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OIL CON. DIV.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT *30-039-25253*

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work DRILL		5. Lease Number NM-86071	
1b. Type of Well GAS		6. If Indian, Name of Tribe or Allottee	
2. Operator <i>7664</i> Evergreen Operating Corporation		7. Unit Agreement Name	
3. Address & Phone No. of Operator XA. R. KENDRICK BOX 516, AZTEC, NM 87410 (505) 334-2555		8. Farm or Lease Name <i>13619</i> CHICOSA 34	
4. Location of Well 215' FNL 780' FWL		9. Well Number 2	
14. Distance in Miles from Nearest Town 12 Airline miles north Gobernador, NM		10. Field, Pool, or Wildcat <i>71629</i> BASIN-FRUITLAND COAL GAS POOL	
		11. Section, Township, & Range, Meridian, or Block D - 34 - 31N - 4W	
		12. County RIO ARRIBA	13. State NEW MEXICO
15. Distance from Proposed Location To Nearest Property Line or Lease Line. 215'	16. Acres in Lease 640 ACRES	17. Acres Assigned to Well W-320	
18. Distance From Proposed Location To Nearest Well Dr., Compl., Or Applied For On Lease. 2666' <i>This action is subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4.</i>	19. Proposed Depth 3825'	20. Rotary or Cable Tools ROTARY DRILLING OPERATIONS AUTHORIZED ARE SUBJECT TO COMPLIANCE WITH ATTACHED "GENERAL REQUIREMENTS"	
21. Elevations (DF, RT, GR, Etc.) 6775' GR est		22. Approximate Date Work Will Start Fall, 1992	

23. Proposed Casing and Cementing Program:

Exhibits attached as follows:

- | | |
|--------------------------------------|-----------------------------------|
| "A" Location and Elevation Plat | "F" Location Profile |
| "B" Vicinity Map - Access Roads | "G" Drill Rig Layout |
| "C" Ten-Point Compliance Program | "H" Completion Rig Layout |
| "D" Multi-Point Requirements for APD | "I" Production Facility Schematic |
| "E" Blowout Preventer Schematic | |

24. Signed *AR Kendrick* Title _____ Agent _____ Date **SEP. 4 1992**

Permit No. _____ Approval Date _____ **APPROVED AS AMENDED**

Approved By _____ Title _____ Date *JAN 07 1993*
[Signature]
AREA MANAGER

NOTE: THIS FORMAT IS ISSUED IN LIEU OF U.S. BLM FORM 3160-3.

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NSL-3163

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

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DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

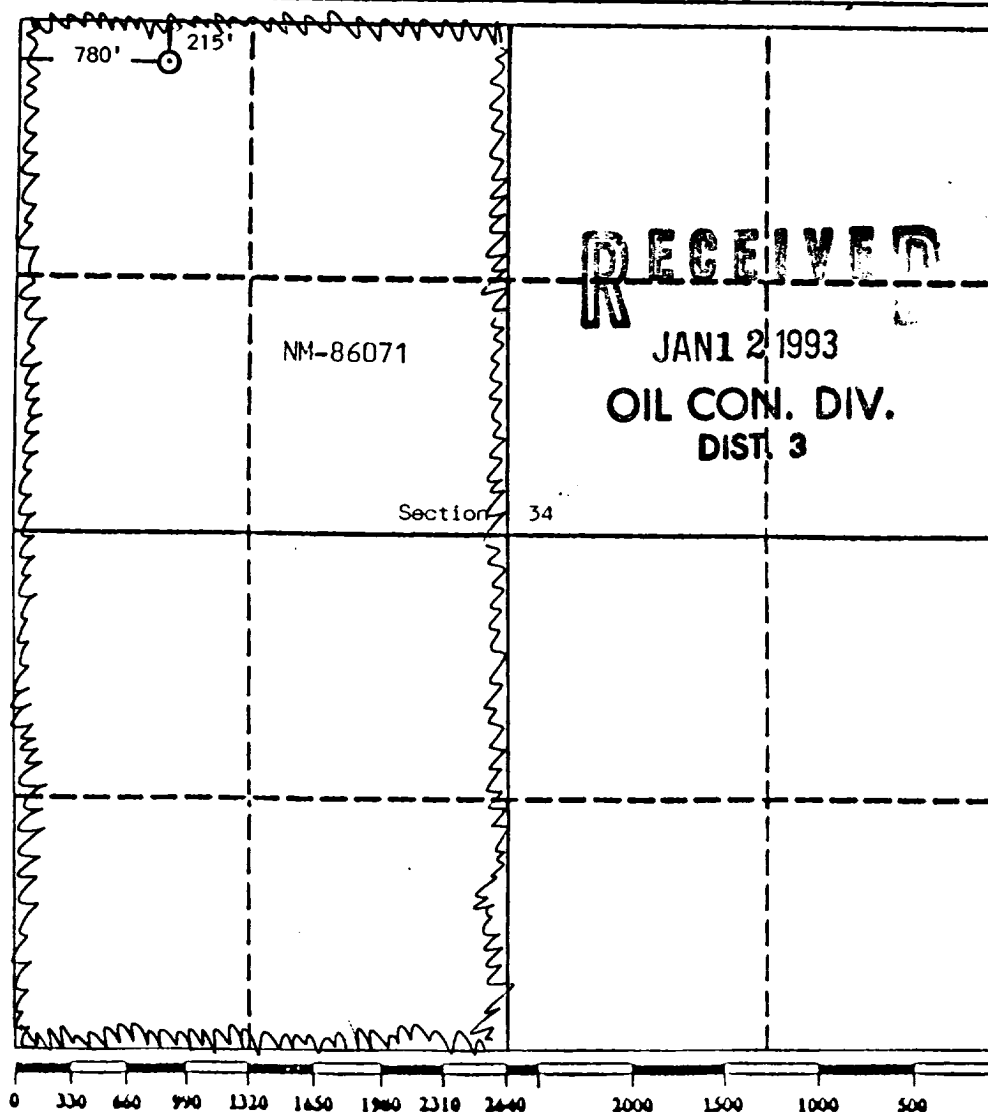
DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator Evergreen Operating Corporation			Lease Chicosa 34		Well No. 2
Unit Letter D	Section 34	Township 31 North	Range 4 West	County Rio Arriba	
Actual Surface Location of Well: 215 feet from the North line and 780 feet from the West line					
Ground level Elev. 6775 Est.	Producing Formation Fruitland Coal		Pool Basin Fruitland Coal		Dedicated Acreage: 320 Acres
<p>1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.</p> <p>2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).</p> <p>3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.? <input type="checkbox"/> Yes <input type="checkbox"/> No If answer is "yes" type of consolidation _____</p> <p>If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____</p> <p>No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.</p>					



OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
Signature <i>A. R. Kendrick</i>	Printed Name A. R. Kendrick
Position Agent	
Company Evergreen Operating Corp.	
Date September 4, 1992	
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 knowledge and belief.	
Date Surveyed August 27, 1992	
Signature & Seal of Professional Surveyor <i>Edgar L. Rios</i> Certification No. 18979 EC	
EXHIBIT A	

TEN-POINT COMPLIANCE PROGRAM

Evergreen Operating Corp.

Chicosa 34 #2

215' FNL 780' FWL Sec. 34 - T 31 N - R 4 W

Elev: 6775' GR

Lease No. NM-86071

1. THE GEOLOGICAL SURFACE FORMATION IS: Nacimiento.
2. THE ESTIMATED TOPS OF IMPORTANT GEOLOGICAL MARKERS:

Ojo Alamo	3035'
Kirtland	3145'
Fruitland	3370'
Fruitland Coal	3500'
Pictured Cliffs	3575'
Total Depth	3825'

3. ESTIMATED DEPTHS OF ANTICIPATED WATER, OIL, GAS OR MINERALS:

<u>SUBSTANCE</u>	<u>FORMATION</u>	<u>ANTICIPATED DEPTH</u>
GAS	Fruitland Coal	3500'

4. THE PROPOSED CASING PROGRAM WILL BE AS FOLLOWS:

<u>DEPTH</u>	<u>HOLE SIZE</u>	<u>O.D.</u>	<u>WEIGHT</u>	<u>GRADE</u>	<u>TYPE</u>	<u>NEW/USED</u>
0-350'	12-1/4"	9-5/8"	36	K-55	ST&C	NEW
0-TD	7-7/8"	5-1/2"	15.5	K-55	ST&C	NEW

PROPOSED CEMENT PROGRAM: To effectively isolate and seal off all water, oil, gas and coalbearing strata encountered by the utilization of spacers, centralizers and swirling centralizers at the base of the Ojo Alamo formation as specified by NTL-FRA 90-1 III.B and API standards; and by using cement volumes as follows:

Surface: 265 CuFt (225 Sx) Class B w/1/4" Flocele/Sx plus 2% CaCl.

Production: 1st stage: 30 CuFt (25 Sx) 50/50 pozolon, 2% gel and 1/2" /Sx Flocele plus 118 CuFt (100 Sx) Class B w/4% Haled-344 and 1/2" /Sx Flocele. 1st stage Totals: 148 CuFt (125 Sx). 2nd stage: 1160 CuFt (628 Sx) Halliburton Lite w/2% CaCl plus 118 CuFt (100 Sx) Class B w/2% CaCl. 2nd stage totals: 1501 CuFt (905 Sx). Grand Totals: 1649 CuFt (1030 Sx). (Exact volumes to be determined from logs.)

5. OPERATOR'S MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL:

Exhibit E is a schematic of the blowout preventer used by a local contractor for other wells in the area. The BOPs are to be test-operated before drilling out from under the surface casing, and operation checks will be made daily thereafter and recorded in the Daily Drilling Report. Accessories to BOP will include floor safety valve and choke manifold with pressure rating equivalent to the BOP stack.

Exhibit C