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FORM APPROVED
OMB No. 1004-0136
Expires January 31, 2004

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. SF077123
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator West Largo Corp.		7. If Unit or CA Agreement, Name and No.
3a. Address 8801 S. Yale, Suite 240 Tulsa, OK 74137-3535		8. Lease Name and Well No. Federal 12 No. 1
3b. Phone No. (include area code) 918-492-3239		9. API Well No. 30045 31902
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 1200' FSL - 1475' FEL At proposed prod. zone Same		10. Field and Pool, or Exploratory Basin Fruitland Coal
14. Distance in miles and direction from nearest town or post office* 7 miles southeast of Blanco, NM		11. Sec., T. R. M. or Blk. and Survey or Area Section 12, T28N, R9W, NMPM
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1200	16. No. of acres in lease 1349.88	17. Spacing Unit dedicated to this well All 269.88 acs(all of section)
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 300	19. Proposed Depth 2332'	20. BLM/BIA Bond No. on file NM2283
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5739' GL	22. Approximate date work will start* 10/15/2003	23. Estimated duration 3 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. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 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). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature <i>Robert E. Fielder</i>	Name (Printed/Typed) Robert E. Fielder	Date 09/18/2003
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Title
Agent

Approved by (Signature)
David J. Markiewicz

Name (Printed/Typed)

Date
NOV 10 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 page 2) .

This action is subject to technical and procedural review pursuant to 43 CFR 3165.3 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 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 30-045-31902		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 14171	*Property Name FEDERAL 12		*Well Number 1
*GRID No. 37197	*Operator Name WEST LARGO CORPORATION		*Elevation 5739'

¹⁰ Surface Location

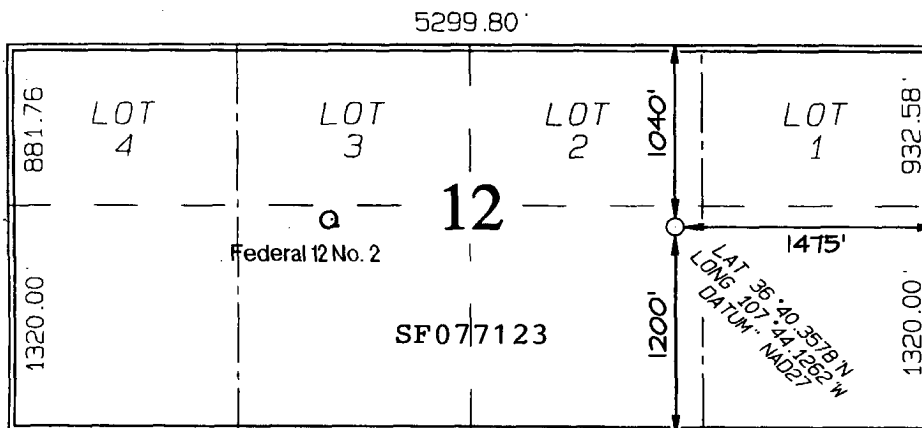
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	12	28N	9W		1200	SOUTH	1475	EAST	SAN JUAN

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 269.88 Acres - Entire Section	¹³ Joint or Infill Y	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



5292.54'

¹⁷ OPERATOR CERTIFICATION

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

Robert E. Fielder
Signature

Robert E. Fielder
Printed Name

Agent
Title

September 18, 2003
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: AUGUST 28, 2003

Signature and Seal of Professional Surveyor



JASON C. EDWARDS
Certificate Number 15269

RECEIVED

23 SEP 23 AM 11:49

070 Farmington, NM



West Largo Corp.
Federal 12 No. 1
1200' FSL & 1475' FEL
Section 12, T28N, R9W, NMPM
San Juan County, New Mexico

TEN POINT DRILLING PROGRAM

1. Surface Formation: Nacimiento

2. Surface Elevation: 5739' GL.

3. Estimated Formation Tops:

<u>Formation</u>	<u>Top - feet</u>	<u>Expected Production</u>
Nacimiento	surface	
Ojo Alamo	979	
Kirtland	1228	
Fruitland	1809	
Fruitland Coal	2107	GAS
Pictured Cliffs	2132	GAS
Lewis	2325	
TOTAL DEPTH	2332	

4. Surface Hole Program:

Bit: Drill an 8 3/4" hole to 200' using a retip mill tooth, IADC Class 115 or 116, bit. WOB: all. RPM: 70 - 100.

