## **UNITED STATES** DEPARTMENT OF THE INTERIOR **BUREAU OF LAND MANAGEMENT**

Unit Reporting Number  5. If Indian, All. or Tribe  6. If Indian, All. or Tribe  7. Unit Agreement Name  7. Unit Agreement Name  7. Unit Agreement Name  8. Farm or Lease Name  8. Reuter  8. Well Number  8. Farm or Lease Name  8. Reuter  8. Well Number  9. Box 4289, Farmington, NM 87499  10. Field, Pool, Wildcat  11. Sec., Twn, Rge, Mer.  12. Sec. 34, T-  13. Api # 30-039-  14. Distance in Miles from Nearest Town  41 miles from Blanco  15. Distance from Proposed Location to Nearest Property or Lease Line  1450'  16. Acres in Lease  17. Acres Assigned to 1  320 W/2  18. Distance from Proposed Location to Nearest Well, Drig, Compl, or Applied for on this Lease  19. Proposed Depth  7617'  20. Rotary or Cable Tor  8. Requirement Name  11. Sec., Twn, Rge, Mer.  9. Sec. 34, T-  API # 30-039-  12. County  14. Distance from Proposed Location to Nearest Property or Lease Line  1450'  15. Distance from Proposed Location to Nearest Well, Drig, Compl, or Applied for on this Lease  16. Subject to the Acres of the Acre	a.	Type of Work	5. Lease Number			
2. Operator RESOURCES  Oil & Gas Company  3. Address & Phone No. of Operator PO Box 4289, Farmington, NM 87499  (505) 326-9700  4. Location of Well 1450' FNL, 1600' FWL, Latitude 36° 32.1, Longitude 107° 27.5  Distance in Miles from Nearest Town 41 miles from Blanco  15. Distance from Proposed Location to Nearest Property or Lease Line 1450' 16. Acres in Lease  17. Acres Assigned to National Company 18. Distance from Proposed Location to Nearest Well, Drig, Compl, or Applied for on this Lease 2223' SUBJECT FOR CATALANCE WITH ATTACHED 19. Proposed Depth 7617'  21. Elevations (DF, FT, GR, Etc.) 6601' GR  23. Proposed Casing and Cementing Program See Operations Plan attached  17. Acres Assigned to Nearest Well, Drig, Compl, or Applied for On this Lease 22. Approx. Date Work 6601' GR		DRILL	NMSF-079210 Unit Reporting Number			
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	23.	Proposed Casing and Cementing Program See Operations Plan attached	procedural review pursuant to 43 CFR 3165 3			
24. Authorized by:	24.	Authorized by:	5.20.02	•		
Regulatory/Compliance Supervisor Date		Regulatory/Compliance Supervis	or Date			
PERMIT NO APPROVAL DATE	PERM	IT NO APPRO	AL DATE			

Archaeological Report to be submitted
Threatened and Endangered Species Report to be submitted
NOTE: This format is issued in lieu of U.S. BLM Form 3160-3
Title 18 U.S.C. Section 1001, makes 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 presentations as to any maiter within its jurisdiction.

