Form 3160-3
(August 1999)

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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

| | |
|---|---|
| 5. Lease Serial No. | SF-077382 |
| 6. If Indian, Allottee or Tribe Name | |
| 7. If Unit or CA Agreement, Name and No. | 2223 |
| 8. Lease Name and Well No. | Kutz Government #7S |
| 9. API Well No. | 30045 31736 |
| 10. Field and Pool, or Exploratory | Basin Fruitland Coal |
| 11. Sec., T., R., M., or Blk, and Survey or Area | F Sec. 3, T27N, R10W |
| 12. County or Parish | San Juan |
| 13. State | NM |

1a. Type of Work: [X] DRILL [ ] REENTER

b. Type of Well: [ ] Oil Well [X] Gas Well [ ] Other [X] Single Zone [ ] Multiple Zone

2. Name of Operator
**Breck Operating Company**

3A. Address
**c/o Walsh Engineering,7415 E. Main, Farmington, NM 87402**

3b. Phone No. *(include area code)*
**(505) 327-4892**

4. Location of Well *(Report location clearly and in accordance with any State requirements.*)*
At surface **2250' FNL and 1900' FWL**
At proposed prod. Zone

14. Distance in miles and direction from nearest town or post office*
**8 miles southeast of Bloomfield, NM**

| | | | |
|---|---|---|---|
| 15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) | 740' | 16. No. of Acres in lease: 320+ | 17. Spacing Unit dedicated to this well: 320.96 ~~320~~ acres W/2 |
| 18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. | 1450' | 19. Proposed Depth: 2100' +/- | 20. BLM/BIA Bond No. on file |
| 21. Elevations (Show whether DF, KDB, RT, GL, etc.): 6043' GL | | 22. Approximate date work will start*: August 1, 2003 | 23. Estimated duration: 1 week |

## 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, th SUPO shall be filed with the appropriate Forest Service Office.
4. Bond to cover the operations unless covered by an 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 office.

| 25. Signature | Name *(Printed/Typed)* | Date |
|---|---|---|
| Paul C. Thompson | Paul C. Thompson, P.E. | 6/19/03 |

Title: **Agent**

| Approved by *(Signature)* | Name *(Printed/Typed)* | Date |
|---|---|---|
| /s/ David J. Mankiewicz | | AUG 11 2003 |
| Title | Office | |

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 1001and 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)*

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

NMOCD

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
PO Drawer DD, Artesia, NM 88211-0719

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO 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 | [2] Pool Code | [3] Pool Name |
|---|---|---|
| 30-045-31736 | 71629 | BASIN FRUITLAND COAL |

| [4] Property Code | [5] Property Name | [6] Well Number |
|---|---|---|
| 2223 | KUTZ GOVERNMENT | 7S |

| [7] OGRID No. | [8] Operator Name | [9] Elevation |
|---|---|---|
| 002799 | BRECK OPERATING COMPANY | 6043' |

## [10] Surface Location

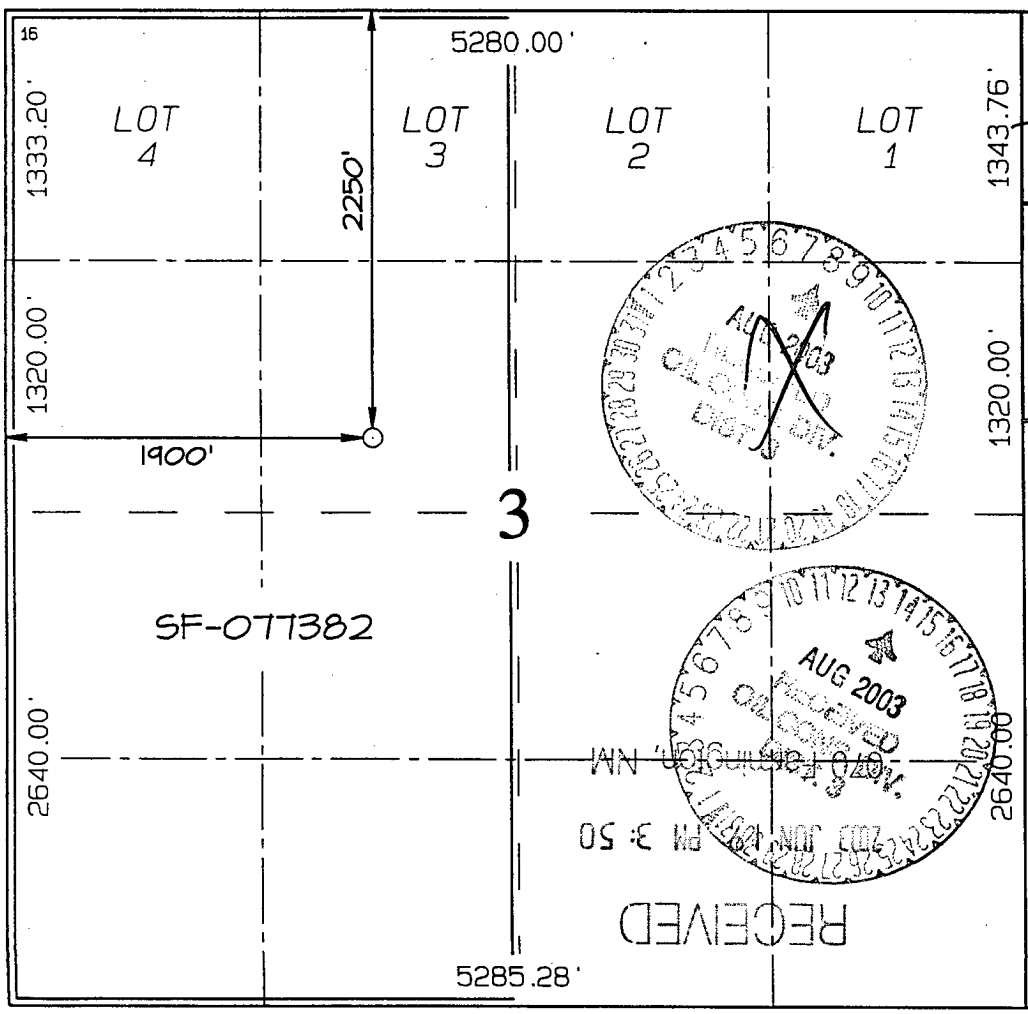
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---|---|---|---|---|---|---|---|---|---|
| F | 3 | 27N | 10W | | 2250 | NORTH | 1900 | WEST | SAN JUAN |

