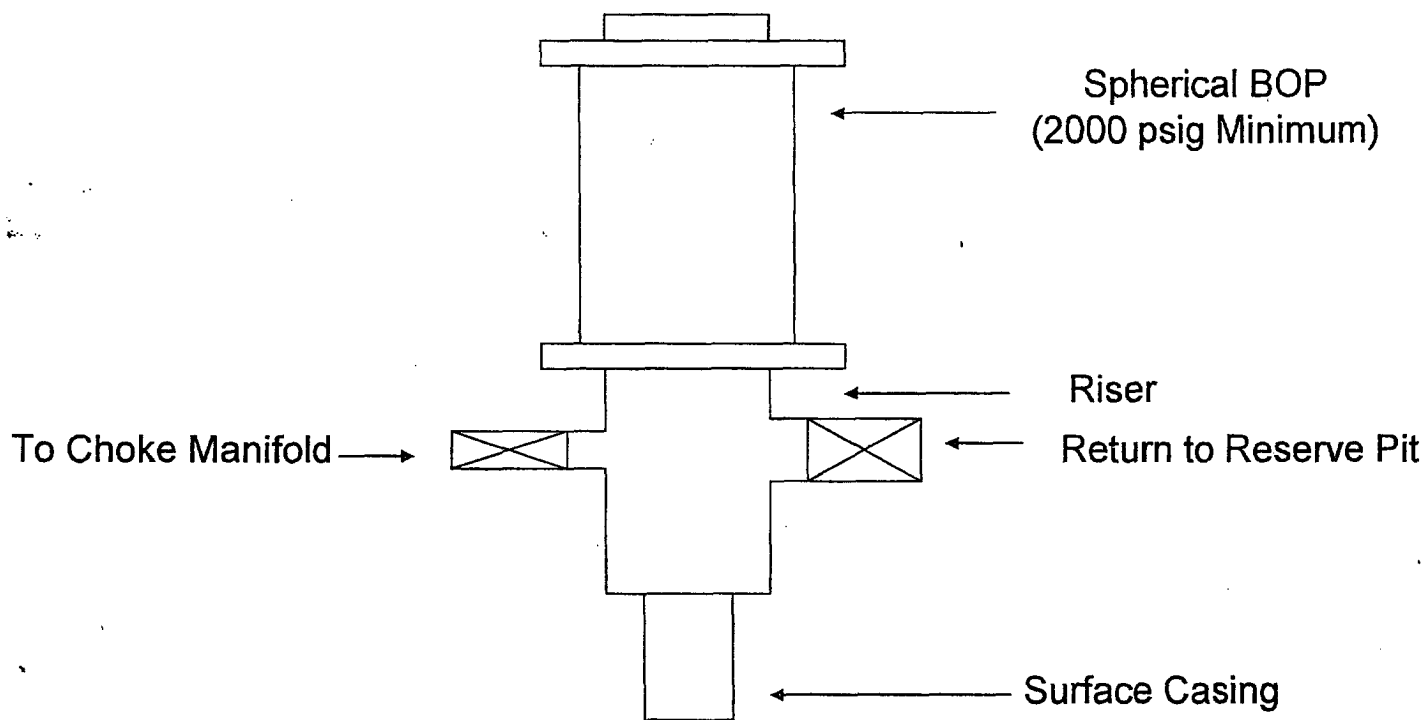
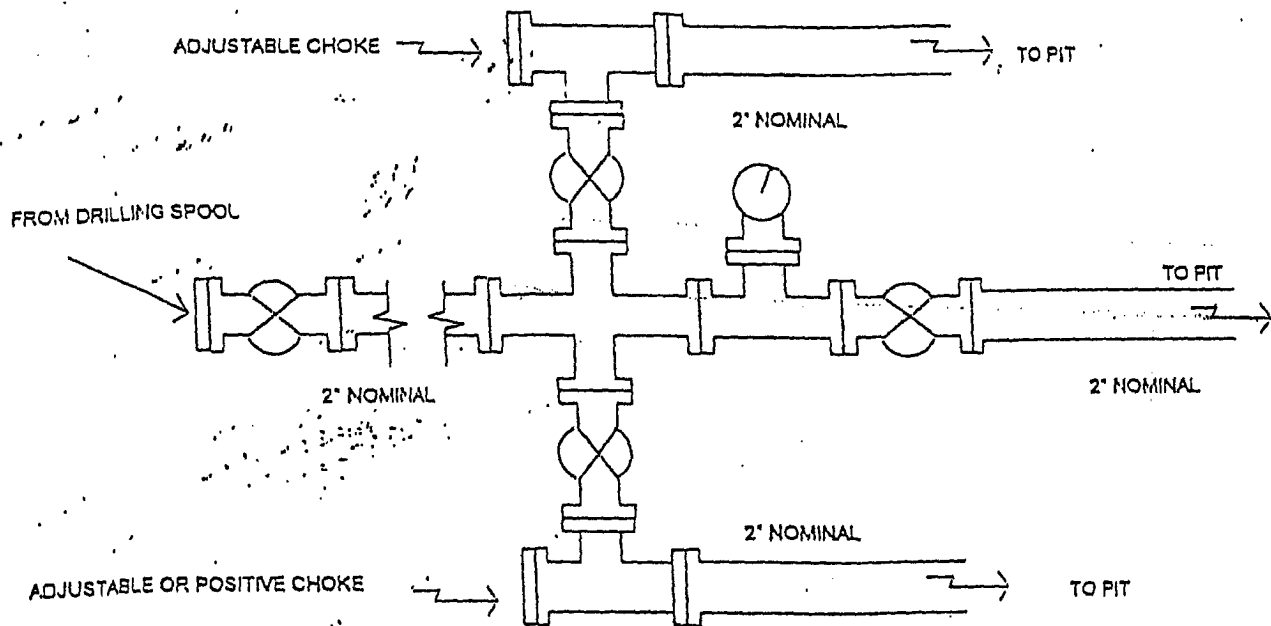


FIGURE #2

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