

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

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

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. SF-078195
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well Gas <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or tribe Name
2. Name of Operator BP AMERICA PRODUCTION COMPANY		7. If Unit or CA Agreement, Name and No
3a. Address P.O. BOX 3092 HOUSTON, TX 77079-2064	3b. Phone No. (include area code) 281-366-3866	8. Lease Name and Well No. Sellers Federal LS 2E
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 2395' FNL & 1725' FEL SWNE At proposed prod. Zone SAME		9. API Well No. 30-045-34012
14. Distance in miles and direction from nearest town or post office* 6.3 MILES SOUTHEAST FROM AZTEC, NM		10. Field and Pool, or Exploratory Basin Dakota & Blanco Mesaverde
15. Distance from proposed* Location to nearest Property or lease line, ft. (Also to nearest drig. Ujnit line, if any) 882'		11. Sec., T., R., M., or Blk. and survey or Area SECTION 30 T30N & R10W
16. No. of Acres in lease 310.68		12. County or Parish SAN JUAN
17. Spacing Unit dedicated to this well 310.68 E/2		13. State NEW MEXICO
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.		19. Proposed Depth 7201' MD
20. BLM/BIA Bond No. on file WY2924		21. Elevations (show whether DF, KDB., RT, GL, etc.) 6127' GL
22. Approximate date work will start* 07/15/07		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 <i>Kristina Hurts</i>	Name (Printed/typed) Kristina Hurts	Date 10/12/2006
--	---	---------------------------

Regulatory Analyst

Approved by (Signature) <i>[Signature]</i>	Name (Printed/Typed) AFM	Office FEO	Date 4/16/07
---	------------------------------------	----------------------	------------------------

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)

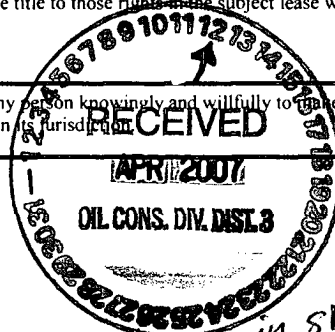
NOTIFY AZTEC OGD 24 HRS.
PRIOR TO CASING & CEMENT

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

HOLD TIME FOR

4/16/07

NMOCD



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

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

2006 OCT 17 PM 11 29 AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-045-34012	2 Pool Code 71599 & 72319	3 Pool Name Basin Dakota & Blanco Mesquite
4 Property Code D13517	5 Property Name Sellers Federal LS	6 Well Number # 2E
7 OGRID No. 778	8 Operator Name BP AMERICA PRODUCTION COMPANY	9 Elevation 6127

10 Surface Location

UL or Lot No. Lot 11 (G)	Section 30	Township 30 N	Range 10 W	Lot Idn (11)	Feet from the 2395	North/South line NORTH	Feet from the 1725	East/West line EAST	County SAN JUAN
------------------------------------	----------------------	-------------------------	----------------------	------------------------	------------------------------	----------------------------------	------------------------------	-------------------------------	---------------------------

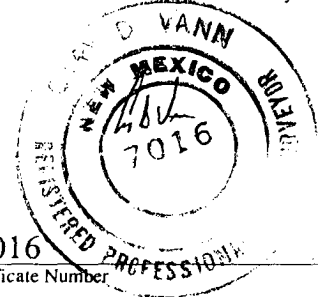
11 Bottom Hole Location If Different From Surface

12 UL or lot no.	13 Section	14 Township	15 Range	16 Lot Idn	17 Feet from the	18 North/South line	19 Feet from the	20 East/West line	21 County
------------------	------------	-------------	----------	------------	------------------	---------------------	------------------	-------------------	-----------

22 Dedicated Acres 310.68	23 Joint or Infill	24 Consolidation Code	25 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 Lot 8	1212(R)	1289(R)	2577(R)	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 Horts Printed Name REGULATORY ANALYST Title 10-12-06 Date
Lot 9	30	Lot 10	Lot 11	2395'
Lot 12	1725'	Lot 13	Lot 14	7016
Lot 15	Lot 16	Lot 17	Lot 18	7016
Lot 19	Lot 20	Lot 21	Lot 22	7016