Mud: Use a fresh water base spud mud with the following properties:

<u>Interval (ft)</u>	<u>Weight (ppg)</u>	<u>Ph</u>	<u>Vis(sec/qt)</u>	<u>Water Loss</u>
0 - 200	8.6 or less	9.0-9.5	40 - 50	No Control

Casing and Cementing: A string of 7" 20 ppf J-55 or K-55 ST&C casing will be set and cemented to the surface in a single stage with 55 sacks of Class "B" cement (yield = 1.18 cf/sk) containing 3% CaCl₂ and 1/4 lb/sack celloflake. Slurry volume assumes 100% excess over calculated hole volume. If cement does not circulate to surface, cement will be topped off using 1" pipe down the 8 3/4" by 7" annulus. Minimum clearance between couplings and hole is 0.5470". Prior to drilling out the shoe, casing and BOPE will be tested to a minimum of 600 psig. Safety factors utilized in the design of this casing string were: burst = 1.1; collapse = 1.125; and tension = 1.8 or 100,000 lb overpull, whichever is greater.

WOC 12 HOURS. Nipple up 7 1/16" 2000# BOPE. Pressure test surface casing and BOPE to 600 psi for 15 minutes.

Centralizers: Run two (2) 7" X 8 3/4" regular bowspring centralizers. Install first one on stop ring in middle of shoe joint.

Float Equipment: Cement nose guide shoe thread locked. Also thread lock connection between first and second joint run.

Drilling Program
West Largo Corp.
Federal 12 No. 1
Page Two

5. Production Hole Program:

Bit: Drill an 6 ¼" hole to 2332' using a TCI, IADC Class 447 bit. WOB: 30-35K. RPM: 60 - 75. Reduce RPM to 55 - 65 through Ojo Alamo.

Mud: Use a fresh water base polymer and water system to drill this section. If hole conditions dictate, mud up with a fresh water base LSND mud with the following properties:

<u>Interval (ft)</u>	<u>Weight (ppg)</u>	<u>Ph</u>	<u>Vis(sec/qt)</u>	<u>Water Loss</u>
200 - 2332	8.6 - 8.8	9.0-9.5	28 - 35	10 - 12

Fresh water will be used for dilution and building volume. Sufficient materials will be on location at all times to maintain mud properties and to control any lost circulation problem or unforeseen abnormal pressures. The mud volume in the surface pit will be visually monitored and recorded on a routine basis.

Note: If mud up is required, raise **viscosity** to 55 - 60 for logging. Thin to 40 - 45 viscosity to run casing.

pH is to be maintained with lime or caustic soda at the recommended levels to assure drill pipe corrosion protection.

Drispac will be used for control of fluid loss.

Lost Circulation can occur in the Fruitland Coal and Pictured Cliffs formation. Mud weights should be controlled as low as possible with solids control equipment then as low as practical with water dilution.

Pressure Control: A 2M psi BOP well control system will be utilized. BOP's and choke manifold will be installed and pressure tested to a minimum of 600 psig before drilling out from under surface casing. Mechanical operation of pipe rams will be checked daily and blind rams will be checked on each trip out of hole. 4½" rams will be installed before running production casing. A full opening internal blowout preventor or drill pipe safety valve will be on the drill floor at all times and will be capable of fitting all connections.

Logging Program: Dual Induction and Compensated Neutron/Formation Density logs will be run from TD to the surface casing shoe.

Casing and Cementing Program: Run 4½" 10.5 ppg J-55 production casing from surface to TD and cement in a single stage with 115 sacks (293.3 cf) of Class B containing 3% sodium metasilicate extender, 5 pps Gilsonite and 1/4 pps celloflake. Lead slurry mixed at 11.8 PPG to yield 2.55 cf/sk. Tail in with 65 sacks (77.4 cf) of Class B with 0.25 pps celloflake, 0.3% FLA and 5 pps gilsonite mixed at 15.6 PPG to yield 1.19 cf/sk.

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5. Production Hole Program: -continued

Slurry volumes assume a 50% excess over gauge hole volume to circulate to surface. Minimum clearance between couplings and hole is 0.6250". Safety factors utilized in the design of this casing string were: burst = 1.1; collapse = 1.125; and tension = 1.8 or 100,000 lb over pull, whichever is greater.

