

OCT 16 2009

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

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. NO-G-9662-1300
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 NAVAJO ALLOTMENT 11691
2. Name of Operator COLEMAN OIL & GAS, INC.		7. If Unit or CA Agreement, Name and No. NMNM 99331
3a. Address P. O. DRAWER 3337 FARMINGTON, NM 87499		8. Lease Name and Well No. STACEY 2 S
3b. Phone No. (include area code) (505) 327-0356		9. API Well No. 30-045-35035
4. Location of Well (Report location clearly and in accordance with any State requirements *) At surface 1042' FSL & 405' FEL At proposed prod. zone SAME		10. Field and Pool, or Exploratory BASIN FRUITLAND COAL GAS
11. Sec., T. R. M. or Blk. and Survey or Area 6-26N-12W NMPM		12. County or Parish SAN JUAN
13. State NM		14. Distance in miles and direction from nearest town or post office* 14 AIR MILES SOUTH-SOUTHEAST OF FARMINGTON, NM
15. Distance from proposed* location to nearest property or lease line, ft (Also to nearest drig. unit line, if any) 405'	16. No. of acres in lease 160	17. Spacing Unit dedicated to this well Lots 1 & 2, S2NE4, & SE4 (= 319.43 acres)
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1,613' (STACEY #1)	19. Proposed Depth 1,300'	20. BLM/BIA Bond No. on file BIA 08510607
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5,872' GL	22. Approximate date work will start* 12/31/2009	23. Estimated duration 2 WEEKS

24. Attachments

RCVD FEB 12 '10
OIL CONS. DIV.

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. |

DIST. 3

25. Signature 	Name (Printed/Typed) BRIAN WOOD	Date 10/10/2009
Title CONSULTANT		
PHONE: (505) 466-8120 FAX: (505) 466-9682		
Approved by (Signature) 	Name (Printed/Typed)	Date
Title AFM	Office PFO	2/9/2010

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)

HOLD C104 FOR NSL

NMCCD

NOTIFY AZTEC OCD 24 HRS
PRIOR TO CASING & CEMENT

BLM'S APPROVAL OR ACCEPTANCE OF THIS ACTION DOES NOT RELIEVE THE LESSEE AND OPERATOR FROM OBTAINING ANY OTHER AUTHORIZATION REQUIRED FOR OPERATIONS ON FEDERAL AND INDIAN LANDS

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

FEB 25 2010

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

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240

DISTRICT II
1301 W. Grand Avenue, Artesia, N.M. 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, N.M. 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

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

RECEIVED
OCT 16 2005

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-35035	² Pool Code 71629	³ Pool Name Basin Fruitland Coal
⁴ Property Code 24011	⁵ Property Name STACEY	⁶ Well Number 2S
⁷ GRID No. 4838	⁸ Operator Name COLEMAN OIL & GAS, INC.	⁹ Elevation 5872

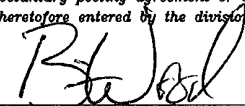
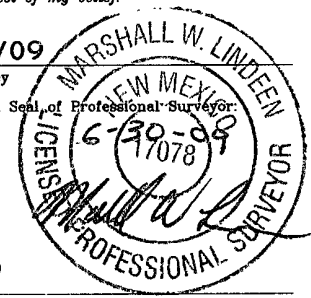
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	6	26 N	12 W		1042	SOUTH	405	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 319.43		¹³ Joint or Infill		¹⁴ Consolidation Code C		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

16 S 89°41'59" E				5180.41'	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.  10-10-09 Signature BRIAN WOOD Printed Name
2640.66'	LOT 4 (37.11)	LOT 3 (39.87)	LOT 2 (39.76)	LOT 1 (39.67)	
N 0°11'52" E	LOT 5 (37.40)	SECTION 6			
2640.46'	LOT 6 (37.64)				
N 0°13'01" E	LOT 7 (37.88)	LAT: N 36.5128550° LONG: W 108.1452122° NAD 83 5215.63'			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. 5/27/09 Date of Survey Signature and Seal of Professional Surveyor  17078 Certificate Number

Coleman Oil & Gas, Inc.
Stacey 2 S
1042' FSL & 405' FEL
Sec. 6, T. 26 N., R. 12 W.
San Juan County, New Mexico

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1. ESTIMATED FORMATION TOPS

<u>Formation</u>	<u>GL Depth</u>	<u>KB Depth</u>	<u>Elevation</u>
Ojo Alamo sandstone	0'	5'	5,872'
Kirtland shale	100'	105'	5,772'
Fruitland formation	850'	855'	5,022'
Top Fruitland Coal	1,085'	1,090'	4,787'
Pictured Cliffs sandstone	1,100'	1,105'	4,772'
Lewis shale	1,232'	1,237'	4,640'
Total Depth	1,300'	1,305'	4,572'

2. NOTABLE ZONES

<u>Gas or Oil Zones</u>	<u>Water Zones</u>	<u>Coal Zone</u>
Fruitland	Ojo Alamo	Fruitland
Pictured Cliffs	Fruitland	

3. PRESSURE CONTROL (See PAGES 3 & 4)

The drilling contract has not yet been awarded, thus the exact BOP model to be used is not yet known. Diagrams of a typical 2,000 psi system follow on the next two pages. An annular or double ram type 2000 psi (minimum) double gate BOP stack will be used. Prior to drilling out of the surface casing; test blind rams and casing to 600 psi for 30 minutes and all pipe rams and choke assembly to 600 psi for 30 minutes each.

