

RECEIVED

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

2003 SEP 16 PM 2:45

070 Farmington, NM

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. SF 047020 B	
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 El Pamco, Inc.		7. If Unit or CA Agreement, Name and No.	
3a. Address P. O. Box 14738 Albuquerque, NM 87191-4738		8. Lease Name and Well No. Ghostrider No. 1	
3b. Phone No. (include area code) (505) 296-5508		9. API Well No. 3004531894	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 985' FSL, 820' 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* Three miles east of Bloomfield, New Mexico.		11. Sec., T., R., M., or Blk. and Survey or Area Sec. 25, T 29 N, R 11 W	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drlg. unit line, if any) 820'	16. No. of Acres in lease 80	17. Spacing Unit dedicated to this well 320 E/2	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 70'	19. Proposed Depth 1942'	20. BLM/BIA Bond No. on file	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5565' GL	22. Approximate date work will start* As soon as permitted	23. Estimated duration 15 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. | 4. Bond to cover the operations unless covered by and 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>Dana L. Delventhal</i>	Name (Printed/Typed) Dana L. Delventhal	Date 9/15/2003
Title Agent		
Approved by (Signature) /s/ David J. Mankiewicz	Name (Printed/Typed)	Date FEB 25 2004
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)

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

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

NMOC

DISTRICT I
P.O. Box 1980, Hobbs, N.M. 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, N.M. 88211-0719

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

DISTRICT IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

P.O. 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

¹ API Number 30-045-31894	² Pool Code 71629	³ Pool Name Basin Fruitland Coal
⁴ Property Code 33 568	⁵ Property Name GHOSTRIDER	⁶ Well Number 1
⁷ GRID No. 006834	⁸ Operator Name EL PAMCO INC.	⁹ Elevation 5565

¹⁰ Surface Location

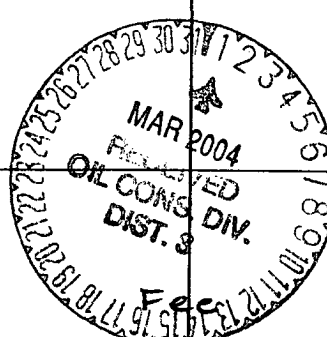
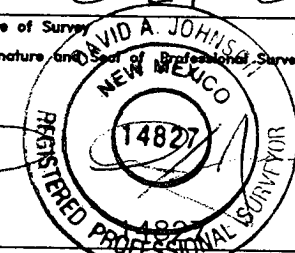
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	25	29-N	11-W		985	SOUTH	820	EAST	SAN JUAN

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		¹³ Joint or Infill Y		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

		¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief Signature <u>Dana J. Delventhal</u> Printed Name <u>Dana L. Delventhal</u> Agent Title <u>9/15/03</u> 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. <u>8-27-03</u> Date of Survey Signature and Seal of Registered Professional Surveyor: <u>DAVID A. JOHNSON</u>  Certificate Number	
<p>25</p> <p>FND PK NAIL</p> <p>N 00°27'53" E 2590.66' (M)</p> <p>820'</p> <p>985'</p> <p>FND 3 1/4" BC 1999 BLM</p> <p>LAT: 36°41'33" N. (NAD 83) LONG: 107°56'13" W. (NAD 83)</p> <p>SF047020 Federal</p> <p>N 89°53'02" W 2596.02' (M)</p> <p>RECEIVED FND 5/8" REBAR</p>			

Drilling Program

1. Formation Tops

The estimated tops of important geologic markers are:

<u>Formation Name</u>	<u>GL Depth</u>	<u>KB Depth</u>	<u>SS Elev.</u>
Fruitland Coal	1738'	1742'	3827'
Pictured Cliffs	1760'	1764'	3805'
Total Depth (TD)	1938'	1942'	3627'

*All elevations reflect the ungraded ground level of 5565'.

2. Notable Zones

Oil and Gas Zones

Fruitland Coal (1742')
Pictured Cliffs (1764')

The primary objective is the Basin Fruitland Coal formation. Completion may require fracturing. The entire wellbore will be cased. Water zones will be protected with casing, cement, and weighted mud. Oil and gas shows will be tested for commercial potential based on the well site geologist's recommendations.

3. Pressure Control

BOP systems will follow Onshore Order No. 2. The drilling contract has not yet been awarded, thus the exact BOP model to be used is not yet known. A typical model is shown on the attached page.

Once out from under the surface casing, a minimum 2000 psi BOP and choke manifold system will be used. BOP controls will be installed before drilling the surface casing plug and used until the well is completed or abandoned.

Pressure tests to 1,500 psi will be conducted with a BOP tester. All BOP mechanical and pressure tests will be recorded on the driller's log. BOPs will be inspected and operated at least daily to assure good mechanical working order. The inspection will be recorded on the daily drilling report.

4. Casing and Cement

<u>Hole Size</u>	<u>OD</u>	<u>Weight (lb/ft)</u>	<u>Grade</u>	<u>Depth</u>
8 3/4"	7"	20.00	J-55	120'
6 1/4"	4 1/2"	10.50	J-55	1942'

Surface casing will be cemented to surface with 50 sx (59 cf) of Class B cement containing 2% CaCl and 1/4 #/sk cello flakes. Production casing will be cemented to surface in one stage using 140 sx (288.4 cf) of Class B cement containing 2% Sodium Metasilicate and 1/4 #/sk cello flakes followed by 100 sx (118 cf) of Class B cement containing 2% CaCl and 1/4 #/sk cello flakes. The entire wellbore will be cased. Water zones will be protected with casing, cement, and weighted mud.

5. Mud Program

The proposed mud program is:

<u>Depth</u>	<u>Type</u>	<u>ppg</u>	<u>Vis(cp)</u>	<u>F1(cc)</u>
0-120'	Spud mud and Gel Lime	8.8	50	N/A
120'-TD	LSND	9.0	45	10

6. Coring, Testing, and Logging

No cores are planned. The following logs are likely to be run:

Dual Induction, Formation Density,
Compensated Neutron, SP, Gamma Ray