Centralizers: 5 - 4½" X 6¼" bowspring centralizers will be run across all prospective pays and 2 - 4½" X 6¼" turbolizers will be spaced such that one (1) is just below the base of the Ojo Alamo and one (1) in the Ojo Alamo.

Float Equipment: Cement nose guide shoe, 1 joint 4½" casing, and float collar.

6. Auxiliary Equipment:

An upper kelly cock will be utilized. The handle will be available on rig floor at all times

7. Logging Program:

Dual Induction and Compensated Neutron / Formation Density will be run from TD to surface casing shoe. Bulk density will be presented on a 5 " scale through the coals. Deep induction curve will be merged onto the porosity log.

Coring and Testing Program:

No cores or drill stem tests are planned.

8. Abnormal Pressure:

Although not expected, abnormal pressures are possible in the Fruitland formation.

Estimated Bottom Hole Pressure:

250 - 300 psig.

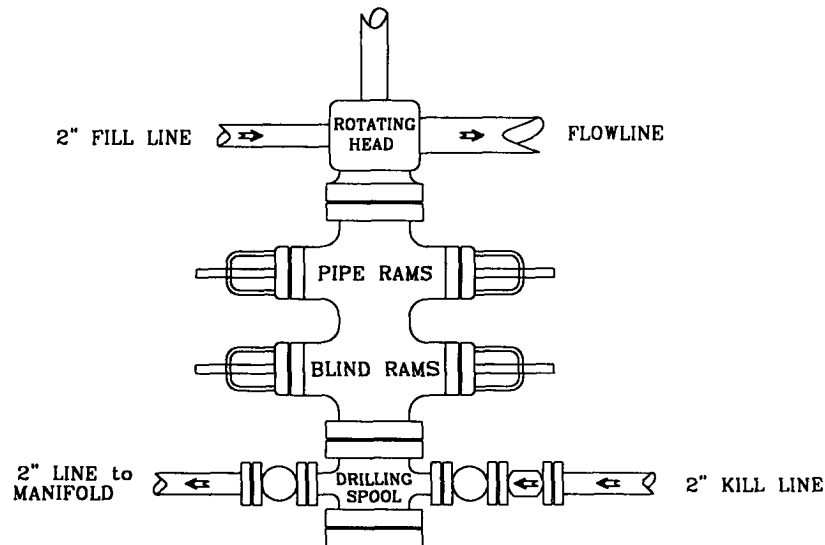
9. Anticipated Starting Date:

October 15, 2003.

Duration of Operations: It is estimated a total of 6 days will be required for drilling operations and 5 days for the completion operation.

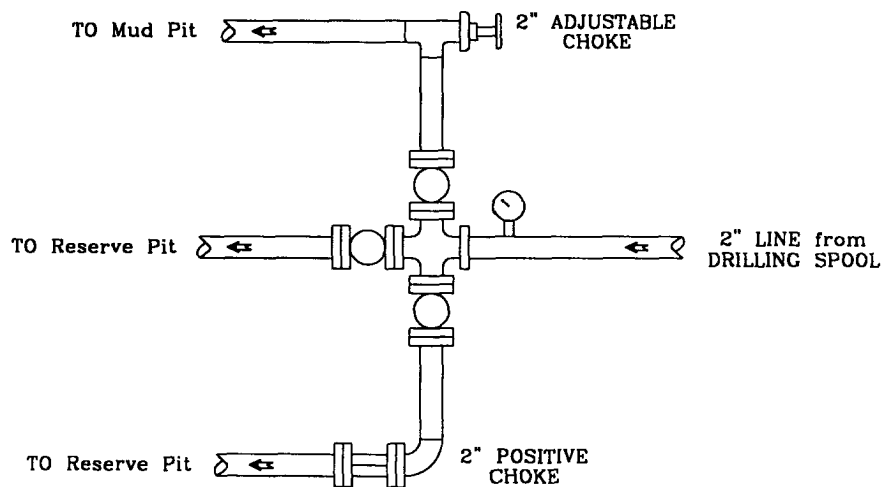
PRESSURE CONTROL

Wellhead Assembly



Preventer and Spools are to have a
6" Bore or larger and a 2000 PSI
or higher Pressure Rating

Choke Manifold



West Largo Corp

Federal 12 No. 1

1200'FSL - 1475'FEL

Section 12, T28N, R9W, NMPM

San Juan County, New Mexico