

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Submit in Triplicate*
(Other instructions on
reverse side)

FORM APPROVED
Budget Bureau No. 1004-0136
Expires: February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

5. LEASE DESIGNATION AND SERIAL NO.
NM-03380

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
SAN JUAN

7. UNIT AGREEMENT NAME
NOV 04 1998
FLORANCE 22608

8. FARM OR LEASE NAME, WELL NO.
FLORANCE #70

9. API WELL NO.
30-045-29718

10. FIELD AND POOL, OR WILDCAT
72439
11629 FRUITLAND COAL / SIBLANCO

11. SEC., T., R., OR BLK AND SURVEY OR AREA
PC
SEC. 20, T27N-R8W

12. COUNTY OR PARISH 13. STATE
SAN JUAN NM

14. DISTANCE IN MILES AND DIRECTIONS FROM NEAREST TOWN OR POST OFFICE
Approximately 9 miles from southern edge of Bloomfield New Mexico city limits.
Please see Surface Use Program for further details.

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. Unit line, if any.)
855' FNL

16. NO. OF ACRES IN LEASE
160

17. NO. OF ACRES ASSIGNED TO THIS WELL
e/c 320 / 160

18. DISTANCE FROM PROPOSED* LOCATION TO NEAREST WELL, DRILLING, COMPLETED OR APPLIED FOR, ON THIS LEASE, FT.
2025 FSL - 2035 FEL

19. PROPOSED DEPTH
2950' TVD

20. ROTARY OR CABLE TOOLS
ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
6777'

22. APPROX. DATE WORK WILL START*
A.S.A.P.

RECEIVED
OCT 29 1998
OIL CON. DIV.
DIST. 3

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	8-5/8"	24# / J-55	600'	375 sx
7-7/8"	4-1/2"	10.5# / J-55	2950'	585 sx

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"

Please see the attached drilling, surface casing, production casing and Surface Use Programs as outlined by Cross Timbers Operating Company for further details.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true and vertical depths. Give blowout preventer program, if any.

24. SIGNED: Gary L. Markestad TITLE Gary L. Markestad - V.P. Production - Cross Timbers DATE: 10/14/98

(This space for Federal or State office use)
Permit Number: _____ Approval Date: _____
Application approval does not warrant or certify that the applicant holds legal or equitable to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
CONDITIONS OF APPROVAL, IF ANY

IS/ Duane W. Spencer

APPROVED BY _____ TITLE _____ DATE OCT 27 1998

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DIST. 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 representations as to any matter within its jurisdiction.

* See Instruction on Reverse Side

NSL-4152 @ Hold 0-104-1000 Pictured Cliffs NSL

District I
PO Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised February 21, 1994

District II
PO Drawer DD, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

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

District III
1000 Rio Brazos Rd., Aztec, NM 87410

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-29718		*Pool Code 71629 / 71439		*Pool Name S BLANCO		
*Property Code 022608		*Property Name FLORANCE			*Well Number 70	
*GRID No. 167067		*Operator Name CROSS TIMBERS OPERATING COMPANY			*Elevation 6777'	

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
J	20	27N	8W		2025	SOUTH	2035	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
P	20	27N	8W		1200	SOUTH	1000	EAST	SAN JUAN

*2 Dedicated Acres 320/160	*3 Joint or Infill	*4 Consolidation Code	*5 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

16

5324.22'

5154.60'

20

2025'

2035'

1000'

1200'

4984.98'

17 OPERATOR CERTIFICATION

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

Gary L. Markestad
Signature

Gary L. Markestad
Printed Name

Vice-President / Production
Title

11/5/98
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.

