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JAN 2004
OIL CONSP. DIV.
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
Farmington, NM

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

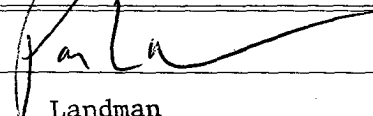
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMSF-078499
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 N/A
2. Name of Operator Richardson Operating Company		7. If Unit or CA Agreement, Name and No. N/A 9638
3a. Address 3100 La Plata Hwy, Farm., NM 87401		8. Lease Name and Well No. Federal 31-23 #3
3b. Phone No. (include area code) 564-3100		9. API Well No. 30-045- 31981
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 820' FNL & 1105' FWL 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* 14 miles SE of Blanco, New Mexico		11. Sec., T., R., M., or Blk. and Survey or Area 0 Sec. 23-T28N-R8W, NMPM
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 820'	16. No. of Acres in lease 1,550.26	17. Spacing Unit dedicated to this well W/2 320.00 Acres
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 85'	19. Proposed Depth 3100'	20. BLM/BIA Bond No. on file BLM Nationwide #158293308
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6,375' GL	22. Approximate date work will start* Upon approval	23. Estimated duration 2 wweks

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 	Name (Printed/Typed) Paul Lehrman	Date 10/24/03
Title Landman		
Approved by (Signature)	Name (Printed/Typed)	Date
Title	Office	

Application approval does not warrant or certify the 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)

proceed in accordance with 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4

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

NMOCD

State of New Mexico
Energy, Minerals & Mining Resources Department
OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C - 102

