

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT, *90-039-25257*

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work Drill		5. Lease Number NM-23044	
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 SA. R. Kendrick Box 516, Aztec, NM 87410 (505) 334-2555		8. Farm or Lease Name <i>13617</i> Schalk 32	
4. Location of Well 790' FNL 1055' FEL		9. Well Number 1	
14. Distance in Miles from Nearest Town 12.5 Airline miles north of Gobernador, NM		10. Field, Pool, or Wildcat <i>71629</i> Basin-Fruitland Coal Gas Pool	
		11. Section, Township, & Range, Meridian, or Block A-32-31N-4W	
		12. County Rio Arriba	13. State New Mexico
15. Distance from Proposed Location To Nearest Property Line or Lease Line. 790'	16. Acres in Lease 640 Acres	17. Acres Assigned to Well N-320	
18. Distance From Proposed Location To Nearest Well Dr. Compl., Or Applied For On Lease. 343'	19. Proposed Depth 3725'	20. Rotary or Cable Tools Rotary	
21. Elevations (DF, RT, GR, Etc.) 6610' GR		22. Approximate Date Work Will Start. As soon as Possible	

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 January 26, 1993

Permit No. _____ Approval Date _____

Approved By _____ Title _____ Date FEB 02 1993

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

NMOCD

**APPROVED
AS AMENDED**

AREA MANAGER

RECEIVED

FEB 5 1993

**OIL CON. DIV.
DIST. 3**

Submit to Appropriate
District Office
State Lease - 4 copies
For 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

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

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

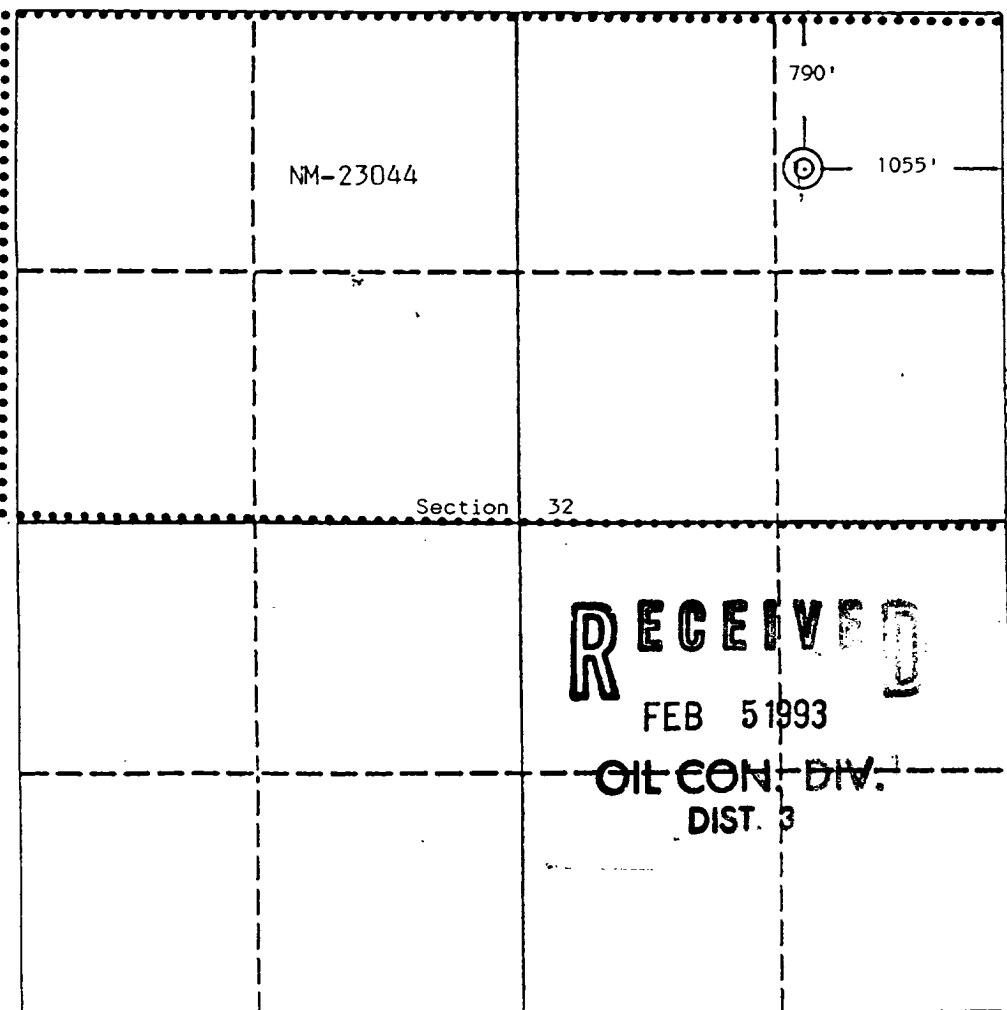
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator Evergreen Operating Corporation			Lease Schalk 32	Well No. NM-23044
Unit Letter A	Section 32	Township 31 North	Range 4 West	County Rio Arriba
Actual Footage Location of Well: 790 feet from the North line and 1055 feet from the East line				
Ground level Elev. 6610	Producing Formation Fruitland Coal	Pool Basin Fruitland Coal	Dedicated Acreage: 320 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- 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?
☐ Yes ☐ No If answer is "yes" type of consolidation _____
If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____
No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, force-pooling, or otherwise) or until a non-standard unit, eliminating such interest, 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.