NOVEMBER 3, 1998
Date of Survey

Neale C. Edwards
Signature and Seal of Surveyor

NEALE C. EDWARDS
NEW MEXICO
6857
Certificate Number

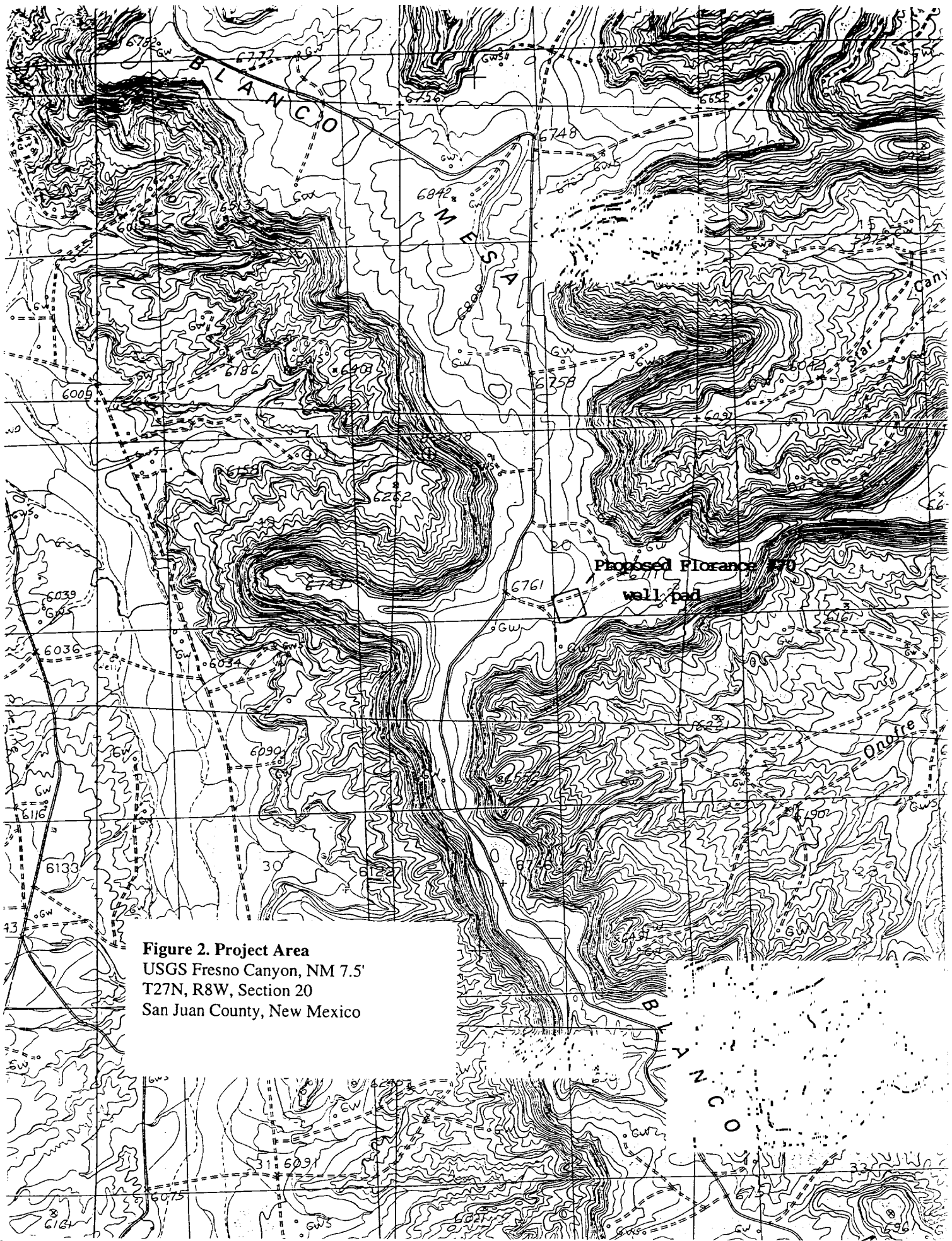


Figure 2. Project Area
USGS Fresno Canyon, NM 7.5'
T27N, R8W, Section 20
San Juan County, New Mexico

B. Production Casing: 4-1/2" casing to be set at +/- 2,950' TVD (+/- 3700' MD) in 8.4 ppg mud

Interval	Length	Weight	Grade	Cplg	Coll Rating (psi)	Burst Rating (psi)	Jt. Str (M-lbs)	Drift (in)	SF Coll	SF Burs	SF Tension
0' - TD	3,700'	10.5#	J-55	STC	4,010	4,790	132	3.927	4.05	4.83	3.40

Makeup torque for 10.5#, J-55, STC casing: **Optimum - 1,320 ft-lbs**, Min - 990 ft-lbs, Max - 1,650 ft-lbs.

3. **DIRECTIONAL DRILLING:** Due to the rugged terrain, the surface location had to be moved from the desired spot which results in a directional wellbore in order to locate the bottom of the hole at the original desired target.

Surface location The surface location is 2025' FSL & 2035' FEL, Section 20, T27N, R8W.

Kickoff point The well will be kicked off and directionally drilled from a depth of approximately 700'.

Direction/Inclination The wellbore is planned to be a straightforward slant drilled wellbore with an azimuth direction of 134.7 degrees. The inclination will start at 0 degrees at the kickoff point and increase to approximately 40 degrees at a depth of approximately 1800' MD and then hold the 40 degree inclination to TD.

Bottomhole location The targeted bottomhole location is 840' FSL & 840' FEL, Section 20, T27N, R8W. The wellbore will not be drilled closer to the south line than 790' and no closer to the east line than 790'. This will keep the bottom of the hole at the position of a standard location.

4. **WELLHEAD:**

Casinghead Larkin Fig - 92 (or equivalent) 4,000 psig test (2,000 psig WP) 8-5/8" 8rd pin on bottom and 2,000 psig WP 10-3/4" API Modified 8rd thread on top.

Tubinghead Larkin Model 612, 3000 psig WP, 4-1/2", 8rd box on bottom and 7-1/16", 3000 psig WP, flanged top, with a 4-1/2", 10.5#, J-55, 8rd pin x pin nipple x 8" long.