Pipe rams will be actuated at least once each day. Blind rams will be actuated once each trip to test proper functioning. An upper Kelly cock valve with handle and drill string safety valves to fit each drill string will be maintained and available on the rig floor. Anticipated Fruitland pore pressure will be \approx 100 psi.

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4. CASING & CEMENT

<u>Hole Size</u>	<u>O. D.</u>	<u>Pounds/foot</u>	<u>Grade</u>	<u>Coupling</u>	<u>Age</u>	<u>Interval</u>
8-3/4"	7"	20	H-40	ST & C	New	0' - 120'
6-1/4"	4-1/2"	10.5	J-55 or K-55	LT & C	New	0' - 1,300'

Surface casing will be cemented the surface with 47.2 cubic feet (40 sacks) Type 5 cement with 1/4 pound per sack cello flake per and 2% CaCl₂. Wait on cement 12 hours. Test casing to 600 psi for 30 minutes. Excess: $\geq 100\%$. Will use a saw tooth guide shoe. One centralizer will be placed on top of the shoe joint. Weight = 15.6 pounds per gallon.

Long string hole will be circulated with $\geq 150\%$ of its volume with mud before cementing. Twenty barrels of fresh water will be circulated after the mud. Will cement to the surface with 261.36 cubic feet ($\approx 100\%$ excess on open hole, calculated on cement volumes). Will use a cement guide shoe and self insert float collar. Will place the float collar one joint above the shoe. Five centralizers will be installed on every other joint above the shoe.

Will lead with 76 sacks (198.36 cubic feet) of Class G with 3% D79 + 1/4 pound per sack D29. Yield = 2.61 cubic feet per sack. Slurry weight = 11.7 pounds per gallon.

Will tail with 50 sacks (63 cubic feet) Class G 50/50 POZ with 2% gel D-20 + 5 pounds per sack gilsonite + 0.1% D46 + 1% S-1 + 1/4 pound per sack D29. Yield = 1.26 cubic feet per sack. Slurry weight = 13.5 pounds per gallon.

Well head will be 7" x 4-1/2" Braden head and 4-1/2" x 2-3/8" tubing head assembly with a minimum rated working pressure of 2,000 psi. Will run $\approx 1,100'$ of 2-3/8 4.7 pound J-55 tubing.

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5. MUD PROGRAM

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0' - 120'	Spud	8.4 - 9.0	40 - 50	no control
120' - 1300'	Non-dispersed	8.4 - 9.0	30 - 60	6 cc or less

6. CORES, TESTS, & LOGS

No cores or drill stem tests are planned. Cased hole logs RST with GR & CL will be run.

7. DOWN HOLE CONDITIONS

No abnormal pressures, temperatures, nor hydrogen sulfide are expected.

8. OTHER INFORMATION

The anticipated spud date is upon approval. It is expected it will take about two weeks to drill and complete the well.

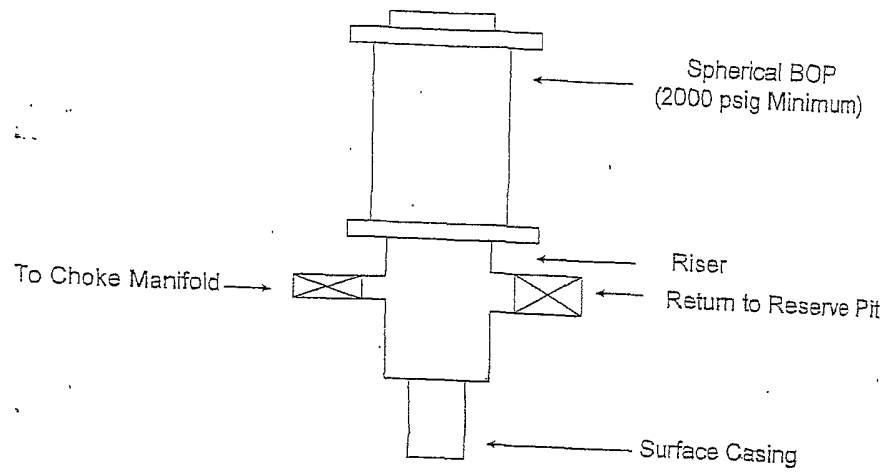
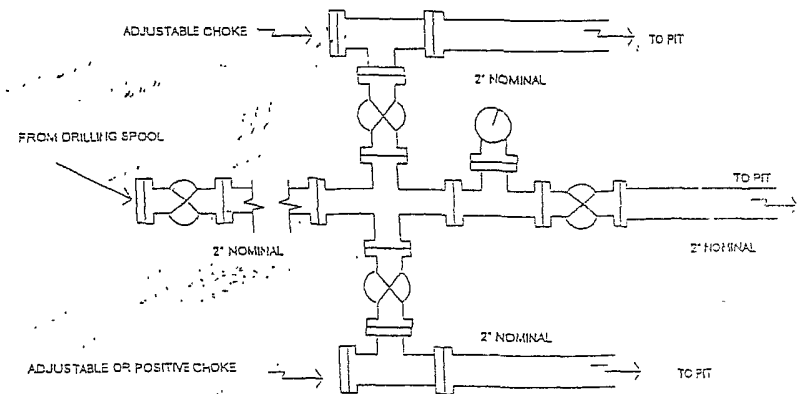


