

RCVD JAN 5 '07
OIL CONS. DIV.

DIST. 3

Form 3160-3
(August 1999)

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

54 ⁶¹ Lease Serial No. SF-078202

6. If Indian, Allottee or tribe Name

7. If Unit or CA Agreement, Name and No

8. Lease Name and Well No.

Schoen LS 2M

9. API Well No.

30-045-3404D

10. Field and Pool, or Exploratory

Basin Dakota & Blanco Mesaverde

11. Sec., T., R., M., or Blk, and survey or Area

SECTION 27 T30N & R10W

12. County or Parish

SAN JUAN

13. State

NEW MEXICO

1a. Type of Work: DRILL REENTER

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

2. Name of Operator
BP AMERICA PRODUCTION COMPANY

3a. Address
P.O. BOX 3092 HOUSTON, TX 77079-2064

3b. Phone No. (include area code)
281-366-3866

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

At surface 1850' FNL & 1920' FWL SENW

At proposed prod. Zone SAME

lot 6

F

14. Distance in miles and direction from nearest town or post office*

8.3 MILES SOUTHEAST FROM AZTEC, NM

15. Distance from proposed* Location to nearest Property or lease line, ft. (Also to nearest drig. Ujnit line, if any) 687'

16. No. of Acres in lease
317.28

17. Spacing Unit dedicated to this well

~~317.28~~ w/2
317.28

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.

19. Proposed Depth
7285' MD

20. BLM/BIA Bond No. on file

WY2924

21. Elevations (show whether DF, KDB., RT, GL, etc.)
6128' GL

22. Approximate date work will start*
04/11/07

23. Estimated duration
7 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 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 officer.

25. Signature: *Kristina Hurts* Name (Printed/typed): Kristina Hurts Date: 10/25/06
Title: Regulatory Analyst

Approved by (Signature): *Jim Lohde* Name (Printed/Typed): Office: Date: 1/3/07
Title: Acting ADL Minerals

Application approval does not warrant or certify 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.

*(Instructions on reverse)

43



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

NMOCD 2/8/07

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

District I
 PO Box 1980, Hobbs NM 88241-1980
 District II
 PO Drawer KK, Artesia, NM 87211-0719
 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

RCVD JAN 5 '07
 OIL CONS. DIV.

1 API Number 30-045-34042		2 Pool Code 71599 & 72319		3 Pool Name Basin Dakota & Blanco	
4 Property Code 001028		5 Property Name Schoen LS		6 Well Number # 2M	
7 OGRID No. 778		8 Operator Name BP AMERICA PRODUCTION COMPANY		9 Elevation 6128	