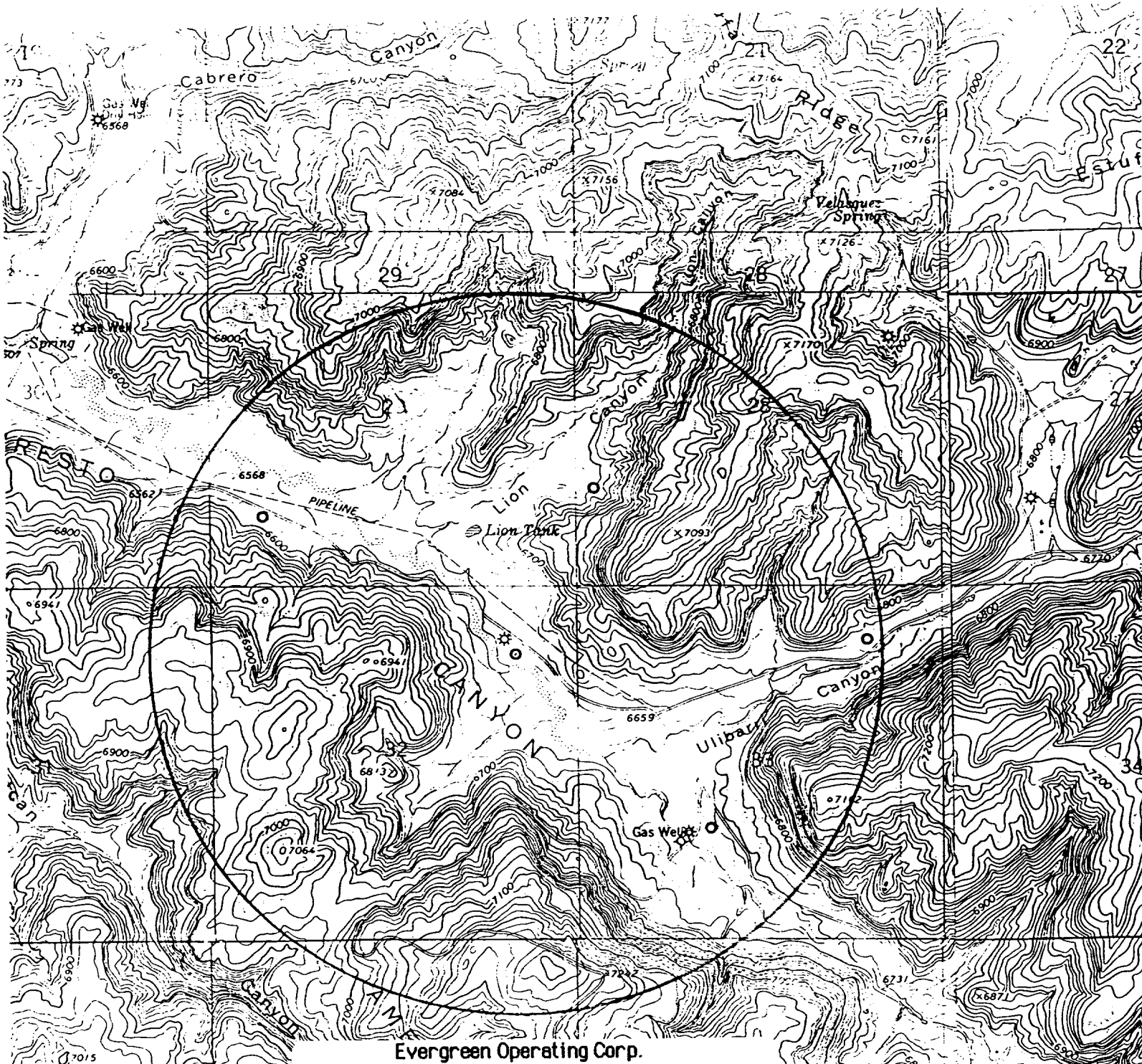
Signature
A. R. Kendrick
Printed Name
A. R. Kendrick
Position
Agent
Company
Evergreen Operating Corp.
Date
July 12, 1991

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
June 11, 1991
Signature & Seal
Professional Surveyor
EDGAR R. RISENHOVER
NEW MEXICO
5979
Certificate No. 5979

EXHIBIT A



Evergreen Operating Corp.
Schalk 32 #1
790' FNL 1055' FEL, A-32-T31N-R4W
Lease No. NM-23044, Elev: 6610' GR
API No. 30-039-25091

EXHIBIT B

TEN-POINT COMPLIANCE PROGRAM

Evergreen Operating Corporation
Schalk 32 #1

790' FNL 1055' FEL Sec 32-T31N-R4W

Elev. 6610' GR

Lease No. NM-23044

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

Ojo Alamo	2875'
Kirtland	3074'
Fruitland	3315'
Fruitland Coal	3392'
Pictured Cliffs	3466'
Total Depth	3725'

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

<u>SUBSTANCE</u>	<u>FORMATION</u>	<u>ANTICIPATED DEPTH</u>
GAS	Fruitland Coal	3392'

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 as specified by NTL-FRA 90-1 III.B and API standards; and by using cement volumes as follows:

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

Production: 1st stage: 30 Cu Ft (25 Sx) 50/50 pozolon, 2% gel and 1/2" /Sx Flocele plus 118 Cu Ft (100 Sx) Class B w/4% Halad-344 and 1/2" /Sx Flocele. 1st stage Totals: 148 Cu Ft (125 Sx). 2nd stage: 1160 Cu Ft (628 Sx) Halliburton Lite w/2% CaCl plus 118 Cu Ft (100 Sx) Class B w/2% CaCl. 2nd stage totals: 1318 Cu Ft (750 Sx). Grand Totals: 1466 Cu Ft (875 Sx). (Exact volumes to be determined from well logs.)

5. OPERATOR'S MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL:

Exhibit E is a schematic of a "2M" blowout preventer. 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