

RCVD MAR19'07

OIL CONS. DIV.

DIST. 3

Form 3160-3
(August 1999)

UNITED STATES **2006 AUG 4 PM 12 31**
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT **RECEIVED**

APPLICATION FOR PERMIT TO DRILL OR REENTER ON NM

FORM APPROVED

OMB No. 1004-0136

Expires November 30, 2000

1a. Type of Work: ☒ DRILL☐ REENTERb. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other☒ Single Zone ☐ Multiple Zone

2. Name of Operator

Schalk Development 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 1945' FNL and 1800' FWL

At proposed prod. Zone

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

30 miles east of Farmington, NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)

695'

16. No. of Acres in lease

397.60

17. Spacing Unit dedicated to this well

N/2 317.6 acres

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

150'

19. Proposed Depth

3360' +/-

20. BLM/BIA Bond No. on file

NM 1791

21. Elevations (Show whether DF, KDB, RT, GL, etc.)

6468' GR

22. Approximate date work will start*

October 1, 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 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

Paul C. Thompson

Name (Printed/Typed)

Paul C. Thompson, P.E.

Date

8/2/2006

Title

Agent

Approved by (Signature)

Jim Walsh

Name (Printed/Typed)

Date

3/15/07

Title

Acting AFM Minerals

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 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) Submit application for pit permit on OGD Form C-103 prior to constructing location.

NOTIFY AZTEC OGD 24hrs
IN TIME TO WITNESS cement & csaDRILLING OPERATIONS AUTHORIZED ARE
SUBJECT TO COMPLIANCE WITH ATTACHED
"GENERAL REQUIREMENTS".

NMOCD

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

B 3/22/07

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Schalk Development Company c/o Walsh Engineering

3a. Address

7415 E. Main, Farmington, NM, 87402

3b. Phone No. (include area code)

505-327-4892

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1945' FNL and 1800' FWL, Sec. 3, T30N, R5W

5. Lease Serial No.

NM 4455

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

Schalk 55 #200

9. API Well No.

30039 30018

10. Field and Pool, or Exploratory Area

Basin Fruitland Coal

11. County or Parish, State

Rio Arriba, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomple horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once Testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Schalk Development requests permission to drill into the Pictured Cliffs so the pump can be placed below the Fruitland Coals. TD will be approximately 50' below the top of the Pictured Cliffs formation. A mud logger will check the Pictured Cliffs for gas shows while the Pictured Cliffs is being penetrated.

PC - non-prod; ^{semp} ~~prop~~
request granted 8/28/06
GTH

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Paul C. Thompson, P.E.

Title

Agent

Signature

Paul C. Thompson

Date

August 23, 2006

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

Jim Lovato

Title

Acting AM
Minerals

Date

8/15/07

Conditions of approval, if any, are attached. Approval of this notice 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.

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)

NMOC

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

*API Number 30-039-30018		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 10044	*Property Name SCHALK 55		*Well Number 200
*OGRID No. 020389	*Operator Name SCHALK DEVELOPMENT COMPANY		*Elevation 6468'

¹⁰ Surface Location

UL or lot no. F	Section 3	Township 30N	Range 5W	Lot Idn	Feet from the 1945	North/South line NORTH	Feet from the 1800	East/West line WEST	County RIO ARriba
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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 N/2 317.6 Acres					¹³ Joint or Infill Y	¹⁴ Consolidation Code	¹⁵ Order No.	RCVD MAR19'07 OIL CONS. DIV.	

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

1301.52'	LOT 8	1945'	LOT 7	LOT 6	LOT 5	1298.88'	1320.00'	2640.00'	5264.82'	¹⁷ 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 8/2/06 Date