10 Surface Location

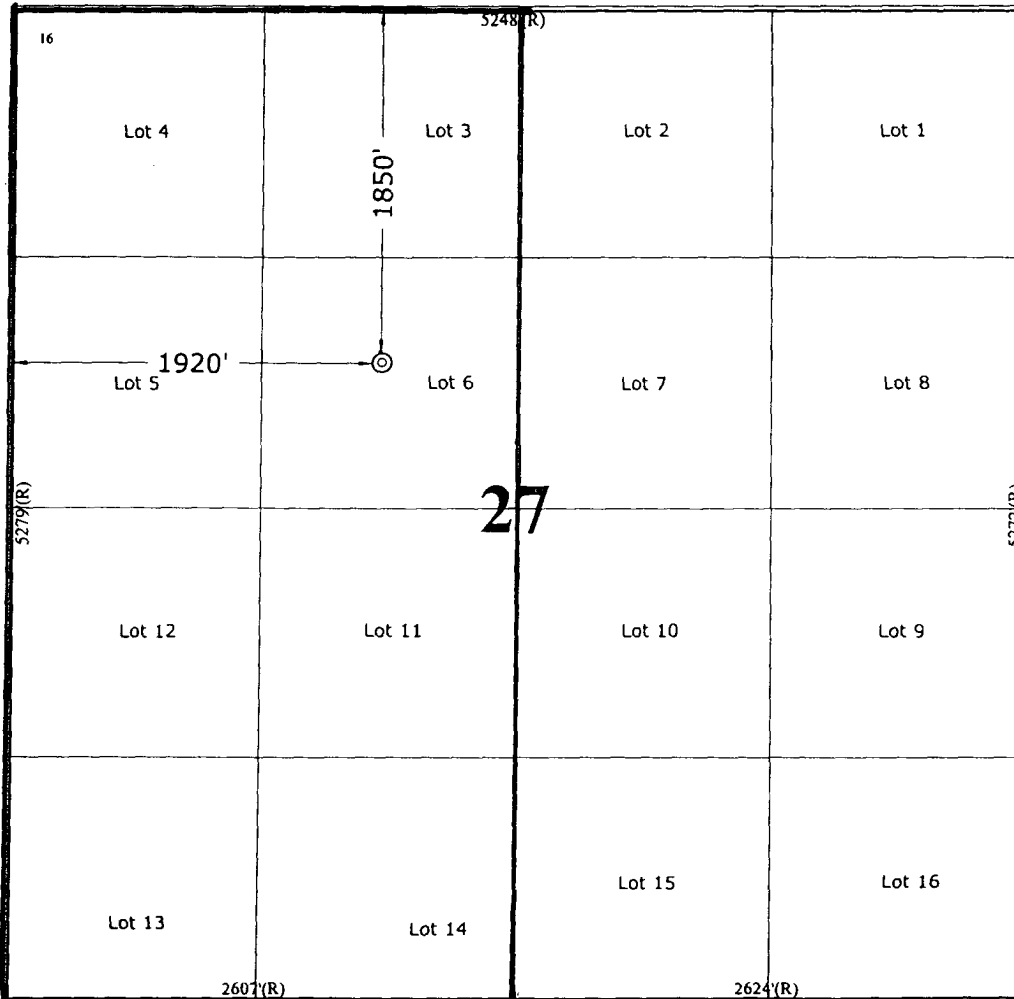
UL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Lot 6 (F)	27	30 N	10 W		1850	NORTH	1920	WEST	SAN JUAN

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 317.28	13 Joint or Infill	14 Consolidation Code	15 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



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

Signature: *Kristina Hurts*
 Printed Name: KRISTINA HURTS
 Title: Regulatory Analyst
 Date: 10-25-06

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.

Date of Survey: June 27, 2006
 Signature and Seal of Professional Surveyor: *Gary D. Vanm*

7016
 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

Form C-103
 May 27, 2004

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

WELL API NO. <u>30-045-34042</u> New Well
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name SCHOEN LS
8. Well Number 2M
9. OGRID Number 000778
10. Pool name or Wildcat Basin Dakota & Blanco Mesaverde
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 6128'
Pit or Below-grade Tank Application <input checked="" type="checkbox"/> or Closure <input type="checkbox"/>
Pit type <u>DRILLING</u> Depth to Groundwater $\geq 100'$ Distance from nearest fresh water well $\geq 1000'$ Distance from nearest surface water <u>$\leq 1000'$</u> > 200'
Pit Liner Thickness: <u>12</u> mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

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
BP AMERICA PRODUCTION COMPANY

3. Address of Operator
P.O. BOX 3092 HOUSTON, TX 77079-2064

4. Well Location
 Unit Letter F : 1850 feet from the North line and 1920 feet from the West line
 Section 27 Township 30N Range 10W NMPM SAN JUAN County

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: LINED DRILLING PIT <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

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.

Construct a lined drilling pit per BP America – San Juan Basin Drilling/ Workover Pit Construction Plan issued date of 11/17/2004. Pit will be closed according to closure plan on file.