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

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

Form C-103
May 27, 2004

WELL API NO. 30-045-34012
New Well
5. Indicate Type of Lease
STATE ☐ FEE ☐
6. State Oil & Gas Lease No. 2005 OCT 17 PM 11 28

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

7. Lease Name or Unit Agreement Name
Sellers Federal LS
8. Well Number
2E
9. OGRID Number
000778
10. Pool name or Wildcat
Basin Dakota & Blanco Mesaverde

4. Well Location
Unit Letter G : 2395 feet from the North line and 1725 feet from the East line
Section 30 Township 30N Range 10W NMPM SAN JUAN County
11. Elevation (Show whether DR, RKB, RT, GR, etc.)
6127'

Pit or Below-grade Tank Application ☒ or Closure ☐
Pit type DRILLING Depth to Groundwater >100' Distance from nearest fresh water well >1000' Distance from nearest surface water 200'
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: **LINED DRILLING PIT** ☒

OTHER: ☐

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 NMOC guidelines ☒ a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

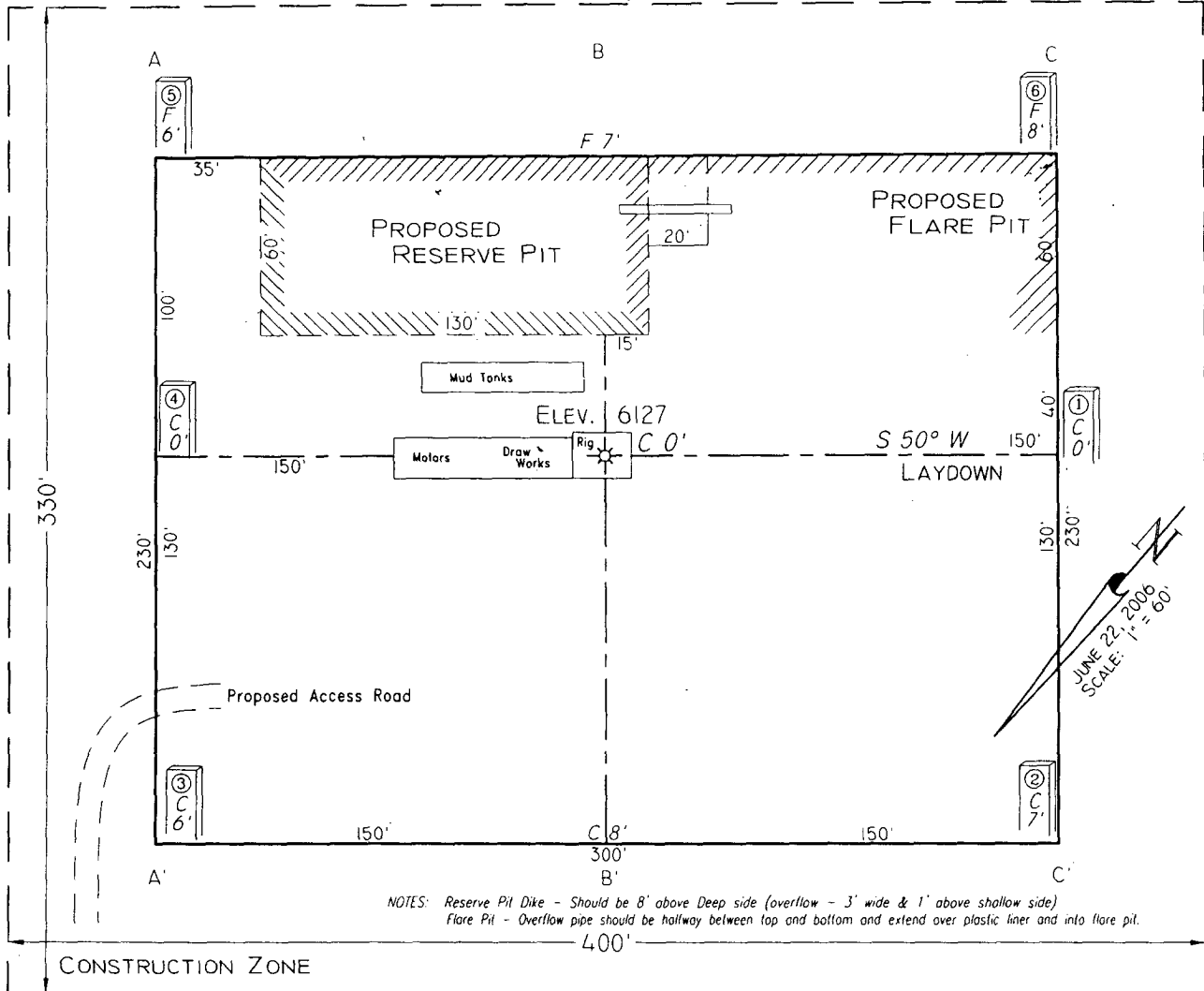
SIGNATURE Kristina Hurts TITLE Regulatory Analyst DATE 10/12/06

