

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

070 Farmington, NM

APPLICATION FOR PERMIT TO DRILL OR REENTER

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

1a. Type of Work: ☒ DRILL

☐ REENTER

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

2. Name of Operator

Kukui 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 1780' FSL and 1915' FEL

At proposed prod. Zone

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

10 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)

720'

16. No. of Acres in lease

320+

17. Spacing Unit dedicated to this well

320 acres $\frac{1}{2}$

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

250'

19. Proposed Depth

2400'

20. BLM/BIA Bond No. on file

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

6399' GL

22. Approximate date work will start*

May 15, 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, 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

4/23/03

Title

Agent

Approved by (Signature)

David J. Mankiewicz

Name (Printed/Typed)

Date

AUG - 4 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 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)

This action is subject to technical and
procedural review pursuant to 43 CFR 3165.0
and appeal pursuant to 43 CFR 3165.4

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

NMOC

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

District II
PO Drawer 00, 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, 1991
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 30045-31645 | | *Pool Code 71629 | *Pool Name BASIN FRUITLAND COAL |
| *Property Code 32694 | *Property Name ANGEL PEAK 14 | | *Well Number 6S |
| *OGRID No. 149678 | *Operator Name KUKUI OPERATING COMPANY | | *Elevation 6399' |

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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| J | 14 | 27N | 10W | | 1780 | SOUTH | 1915 | 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 320.0 Acres - (S/2) | ¹³ Joint or Infill Y | 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

| | | |
|---|--|--|
| <div>16</div> <div>RECEIVED 2003 SEP -2 PM 12:01 070 Farmington, NM</div> | <div>5277.36'</div> <div>SF-079596</div> <div>14</div> <div>720'</div> <div>1915'</div> <div>1780'</div> <div>5280.00'</div> <div>5280.00'</div> | <div>¹⁷ OPERATOR CERTIFICATION</div> <div>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</div> <div><u>Paul C. Thompson</u> Signature</div> <div><u>Paul C. Thompson</u> Printed Name</div> <div><u>AGENT</u> Title</div> <div><u>8/18/03</u> Date</div> |
| | | <div>¹⁸ SURVEYOR CERTIFICATION</div> <div>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.</div> <div>Date of Survey: MARCH 11, 2003</div> <div>Signature and Seal of Professional Surveyor</div> <div></div> <div><u>JASON C. EDWARDS</u> Certificate Number 15269</div> |

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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.

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

RECEIVED

Lease Serial No.
SF 079596

6. If Indian, Allottee or Tribe Name
PH 12: 01

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

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Kukui Operating Company

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)

1780' FSL and 1915' FEL, Sec. 14, T27N, R10W

8. Well Name and No.

Angel Peak 14 #5S

9. API Well No.

30-045-31645

10. Field and Pool, or Exploratory Area

Basin Fruitland Coal

11. County or Parish, State

San Juan

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 checked="" type="checkbox"/> Other Name |
| | <input checked="" type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | Change |
| | <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.)

The spacing unit for this well is the south half instead of the east half of Section 14, T27N, R10W. To conform to NMOCD naming rules, this well name will be changed to the Angel Peak 14 #6S from the Angel Peak 14 #5S

Kukui Operating Company proposes to drill from the base of the surface casing to TD using an air - mist circulating system. A blow pit will be constructed in addition to the reserve pit but all construction activities will remain on the original pad. All other aspects of the APD package will remain the same.

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

Name (Printed/Typed)

Robert J. Voorhees

Title

V.P. Engineering & Development

Signature

Date

4/22/03 August 18, 2003

THIS SPACE FOR FEDERAL OR STATE USE

ACCEPTED FOR RECORD

Approved by

Title

Date

SEP 3 2003

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.

Office

FARMINGTON DISTRICT OFFICE

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)

NMOCD

Kukui Operating Company
OPERATIONS PLAN
Angel Peak 14 #5S

I. Location: 1780' FSL & 1915' FEL
Sec 14 T27N R10W
San Juan County, NM

Date: April 18, 2003

Field: Basin Fruitland Coal
Surface: BLM
Minerals: SF - 077329

Elev: GL 6399'

II. Geology: Surface formation _ Nacimiento

| <u>A. Formation Tops</u> | <u>Depths</u> |
|--------------------------|---------------|
| Ojo Alamo | 1310' |
| Kirtland | 1460' |
| Fruitland | 1960' |
| Pictured Cliffs | 2275' |
| Total Depth | 2400' |

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

Water and gas - 1960' and 2275'.

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

C. No over pressured zones are expected in this well. No H₂S 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" | 2400' | 4-1/2" | 10.5# K-55 |

B. Float Equipment:

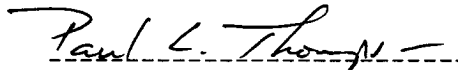
a) Surface Casing: None

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 185x (381 cu.ft) of Cl "B" with 2% SMS, 1/4#/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 1/4#/sk. celloflake/sk. (Yield = 1.18 cu. ft./sk; slurry weight = 15.6 PPG) Total cement volume is 499 cu.ft. (100% excess to circulate cement to surface).



Paul C. Thompson, P.E.