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

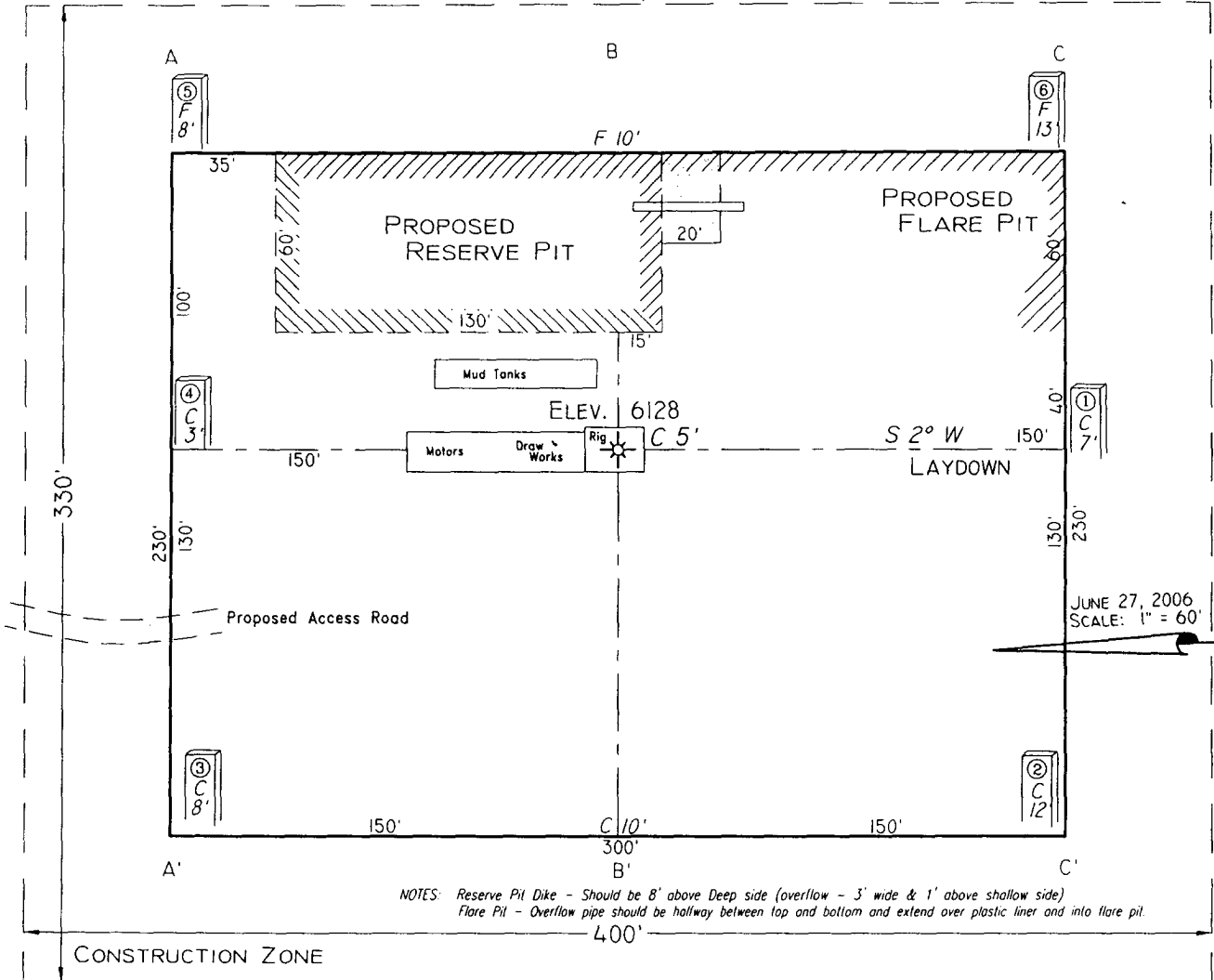
SIGNATURE Kristina Hurts TITLE Regulatory Analyst DATE 10/25/06

Type or print name Kristina Hurts E-mail address: hurtk0@bp.com Telephone No. 281-366-3866
 For State Use Only

APPROVED BY: [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 4 DATE JAN 08 2007
 Conditions of Approval (if any):

PAD LAYOUT PLAN & PROFILE
BP AMERICA PRODUCTION COMPANY
 Schoen LS #2M
 1850' F/NL 1920' F/WL
 SEC. 27, T30N, R10W, N.M.P.M.
 SAN JUAN COUNTY, NEW MEXICO

Lat: 36.78535°
 Long: 107.87419° (83)