NMOCD

DISTRICT 1 1625 N. French Dr., Hobbs, N.M. 88240

# State of New Mexico Energy, Minerals & Natural Resources Department

Form C-102 Revised August 15, 2000

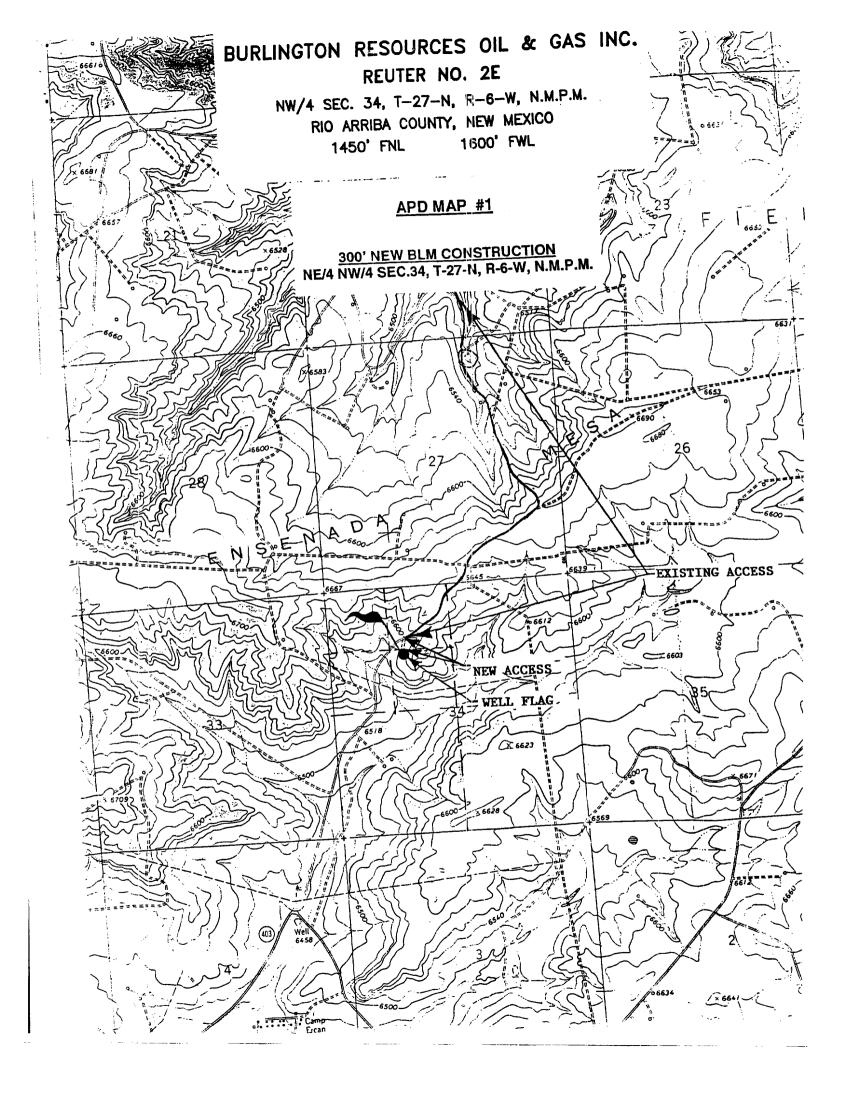
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Submit to Appropriate District Office State Lease — 4 Copies Fee Lease — 3 Copies

DISTRICT N 811 South First, Artesia, N.M. 88210

OIL CONSERVATION DIVISION 2040 South Pacheco

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## OPERATIONS PLAN

Well Name: Reuter #2E

1450'FNL, 1600'FWL, Section 34, T-27-N, R-6-W

Rio Arriba County, New Mexico

Latitude 36° 32.1, Longitude 107° 27.5

Formation: Blanco Mesa Verde/Basin Dakota

6601'GL Elevation:

Formation Tops:	Top	Bottom	Contents
Surface	San Jose	2463′	
Ojo Alamo	2463 <b>′</b>	2613'	aquifer
Kirtland	2613'	2948'	gas
Fruitland	2948 <b>'</b>	3138 <b>′</b>	
Pictured Cliffs	3138'	3238'	gas
Lewis	3238 <b>′</b>	3643′	gas
Intermediate TD	3338'		
Huerfanito Bentonite	3643 <b>′</b>	4053′	gas
Chacra	4053'	4843'	gas
Cliff House	4843'	4878 <b>'</b>	
Menefee	4878 <b>'</b>	5 <b>363</b> ′	gas
Point Lookout	5363'	5743 <b>′</b>	gas
Mancos	5743'	6503 <b>′</b>	gas
Gallup	6503'	7288 <b>′</b>	gas
Greenhorn	7288'	7350'	gas
Graneros	7350'	7380'	gas
Dakota	7380 <b>′</b>		gas
TD	7617'		_
* <del>**</del>			

### Logging Program:

Mud logs - none Cased hole - CBL-CCL-GR - TD to surface

Cores - none

## Mud Program:

•	11091				
	Interval	Type	<u>Weight</u>	Vis.	Fluid Loss
	0- 200'	Spud	8.4-9.0	40-50	no control
	200- 3338'	LSND	8.4-9.0	30-60	no control
	3338- 7617'	Air/N2	n/a	n/a	n/a

Pit levels will be visually monitored to detect gain or loss of fluid control.

# Casing Program (as listed, the equivalent, or better):

Hole Size	Depth Int		Csg.Size	Wt.	
12 1/4"	0'-		9 5/8"	32.3#	WC-50
8 3/4"	0' -	3338'	יי 7	20.0#	
6 1/4"	3238' -	7617'	4 1/2"	10.5#	K-55

## Tubing Program:

0' - 7617'

# BOP Specifications, Wellhead and Tests:

# Surface to Intermediate TD -

11" 3000 psi minimum double gate BOP stack (Reference Figure #1). After nipple-up prior to drilling out surface casing, rams and casing will be tested to 600 psi for 30 minutes.

# Intermediate TD to Total Depth -

11" 3000 psi minimum double gate BOP stack (Reference Figure #1). After nipple-up prior to drilling out intermediate casing, rams and casing will be tested to 1500 psi for 30 minutes.

Surface to Total Depth -

2" nominal, 3000 psi minimum choke manifold (Reference Figure #2).

Completion Operations -

7 1/16" 3000 psi double gate BOP stack (Reference Figure #3). After nipple-up prior to completion, pipe rams, casing and liner top will be tested to 2000 psi for 15 minutes.