☐ AMENDED REPORT

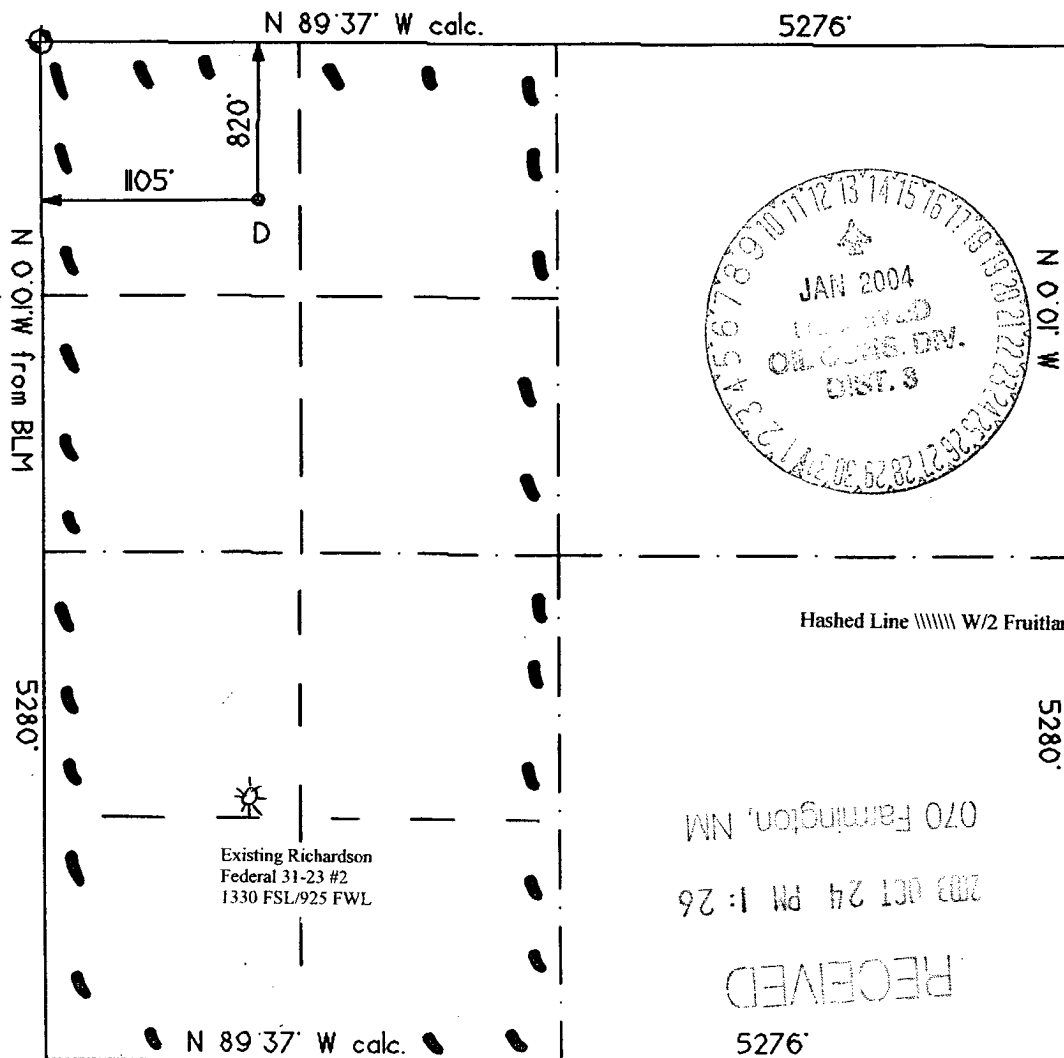
WELL LOCATION AND ACREAGE DEDICATION PLAT

APA Number 30-045- 31981	Pool Code 71629	Pool Name Basin Fruitland Coal
Property Code 9638	Property Name FEDERAL 31-23	Well Number 3
OGRIID No. 19219	Operator Name RICHARDSON OPERATING COMPANY	Elevation 6375'

Surface Location									
UL or Lot	Sec.	Twp.	Rge.	Lot Id.	Feet From	North/South	Feet From	East/West	County
D	23	28 N.	8 W.		820'	NORTH	1105'	WEST	SAN JUAN

Bottom Hole Location If Different From Surface									
UL or Lot	Sec.	Twp.	Rge.	Lot Id.	Feet From	North/South	Feet From	East/West	County
Dedication		Joint ?		Consolidation		Order No.			

NO ALLOWABLE WILL ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature <i>Paul Lehrman</i>	
Printed Name	Paul Lehrman
Title	Landman
Date	10/24/03
SURVEYOR CERTIFICATION I hereby certify that the well location 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. Date of Survey 10/24/03	
Signature and Seal of Professional Surveyor <i>Paul Lehrman</i> 6844 REGISTERED LAND SURVEYOR	

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

FORM APPROVED
OMB No. 1004-0135
Expires January 31, 2004

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter 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
Richardson Operating Company

3a. Address
3100 La Plata Hwy, Farm, NM 87401

3b. Phone No. (include area code)
564-3100

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

820' FNL & 1105' FWL-Sec.23-T28N-R8W

5. Lease Serial No.
NMSF-078499
6. Indian, Allottee or Tribe Name
N/A
7. Unit or CA/Agreement, Name and/or No.
N/A
8. Well Name and No.
Federal 31-23 #3
9. API Well No.
30-045-31981
10. Field and Pool, or Exploratory Area
Basin Fruitland Coal
11. County or Parish, State
San Juan Co., NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input 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 checked="" 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 <u>Change Well Name</u>
	<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 Operation (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 recompleat 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 recompleat 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.)

Richardson Operating Company requests the well name as referenced above be changed from the original APD application, which was the Federal 11-23 #3. Per OCD requirements the infill well must have the same name as the parent well, in this case the Federal 31-23 #2. The APD filed on 10/24/03 had the name of the well as the Federal 11-23 #3. Therefore the well name shall be the Federal 31-23 #3. All other information submitted to the BLM shall remain the same.

ENTERED
AFMSS

A revised C-102 is attached.

NOV 24 2003

This well has not been drilled.