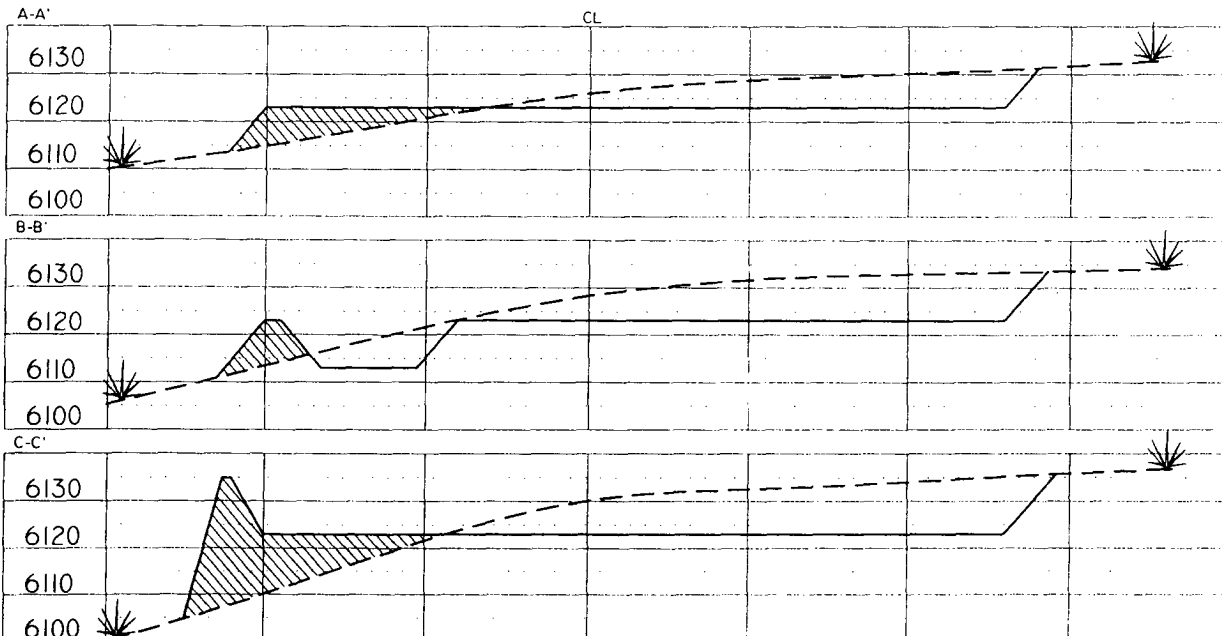


NOTES: Reserve Pit Dike - Should be 8' above Deep side (overflow - 3' wide & 1' above shallow side)
 Flare Pit - Overflow pipe should be halfway between top and bottom and extend over plastic liner and into flare pit.

JUNE 27, 2006
 SCALE: 1" = 60'

Area of Construction Zone - 330'x400' or 3.03 acres, more or less.

SCALE: 1"=60'-HORIZ.
 1"=40'-VERT.



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.

Cuts and fills shown are approximate - final finished elevation is to be adjusted so earthwork will balance. Corner stakes are approximate and do not include additional areas needed for sideslopes and drainages. Final Pad Dimensions are to be verified by Contractor.

VANN SURVEYS
 P. O. Box 1306
 Farmington, NM

BP AMERICA PRODUCTION COMPANY

DRILLING AND COMPLETION PROGRAM

10/23/2006

Lease: Schoen LS	Well Name & No.: Schoen LS #2M	Field: Blanco Mesaverde/Basin Dakota
County: San Juan, New Mexico	Surface Location: 27-30N-10W: 1850' FNL, 1920' FWL	
Minerals: Federal	Surface: Lat: 36.7852864 deg; Long: -107.8736822 deg	
Rig: H & P 292	BH Location: same	

OBJECTIVE: Drill 260' below the top of the Two Wells Mbr, set 4-1/2" production casing, Stimulate DK, MF, and PL intervals.

METHOD OF DRILLING		APPROXIMATE DEPTHS OF GEOLOGICAL MARKER				
TYPE OF TOOLS	DEPTH OF DRILLING	Actual GL:	6128	Estimated KB:	6,142.0'	
Rotary	0 - TD	Marker		SUBSEA	TVD	APPROX. MD
LOG PROGRAM		Ojo Alamo		4,788'	1,354'	1,354'
Type	Depth Interval	Kirtland		4,632'	1,510'	1,510'
Single Run		Fruitland	*	4,008'	2,134'	2,134'
		Fruitland Coal	*	3,746'	2,396'	2,396'
		Pictured Cliffs	*	3,453'	2,689'	2,689'
		Lewis	*	3,226'	2,916'	2,916'
		Cliff House	#	1,960'	4,182'	4,182'
Cased Hole	TD to 1300'	Menefee	#	1,688'	4,454'	4,454'
RST- CBL		Point Lookout	#	1,185'	4,957'	4,957'
		Mancos		822'	5,320'	5,320'
		Greenhorn		-780'	6,922'	6,922'
	Identify 4 1/2" cement top	Graneros (bent,mkr)		-831'	6,973'	6,973'
		Two Wells	#	-883'	7,025'	7,025'
		Paguete	#	-967'	7,109'	7,109'
		Cubero	#	-1,020'	7,162'	7,162'
		L. Cubero	#	-1,063'	7,205'	7,205'
		Encinal Cyn	#	-1,108'	7,250'	7,250'
		TOTAL DEPTH:		-1,143'	7,285'	7,285'