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. #3 DATE APR 16 2007
Conditions of Approval (if any): _____

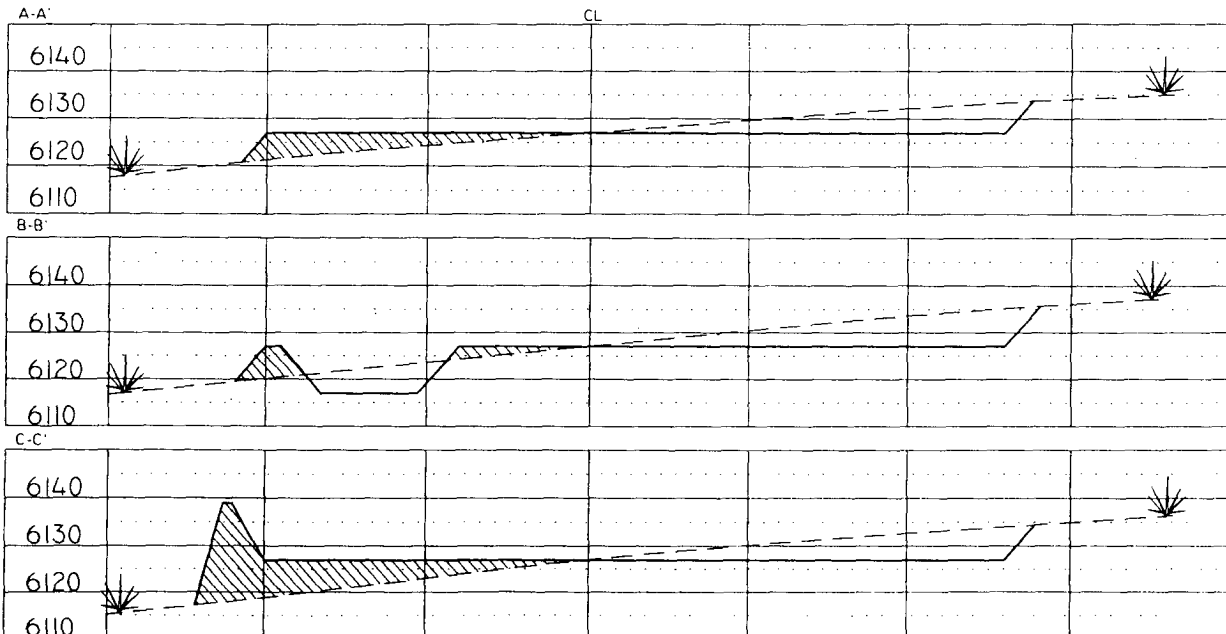
PAD LAYOUT PLAN & PROFILE
BP AMERICA PRODUCTION COMPANY
 Sellers Federal LS # 2E
 2395' F/NL 1725' F/EL
 SEC. 30, T30N, R10W, N.M.P.M.
 SAN JUAN COUNTY, NEW MEXICO