## [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 |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | |

| [12] Dedicated Acres | [13] Joint or Infill | [14] Consolidation Code | [15] Order No. |
|---|---|---|---|
| 320.96 Acres - (W/2) | | | |

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] OPERATOR CERTIFICATION

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

Paul C. Thompson
Signature

Paul C. Thompson
Printed Name

Agent
Title

6/2/03
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.

Survey Date: FEBRUARY 6, 2003

Signature and Seal of Professional Surveyor

JASON C. EDWARDS
NEW MEXICO
15269
REGISTERED PROFESSIONAL SURVEYOR

JASON C. EDWARDS
Certificate Number 15269

**BRECK OPERATING CO.**
**OPERATIONS PLAN**
**Kutz Government #7S**

I. Location: 2250' FNL & 1900' FWL
Sec 3 T27N R10W
San Juan County, NM

Date: May 29, 2003

Field: Basin Fruitland Coal
Surface: BLM
Minerals: SF - 077382

Elev: GL 6043'

II. Geology: Surface formation _ Nacimiento

A.

| Formation Tops | Depths |
|---|---|
| Ojo Alamo | 980' |
| Kirtland | 1120' |
| Fruitland | 1655' |
| Pictured Cliffs | 1945' |
| Total Depth | 2100' |

Estimated depths of anticipated water, oil, gas, and other mineral bearing formations which are expected to be encountered:
Water and gas - 1655' and 1945'.

B. Logging Program: Induction/GR and neutron/density logs at TD.

C. No over pressured zones are expected in this well. No $H_2S$ zones will be penetrated in this well. Max. BHP = 500 psig.

III. Drilling
A. Contractor:

B. Mud Program:

The surface hole will be drilled with a fresh water mud.

The production hole will be drilled with a fresh water polymer mud. The weighting material will be drill solids or if conditions dictate, barite. The maximum mud weight expected is 8.5 ppg.

C. Minimum Blowout Control Specifications:

Double ram type or annular type 2000 psi working pressure BOP with a rotating head. See the attached exhibits (#1 and #2) for details on the BOP equipment. All ram type preventers and related equipment will be hydraulically tested at nipple-up and after any use under pressure to 1000 psi.

C. Cont.

The blind rams will be hydraulically activated and checked for operational readiness each time pipe is pulled out of the hole. All checks of the BOP stack and equipment will be noted on the daily drilling report. The BOP equipment will include a kelly cock, floor safety valve, and choke manifold all rated to 2000 psi.

IV. Materials

A. Casing Program:

| Hole Size | Depth | Casing Size | Wt. & Grade |
|---|---|---|---|
| 8-3/4" | 120' | 7" | 20# K-55 |
| 6-1/4" | 2100' | 4-1/2" | 10.5# K-55 |

B. Float Equipment:

a) Surface Casing: None

b) Production Casing: 4-1/2" 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 turbolizers every other joint from the top of the well.

V. Cementing:

Surface casing: 7" - Use 30 sx (36 cu. ft.) of Cl "B" with 2% $CaCl_2$ (Yield = 1.18 cu. ft./sk; slurry weight = 15.6 PPG). 100% excess to circulate cement to surface. WOC 12 hours. Pressure test surface casing to 600 psi for 30 min.

Production Casing: 4-1/2" - Before cementing circulate hole with at least 1-1/2 hole volumes of mud. Precede cement with 30 bbls of fresh water. Lead with 155sx(319 cu.ft) of Cl "B" with 2% SMS, ¼#/sk. celloflake. (Yield = 2.06 cu.ft./sk; slurry weight = 12.5 PPG). Tail with 100 sx (118 cu.ft.) of Cl "B" with 2% $CaCl_2$, and ¼#/sk. celloflake/sk. (Yield = 1.18 cu. ft./sk; slurry weight = 15.6 PPG) Total cement volume is 437 cu.ft. (100% excess to circulate cement to surface).

Paul C. Thompson

Paul C. Thompson, P.E.