FIGURE #2

Choke Manifold Configuration 2M System



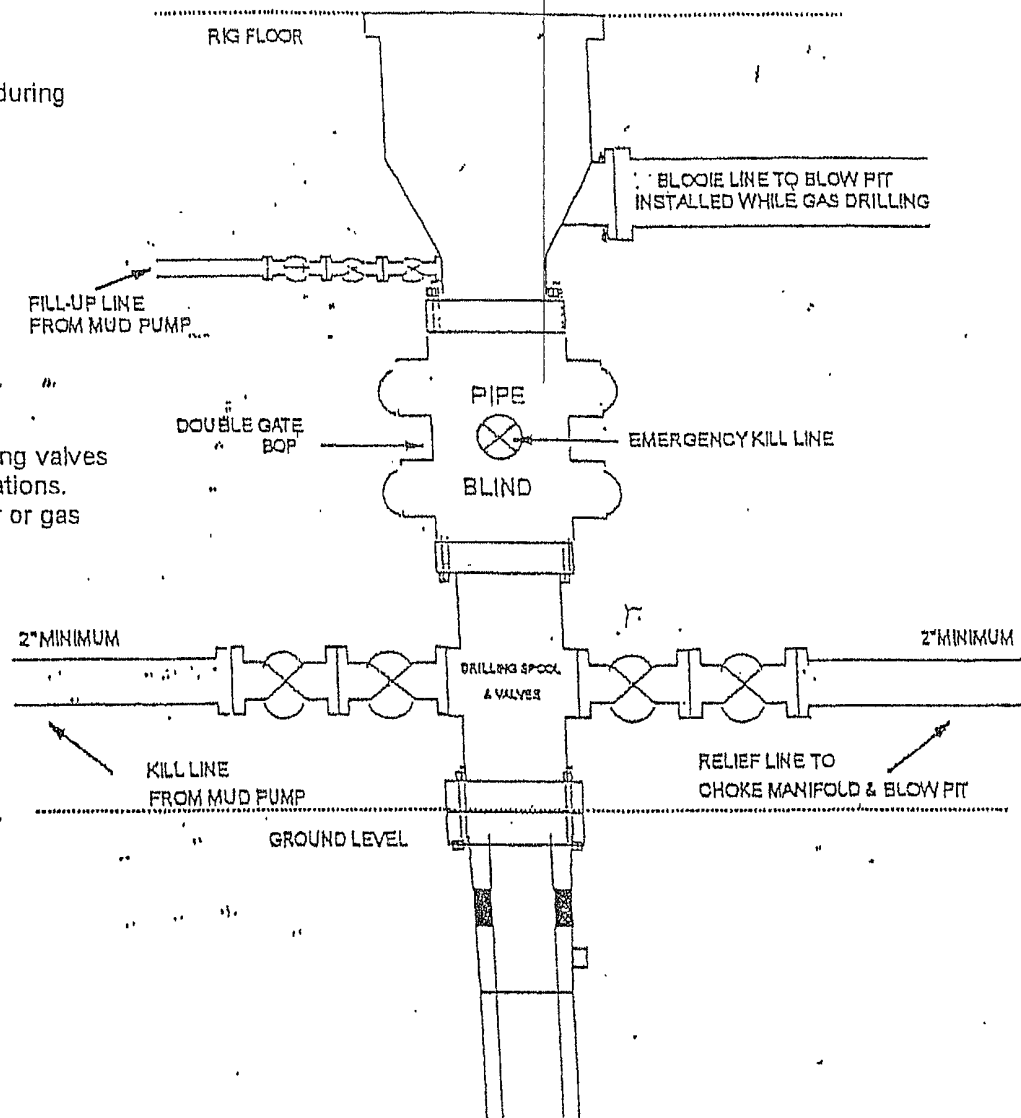
Minimum choke manifold installation from surface to Total Depth.
2" minimum, 2000psi working pressure equipment with two chokes.

Figure #3

BOP Configuration 2M psi System

Rotating head will be used during air or gas drilling only.

Drilling spool with single wing valves during normal drilling operations.
Dual wing valves during air or gas drilling.



Minimum BOP installation for Drilling Operations. 7 1/16" Bore(6" Nominal),
2000 psi minimum working pressure double gate BOP to be equipped with blind
and pipe rams

FIGURE #1