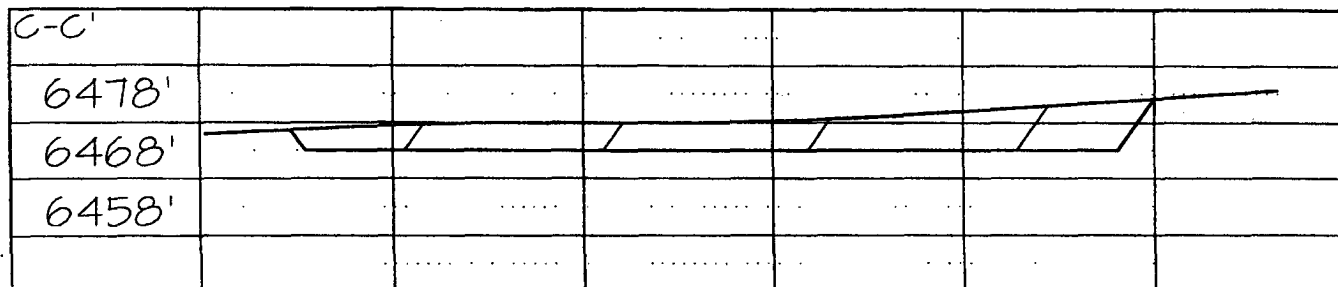
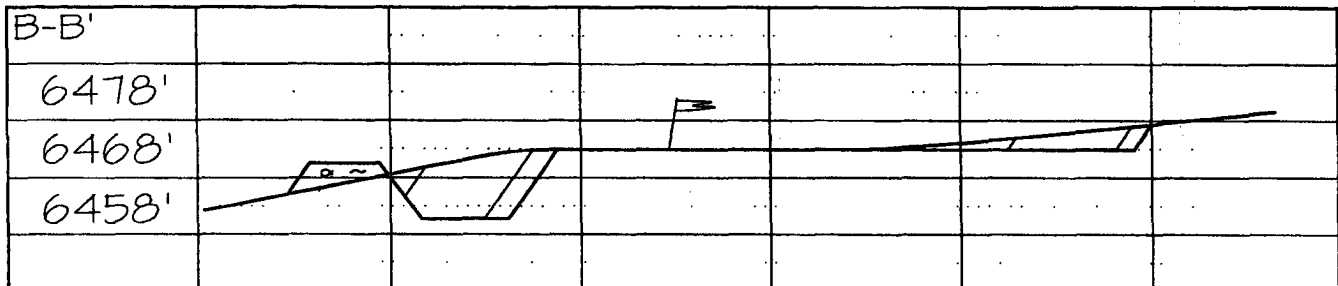
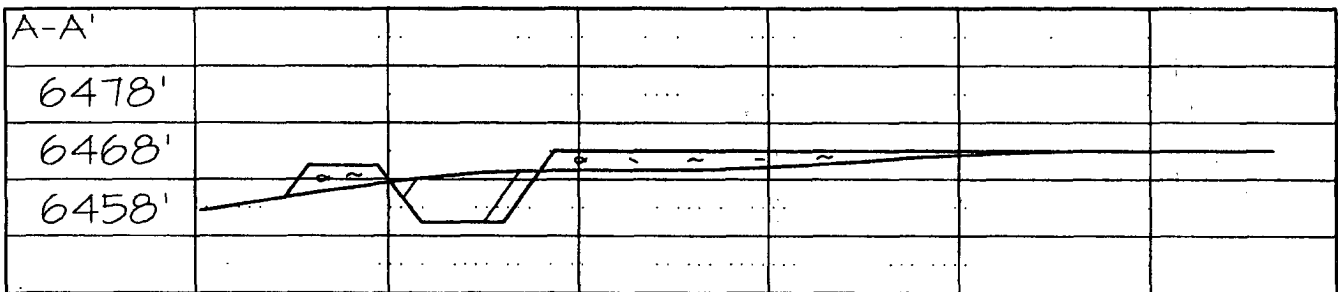
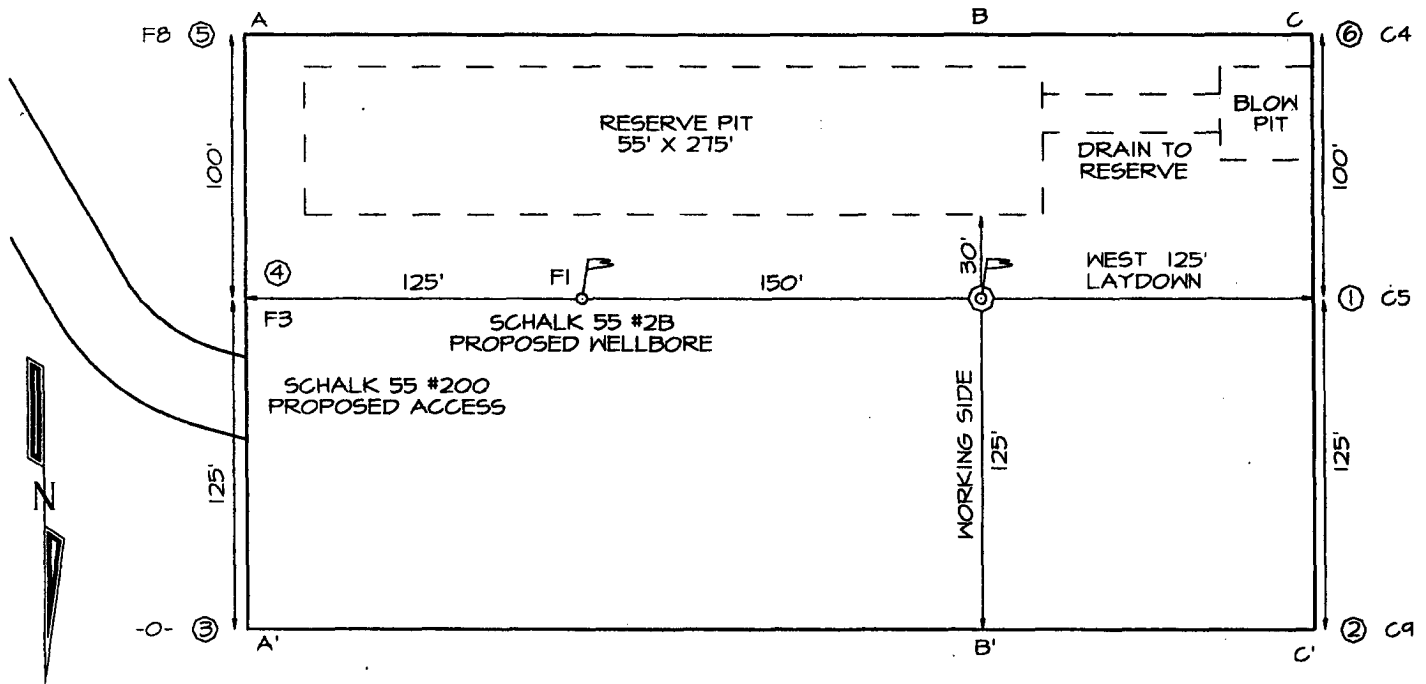
LAT: 36.84355 °N
LONG: 107.34758 °W
DATUM: NAD1983