REMARKS:

The recommended TD is intended to penetrate the ENCN (~35') in order to evaluate, and possibly produce it. Offsetting wells encountered no water flow at this depth. See attached cross-section.

The intermediate casing should be set 100 ft. into the MENF to minimize the risks encountered drilling through the possibly water productive CLFH.

Please note the log interval extends from TD to 1300' (above the Ojo Alamo).

# Probable completion interval	# Possible Pay	

SPECIAL TESTS

TYPE	DRILL CUTTING SAMPLES		DRILLING TIME	
	FREQUENCY	DEPTH	FREQUENCY	DEPTH
None	30'/10' intervals	4,554' to TD	Geolograph	0 - TD

REMARKS:

MUD PROGRAM:

Interval	TypeMud	#gal	Vis, sec/qt	/30 min	Other Specification
200'	Spud	8.8 - 9.0	Sufficient to clean hole.		
4,554'	Water/LSND	8.4 - 9.0		<9	Sweep hole while whilst water drilling, LCM onsite
7,285'	Air	1	1000 cfm for hammer		Volume sufficient to maintain a stable and clean wellbore

CASING PROGRAM:

CasingString	Depth	Size	Casing Size	Grade, Thread	Weight	Landing Point	Cement
Surface/Conductor	200'	13 1/2"	9-5/8"	H-40 ST&C	32#		cmt to surface
Intermediate	0' - 4000'	8-3/4"	7"	J/K-55 ST&C	20#		
Intermediate	4000' -4554'	8 3/4"	7"	N-80 ST&C	23#	100' below MENF	cmt to surface
Production	7,285'	6-1/4"	4-1/2"	P-110 5-56	11.6#	DKOT	150' inside Intermediate - TOC survey required

CORING PROGRAM:

None

COMPLETION PROGRAM:

Rigless, 2-3 Stage Limited Entry Hydraulic Frac, FMC Unihead

GENERAL REMARKS:

Notify BLM/NMOCD 24 hours prior to Spud, BOP testing, and Casing and Cementing.

BOP Pressure Testing Requirements

Formation	Depth	Anticipated bottom hole pressure	Max anticipated surface pressure**
Cliffhouse	4,182'	500	0
Point Lookout	4,957'	600	0
Dakota	7,025'	2600	1054.5

Requested BOP Pressure Test Exception = 1500 psi

** Note: Determined using the following formula: ABHP - (.22*TVD) = ASP

Form 46 Reviewed by:	Logging program reviewed by:		
PREPARED BY:	APPROVED:	DATE:	APPROVED:
HGJ / JMP		23-Oct-06	
Form 46 7-84bw	For Drilling Dept.		For Production Dept.

Cementing Program

Well Name:	Schoen LS #2M			Well Flac	
Location:	27-30N-10W: 1850' FNL, 1920' FWL			Formation:	Blanco Mesaverde/Basin Dakota
County:	San Juan			KB Elev (est)	6142
State:	New Mexico			GL Elev. (est)	6128

Casing Program:

Casing String	Est. Depth (ft.)	Hole Size (in.)	Casing Size (in.)	Thread	TOC (ft.)
Surface	200	13.5	9.625	ST&C	Surface
Intermediate	4554	8.75	7	ST&C	Surface
Production -	7285	6.25	4.5	ST&C	4404

Casing Properties: (No Safety Factor Included)

Casing String	Size (in.)	Weight (lb/ft)	Grade	Burst (psi.)	Collapse (psi.)
Surface	9.625	32	H-40	2270	1400
Intermediate	7	20	K-55	3740	2270
Intermediate	7	23	N80	6340	3830
Production -	4.5	11.6	J-55	5350	4960