BY [Signature]

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Paul Lehrman

Title Landman

Signature

Date 11/18/03

ACCEPTED FOR RECORD

NOV 24 2003

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

FARMINGTON DISTRICT OFFICE

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

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)

NMOCD

FARMINGTON

Richardson Operating Company
Federal 11-23 #3
820' FNL& 1105' FWL
Section 23, T28N, R8W, NMPM
San Juan County, New Mexico

DRILLING PROGRAM

1. ESTIMATED FORMATION TOPS:

<u>Formation</u>	<u>GL Depth</u>	<u>KB Depth</u>	<u>Subsea Elevation</u>
San Jose	000'	5'	+6,375'
Nacimiento	655'	660'	+5,720'
Ojo Alamo Ss	1870'	1875'	+4,505'
Kirtland Shale	2065'	2070'	+4,310'
Fruitland Formation	2575'	2580'	+3,800'
Pictured Cliffs Ss	2885'	2890'	+3,490'
Total Depth (TD)*	3100'	3105'	+3,275'

*All elevations reflect the ungraded ground level of 6,375'

2. NOTABLE ZONES:

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

Water zones will be protected with casing, cement, and weighted mud. Fresh water encountered during drilling will be recorded by depth, cased, and cemented. Centralizers will be run through the Ojo Alamo. A turbulizing centralizer will be run at the base of the Ojo Alamo to ensure an adequate cement procedure. Oil and gas shows will be tested for commercial potential based on the well site representatives recommendations.

3. PRESSURE CONTROL:

The drilling contract has not yet been awarded, thus the exact BOP model to be used is unknown. (A typical 2,000 psi model has been attached to the end of the drilling program.) Double ram or annular system with a rotating head will be used. All ram preventers and related equipment will be hydraulically tested at nipple up and after any use under pressure to 1000 psi.

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. BOP equipment will include a floor safety valve and choke manifold rated to 2000 psi. Maximum expected pressure is less than 1000 psi.

Drilling Program
Richardson Operating Company

Page Two

4. CASING AND CEMENTING PROGRAM:

<u>Hole Size</u>	<u>O.D.</u>	<u>Weight (lb/ft)</u>	<u>Grade</u>	<u>Age</u>	<u>GL Setting Depth</u>
8 3/4"	7"	20	K-55	New	300'
6 1/4"	4 1/2"	10.5	K-55	New	3100'

Surface casing will be cemented to surface with ≈ 100 cu.ft. (≈ 85 sx) Class B + 2% CaCl. Volume is based on 100% excess, yield of 1.18 cu.ft./sk, and slurry weight of 15.6 ppg. WOC = 12 hours. Pressure test surface casing to 600 psi for 30 minutes.

Production casing hole will first be cleaned of rock chips by circulating at least 150% of hole volume with drilling fluid to surface. Thirty barrels of fresh water will then be circulated. Lead with ≈ 370 cu.ft. (≈ 180 sx) Class B with 2% metasilicate (yield = 2.06 cu.ft./sk, slurry weight = 12.5 ppg). Tail in with ≈ 155 cu.ft. (≈ 132 sx) Class B with 2% CaCl (yield = 1.18 cu.ft./sk, weight = 15.6 ppg). Total cement volume is ≈ 525 cu.ft. based on 100% excess and circulating to surface.

Production casing will have 4 1/2" cement guide shoe and self fill float collar. Float will be placed one joint above the shoe. Six centralizers will be spaced every other joint starting above the shoe. Six turbolizers will be placed every other joint starting from the top of the well.

5. MUD PROGRAM:

Surface casing hole will be drilled with fresh water. Production casing hole will be drilled with a fresh water polymer mud. Weighting material will be drill solids or, if needed, barite. Maximum expected mud weight will be 8.7 ppg. Sufficient material to maintain mud properties, control lost circulation, and contain a blowout will be available at the well while drilling.

6. CORING, TESTING, & LOGGING:

No cores or DSTs are planned. A cased hole CNL/GR will be run from TD to surface.

7. DOWNHOLE CONDITIONS:

No abnormal pressures, temperatures, nor hydrogen sulfide are expected. Maximum pressure will be approximately ≈ 520 psi.

8. OTHER INFORMATION:

The anticipated spud date is November 30, 2003. It should take 5 days to drill and 1 week to complete the well.