Lat: 36.78341°
 Long: 107.92233°(83)



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

7/14/2006

Lease:	Sellers Federal LS	Well Name & No.	Sellers Federal LS #2E	Field:	Blanco Mesaverde/Basin Dakota
County:	San Juan, New Mexico	Surface Location:	30-30N-10W: 2395' FNL, 1725' FEL		
Minerals:	Federal	Surface:	Lat: 36.7833781 deg; Long: -107.9217696 deg.		
Rig:	Aztec 184	BH Location:	Same		

OBJECTIVE: Drill 240' below the top of the Two Wells Mbr, set 4-1/2" production liner, Stimulate DK, MF, and PL intervals.

METHOD OF DRILLING		APPROXIMATE DEPTHS OF GEOLOGICAL MARKER				
TYPE OF TOOLS	DEPTH OF DRILLING	Actual GL:	6127	Estimated KB:	6,141.0'	
Rotary	0 - TD	Marker		SUBSEA	TVD	APPROX. MD
LOG PROGRAM Type Single Run Cased Hole RST- CBL TD to 7" shoe Identify 4 1/2" cement top		Ojo Alamo		4,936'	1,205'	1,205'
		Kirtland		4,796'	1,345'	1,345'
		Fruitland	*	4,232'	1,909'	1,909'
		Fruitland Coal	*	3,878'	2,263'	2,263'
		Pictured Cliffs	*	3,599'	2,542'	2,542'
		Lewis	*	3,371'	2,770'	2,770'
		Cliff House	#	2,083'	4,058'	4,058'
		Menefee	#	1,768'	4,373'	4,373'
		Point Lookout	#	1,282'	4,859'	4,859'
		Mancos		877'	5,264'	5,264'
REMARKS: The recommended TD is intended to penetrate the ENCN (~50') 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.		Greenhorn		-719'	6,860'	6,860'
		Graneros (bent,mkr)		-769'	6,910'	6,910'
		Two Wells	#	-820'	6,961'	6,961'
		Paguate	#	-894'	7,035'	7,035'
		Cubero	#	-950'	7,091'	7,091'
		L. Cubero	#	-988'	7,129'	7,129'
		Encinal Cyn	#	-1,021'	7,162'	7,162'
		TOTAL DEPTH:		-1,060'	7,201'	7,201'
		# Probable completion interval			* Possible Pay	

SPECIAL TESTS		DRILL CUTTING SAMPLES		DRILLING TIME	
TYPE		FREQUENCY	DEPTH	FREQUENCY	DEPTH
None		30'/10' intervals	4,473' to TD	Geolograph	0 - TD
REMARKS: The recommended TD is intended to penetrate the ENCN (~50') 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.					

MUD PROGRAM:					
Interval	TypeMud	#/gal	Vis, sec/qt	/30 min	Other Specification
200'	Spud	8.8 - 9.0	Sufficient to clean hole.		
4,473'	Water/LSND	8.4 - 9.0		<9	Sweep hole while whilst water drilling, LCM onsite
7,201'	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' - 4473	8 3/4"	7"	N-80 ST&C	23#	100' below MENF	cmt to surface
Production	7,201'	6-1/4"	4-1/2"	J-55	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	4,058'	500	0
Point Lookout	4,859'	600	0
Dakota	6,961'	2600	1068.58
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:	
HGJ	JMP/GGZ	DATE:	APPROVED:
		14-Jul-06	
Form 46 7-84bw		For Drilling Dept.	
		For Production Dept.	