Mud Program

Apx. Interval (ft.)	Mud Type	Mud Weight	<u>Recommended Mud Properties Prio Cementing:</u>
			PV <20 YP <10 Fluid Loss <15
0 - SCP	Water/Spud	8.6-9.2	
SCP - ICP	Water/LSND	8.6-9.2	
ICP - ICP2	Gas/Air Mist	NA	
ICP2 - TD	LSND	8.6 - 9.2	

Cementing Program:

	Surface	Intermediate	Production
Excess %, Lead	100	75	40
Excess %, Tail	NA	0	40
BHST (est deg. F)	75	120	183
Special Instructions	1,6,7	1,6,8	2,4,6
<ol style="list-style-type: none"> 1. Do not wash pumps and lines. 2. Wash pumps and lines. 3. Reverse out 4. Run Blend Test on Cement 5. Record Rate, Pressure, and Density on 3.5" disk 6. Confirm densitometer with pressurized mud scales 7. 1" cement to surface if cement is not circulated. 8. If cement is not circulated to surface, run temp. survey 10-12 hr. after landing plug. 			

Notes:

*Do not wash up on top of plug. Wash lines before displacing production cement job to minimize drillout.

Surface:

Preflush	20 bbl.	FreshWater	
Slurry 1	154 sx Class C Cement		195 cuft
TOC@Surface	+ 2% CaCl2 (accelerator)		
			0.4887 cuft/ft OH

Slurry Properties:	Density (lb/gal)	Yield (ft ³ /sk)	Water (gal/sk)
Slurry 1	15.2	1.27	5.8

Casing Equipment:

- 9-5/8", 8R, ST&C
- 1 Guide Shoe
- 1 Top Wooden Plug
- 1 Autofill insert float valve
- Centralizers, as needed

Cementing Program

1 Stop Ring
1 Thread Lock Compound

Intermediate:

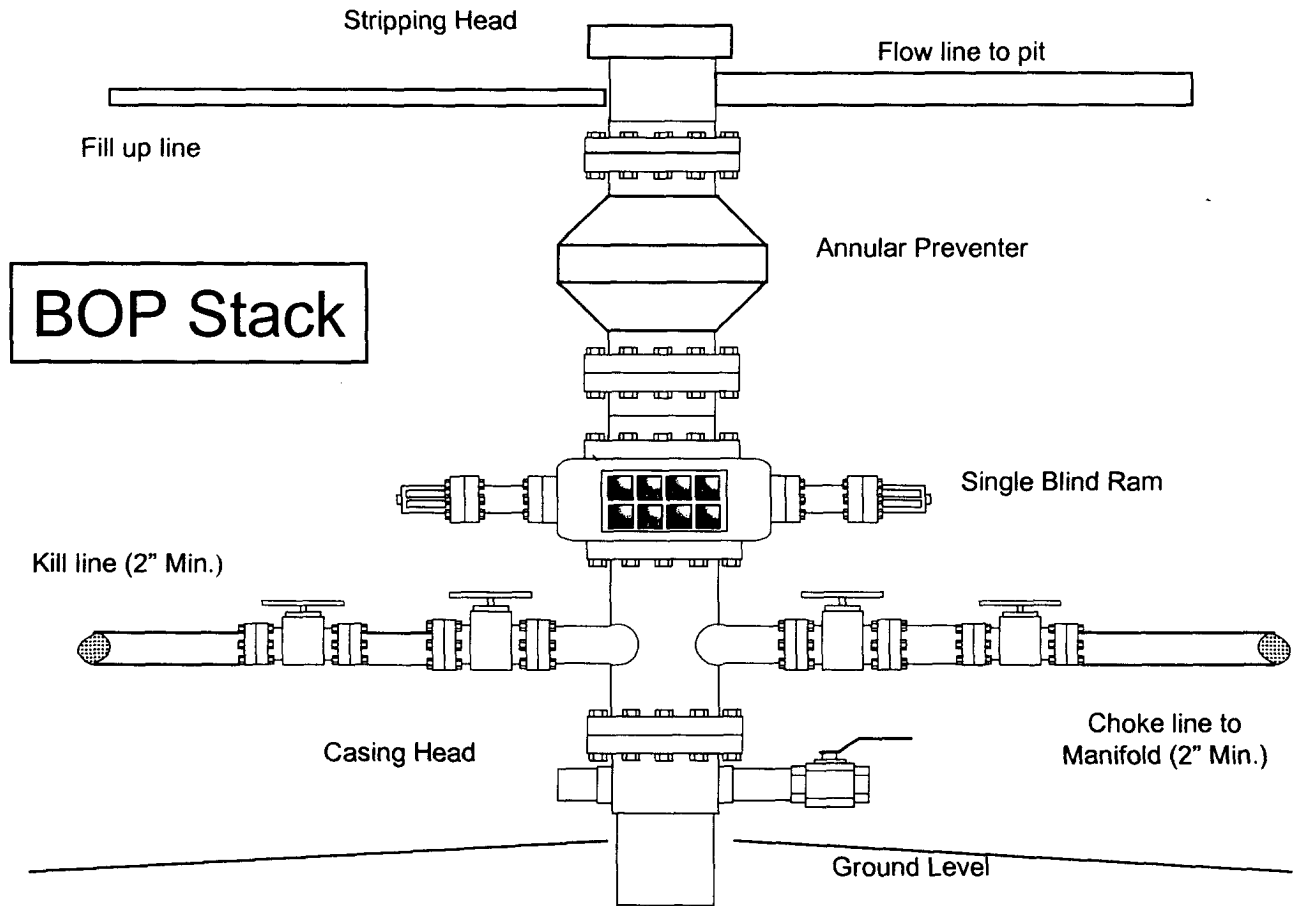
Fresh Water	20 bbl	fresh water	
Lead		399 sx Class "G" Cement	1049 cuft
Slurry 1		+ 3% D79 extender	
TOC@Surface		+1/4 #/sk. Cellophane Flake	
		+ 5 lb/sk Gilsonite	
Tail		59 sx 50/50 Class "G"/Poz	75 cuft
Slurry 2		+ 2% gel (extender)	
500 ft fill		+1/4 #/sk. Cellophane Flake	0.1503 cuft/ft OH
		+ 2% CaCl2 (accelerator)	0.1746 cuft/ft csg ann
		+ 5 lb/sk Gilsonite	
Slurry Properties:	Density	Yield	Water
	(lb/gal)	(ft3/sk)	(gal/sk)
Slurry 1	11.4	2.63	15.8
Slurry 2	13.5	1.27	5.72
Casing Equipment:	7", 8R, ST&C		
	1 Float Shoe (autofill with minimal LCM in mud)		
	1 Float Collar (autofill with minimal LCM in mud)		
	1 Stop Ring		
	Centralizers as needed		
	1 Top Rubber Plug		
	1 Thread Lock Compound		

Production:

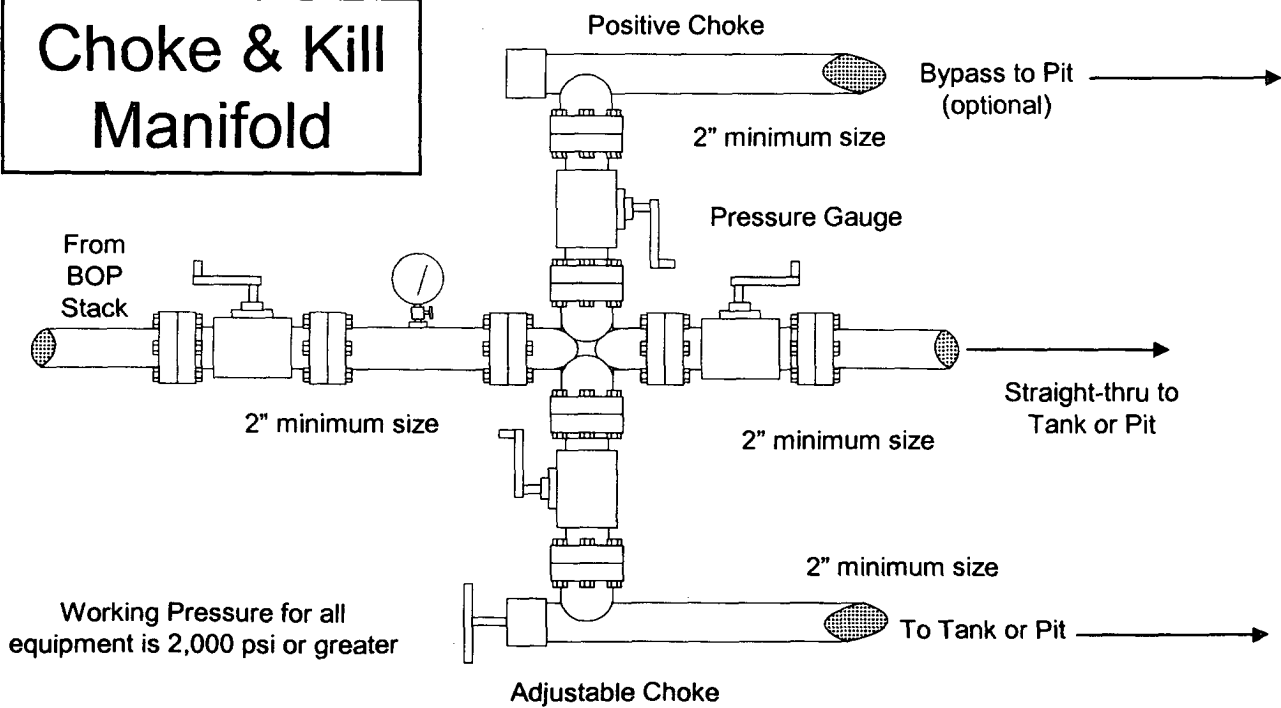
Fresh Water	10 bbl	CW100	
Lead		98 LiteCrete D961 / D124 / D154	247 cuft
Slurry 1		+ 0.03 gps D47 antifoam	
TOC, 400' above 7" shoe		+ 0.5% D112 fluid loss	
		+ 0.11% D65 TIC	
Tail		146 sx 50/50 Class "G"/Poz	210 cuft
Slurry 2		+ 5% D20 gel (extender)	
1465 ft fill		+ 0.1% D46 antifoam	
		+ 1/4 #/sk. Cellophane Flake	
		+ 0.25% D167 Fluid Loss	
		+ 5 lb/sk Gilsonite	
		+0.1% d800, retarder	
		+0.15% D65, dispersant	
			0.1026 cuft/ft OH
Slurry Properties:	Density	Yield	Water
	(lb/gal)	(ft3/sk)	(gal/sk)
Slurry 1	9.5	2.52	6.38
Slurry 2	13	1.44	6.5
			Top of Mancos
			5320
Casing Equipment:	4-1/2", 8R, ST&C		
	1 Float Shoe (autofill with minimal LCM in mud)		
	1 Float Collar (autofill with minimal LCM in mud)		
	1 Stop Ring		
	Centralizers, as needed		
	1 Top Rubber Plug		
	1 Thread Lock Compound		

BP American Production Company

Well Control Equipment Schematic



Choke & Kill Manifold



**Additional Operator Remarks
Schoen LS 2M
APD**

NOTICE OF STAKING WAS SUBMITTED ON 08/07/06

BP America Production Company respectfully requests permission to drill the subject well to a total depth of approximately 7285' MD. Complete in the Basin Dakota Pool, isolate the Dakota; complete into the Blanco Mesaverde, establish a production rate; drill out the bridge plug and commingle production downhole.

Application for Downhole Commingling authority (NMOCD order R-11363) will be submitted to all appropriate for approval after Permit to Drill has been approved.

If terrain allows it is our intent to pre-set the 9 5/8" casing on the above mentioned well by drilling a surface hole with air/air mist in lieu of drilling mud and the surface casing be cemented with 94.5 cu/ft type I-II, 20% FLYASH, 14.5 PPG, 7.41 gal/sk, 1.61 cf/sk Yield, 80 DEG BHST ready mix cement. If the area will not allow for pre-set the approved cement program will be followed.

SUPPLEMENTAL TO SURFACE USE PLAN

New Facilities:

A 4.5" diameter buried steel pipeline that is +/- 2000 feet in length will be constructed. The pipe wall thickness is .156 and the pipe wall strength is 42,000#. It will be adjacent to the access road and tie the well into an existing gas meter operated by BP America Production Company. The pipeline will not be used to transport gas to drill the well. After the well is spud the pipeline will be authorized by a right-of-way issued by El Paso Field Services.

APD/ROW