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: NOVEMBER 18, 2005
Signature and Seal of Professional Surveyor
JASON C. EDWARDS
NEW MEXICO
REGISTERED PROFESSIONAL SURVEYOR
15269
Certificate Number 15269

PLAT #2

SCHALK DEVELOPMENT COMPANY SCHALK 55 #200
1945' FNL & 1800' FWL, SECTION 3, T30N, R5W, NMPM
RIO ARriba COUNTY, NEW MEXICO
GROUND ELEVATION: 6468'

LATITUDE: 36.84355° N
LONGITUDE: 107.34758° W
 DATUM: NAD1983



SCHALK DEVELOPMENT CORPORATION
OPERATIONS PLAN
Schalk 55 #200

I. Surface 1945' FNL & 1800' FWL Date: August 1, 2006
Location: Sec 3 T30N R5W
Rio Arriba County, NM

Field: Basin Fruitland Coal Elev: GL 6468'
Surface: Carson Nat'l Forest
Minerals: NM-4452

II. Geology: Surface formation _ Nacimiento

A. Formation Tops	Depth
Ojo Alamo	2610'
Kirtland	2685'
Fruitland	3165'
Pictured Cliffs	3340'
Total Depth	3360'

Estimated depths of anticipated water, oil, gas, and other mineral bearing formations which are expected to be encountered:

Water and gas - 3165', 3340'.

B. Logging Program: CDL/CNL/GR/SP DIL logs at TD.

C. No over pressured zones are expected in this well. No H₂S zones will be penetrated in this well. Max. BHP = 1500 psig.

III. Drilling

A. Contractor:

B. Mud Program:

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

The intermediate 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.

The production hole will be drilled and under-reamed with fresh water, then open hole cavitated. An uncemented liner will be run across the Fruitland Coal section.

C. Minimum Blowout Control Specifications:

Double ram type 2000 psi working pressure BOP with a rotating head. See Exhibit #1 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 1500 psi.

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
12-1/4"	200'	9-5/8"	36# J-55
8-3/4"	3150'	7"	20# J-55
6-1/4"	3360'	5-1/2"	15.5# J-55

B. Float Equipment:

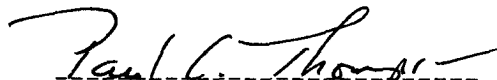
a) Surface Casing: Notched collar and 3 centralizers on the bottom 3 collars.

Intermediate
b) ~~Production~~ Casing: Cement-nosed guide shoe and float collar on top of the bottom joint. Place 5 centralizers on every other collar starting at the float, and 5 turbolizers spaced every 5th collar across the Ojo Alamo.

V. Cementing:

Surface casing: 9-5/8" - Use 110 sx (130 cu. ft.) of C1 "B" with 3% CaCl₂, and ¼ #/sk. celloflake. (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 1500 psi for 30 min.

Intermediate casing: 7" - - Before cementing circulate hole with at least 1-1/2 hole volumes of mud. Precede cement with 20 bbls of fresh water. **Lead** with 330 sx (690 cu. ft.) of Type III 65/35 poz with 8% gel, 1% CaCl₂, and ¼ #/sk. celloflake. Yield = 2.09 cu. ft./sk; slurry weight = 12.3 PPG). **Tail** with 100 sx (139 cu. ft.) of Type III with 1% CaCl₂, and ¼ #/sk. celloflake. (Yield = 1.39 cu. ft./sk; slurry weight = 14.5 PPG). Total volume = 829 cu.ft. Use 75% excess in lead and tail to circulate cement to surface.


Paul C. Thompson, P.E.

Well Control Equipment Schematic for 2M Service

Attachment to Drilling Technical Program

Exhibit #1 Typical BOP setup

Location: San Juan Basin, New Mexico

Date: August 24, 2004

By: John Thompson (Walsh E&P)