Cementing Program

Well Name: Sellers Federal LS #2E
 Location: 30-30N-10W: 2395' FNL, 1725' FEL
 County: San Juan
 State: New Mexico

Well Flac
 Formation: Blanco Mesaverde/Basin Dakota
 KB Elev (est) 6141
 GL Elev. (est) 6127

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	4473	8.75	7	ST&C	Surface
Production -	7201	6.25	4.5	ST&C	4323

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

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.	Fresh Water	
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		391 sx Class "G" Cement	1027 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

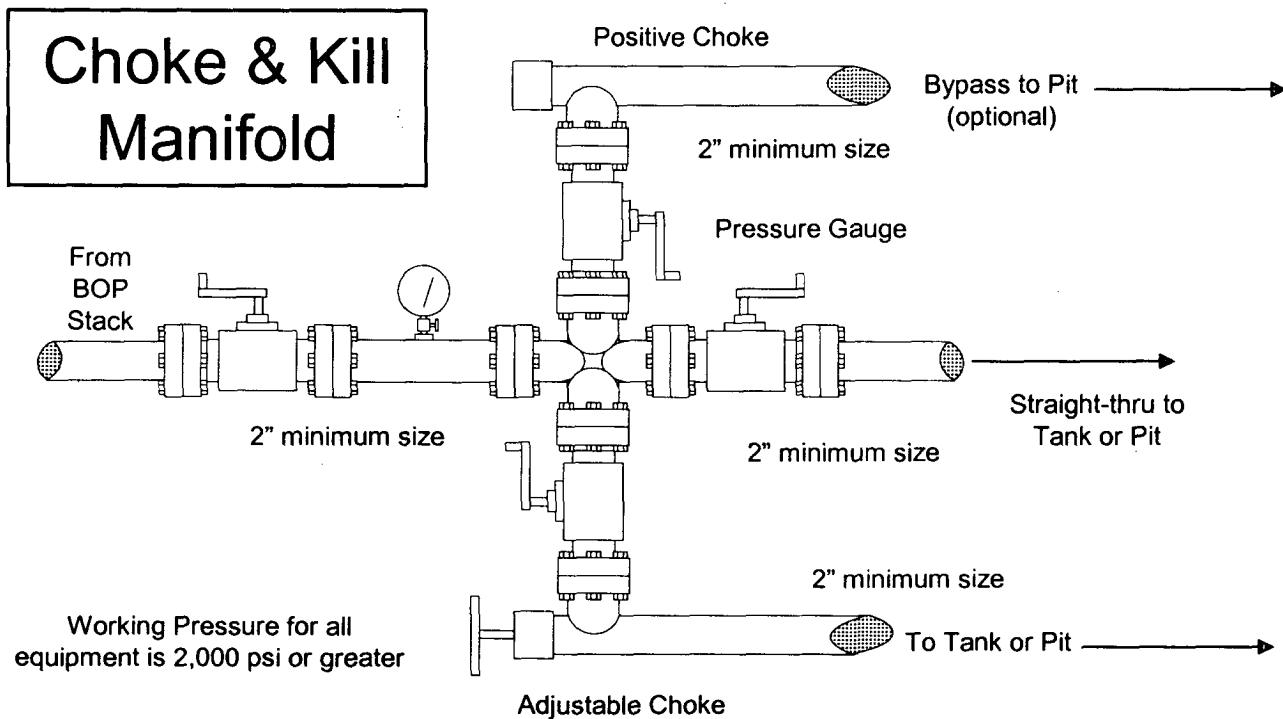
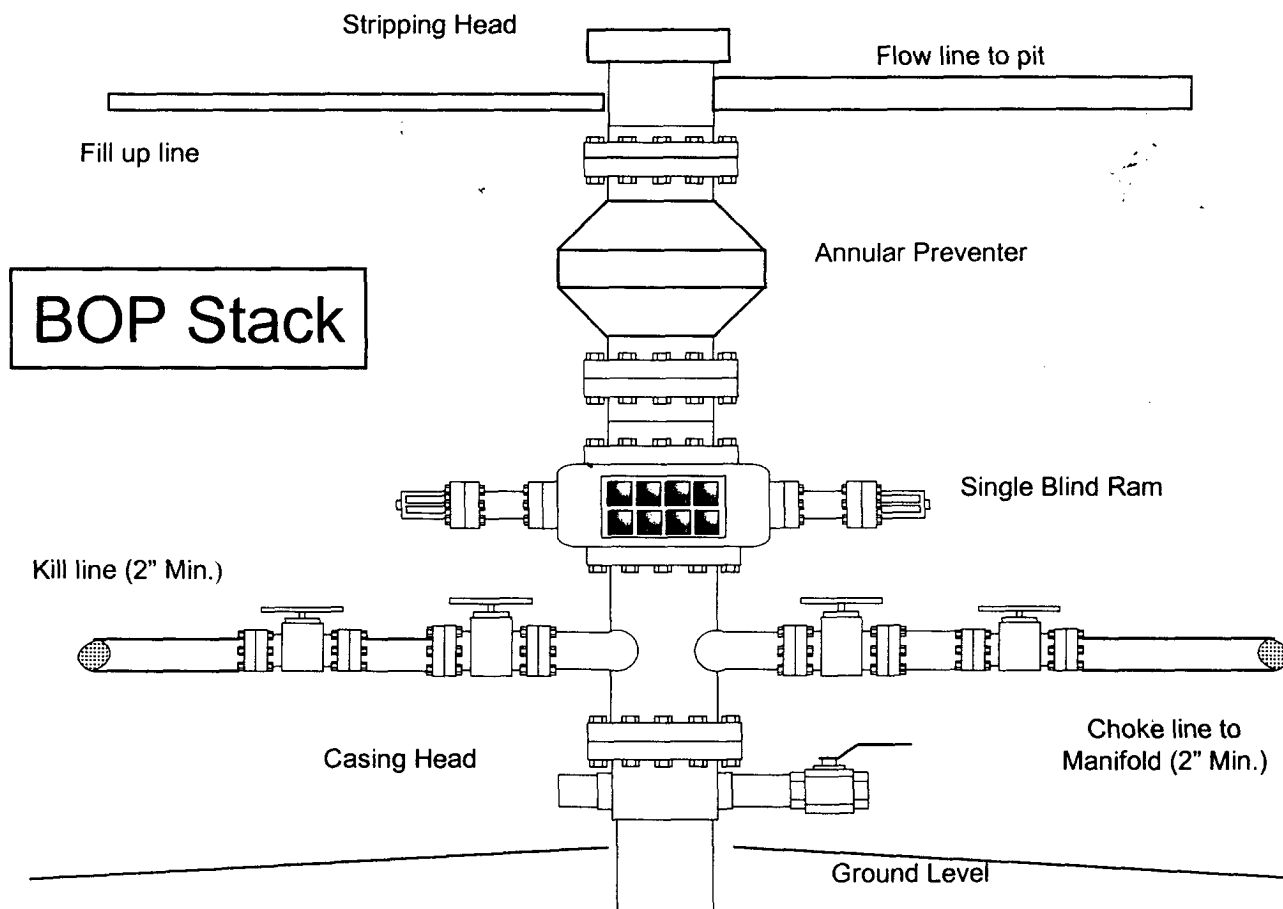
Production:

Fresh Water	10 bbl	CW100	
Lead		100 LiteCrete D961 / D124 / D154	251 cuft
Slurry 1		+ 0.03 gps D47 antifoam	
TOC, 400' above 7" shoe		+ 0.5% D112 fluid loss	
		+ 0.11% D65 TIC	
Tail		143 sx 50/50 Class "G"/Poz	206 cuft
Slurry 2		+ 5% D20 gel (extender)	
1437 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
			5264
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



Additional Operator Remarks
Sellers Federal LS 2E
APD

NOTICE OF STAKING WAS SUBMITTED ON 07/19/06

BP America Production Company respectfully requests permission to drill the subject well to a total depth of approximately 7201' 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