#### Wellhead -

9 5/8" x 7" x 2 3/8" x 3000 psi tree assembly.

#### General -

- Pipe rams will be actuated once each day and blind rams will be actuated once each trip to test proper functioning.
- An upper kelly cock valve with handle available and drill string valves to fit each drill string will be available on the rig floors at all times.
- BOP pit level drill will be conducted weekly for each drilling crew.
- All BOP tests and drills will be recorded in daily drilling reports.
- Blind and pipe rams will be equipped with extension hand wheels.

Cementing:

9 5/8" surface casing - cement with 134 sx Type III cement with 0.25 pps Celloflake and 2% calcium chloride (183 cu.ft. of slurry, 200% excess to circulate to surface). WOC 8 hrs. Test casing to 600 psi for 30 minutes.

Saw tooth guide shoe on bottom. Bowspring centralizers will be run in accordance with Onshore Order #2.

7" intermediate casing Lead w/295 sx Premium Lite cement with 3% calcium chloride, 0.25 pps
Flocele, 5 pps LCM-1, 0.4% fluid loss, 0.4% SMS. Tail w/90 sx Type
III cmt w/1% calcium chloride, 0.25 pps Flocele, 0.2% fluid loss (752
cu.ft. of slurry, 50% excess to circulate to surface.) WOC minimum of
8 hours before drilling out intermediate casing. If cement does not
circulate to surface, a CBL or a temperature survey will be run during
completion operations to determine TOC. Test casing to 1500 psi for
30 minutes.

See attached alternative intermediate lead slurry.

7" intermediate casing alternative two stage: Stage collar 2848'. First stage: cement with 90 sx Type III cmt w/1% calcium chloride, 0.25 pps Flocele, 0.2% fluid loss. Second stage: 301 sx Premium Lite cmt with 3% calcium chloride, 0.25 pps Flocele, 5 ps LCM-1, 0.4% fluid loss, 0.4% SMS (764 cu.ft., 50% excess to circulate to surface).

Cement nose guide shoe on bottom with float collar spaced on top of shoe joint. Bowspring centralizers spaced every other joint off bottom, to the base of the Ojo Alamo at 2613'. Two turbolating centralizers at the base of the Ojo Alamo at 2613'. Bowspring centralizers spaced every fourth joint from the base of the Ojo Alamo to the base of the surface casing.

4 1/2" Production Liner Cement to cover minimum of 100' of 4 1/2" x 7" overlap. Lead with 318
sx Premium Lite cmt w/0.25 pps Celloflake, 0.3% CD-32, 6.25 pps LCM-1,
1% fluid loss (629 cu.ft.), 40% excess to cement 4 1/2" x 7" overlap).
WOC a minimum of 18 hrs prior to completing.

Cement float shoe on bottom with float collar spaced on top of float shoe.

If open hole logs are run, cement volumes will be based on 25% excess over caliper volumes.

- Note: To facilitate higher hydraulic stimulation completion work, no liner hanger will be used. In its place, a long string of 4 1/2" casing will be run and cemented with a minimum of 100' of cement overlap between the 4 1/2" x 7" casing strings. After completion of the well, a 4 1/2" retrievable bridge plug will be set below the top of cement in the 4 1/2" x 7" overlap. The 4 1/2" casing will then be backed off above the top of cement in the 4 1/2" x 7" overlap and laid down. The 4 1/2" bridge plug will then be retrieved and the production tubing will be run to produce the well.
- If hole conditions permit, an adequate water spacer will be pumped ahead of each cement job to prevent cement/ mud contamination or cement hydration.

Special Drilling Operations (Gas/Mist Drilling):

The following equipment will be operational while gas/mist drilling:

- An anchored blooie line will be utilized to discharge all cuttings and circulating medium to the blow pit a minimum of 100' from the wellhead.
- The bloose line will be equipped with an automatic igniter or pilot light.
- Compressors will be located a minimum of 100' from the wellhead in the opposite direction from the blooie line.
- Engines will have spark arresters or water cooled exhaust.
- Deduster equipment will be utilized.
- The rotating head will be properly lubricated and maintained.
- A float valve will be utilized above the bit.
- Mud circulating equipment, water, and mud materials will be sufficient to maintain control of the well.

## Additional Information:

- The Mesaverde and Dakota formations will be completed and commingled.
- No abnormal temperatures or hazards are anticipated.
- Anticipated pore pressures are as follows:

300 psi Fruitland Coal Pictured Cliffs 600 psi Mesa Verde 700 psi 2500 psi Dakota

- Sufficient LCM will be added to the mud system to maintain well control, if lost circulation is encountered.
- The west half of Section 34 is dedicated to the Mesaverde and the Dakota in this well.
- This gas is dedicated.

Drilling Engineer

5/21/2002