

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

| | | | |
|--|-----------------------|--|---------------|
| 1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> | | 5. LEASE DESIGNATION AND SERIAL NO. NM-89783 | |
| 1b. TYPE OF WELL OIL WELL <input type="checkbox"/> <input checked="" type="checkbox"/> OTHER SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/> | | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME | |
| 2. NAME OF OPERATOR J. M. Huber Corporation 11321 | | 7. UNIT AGREEMENT NAME 276132 | |
| 3. ADDRESS OF OPERATOR c/o Walsh Engineering, 7415 E. Main St. Farmington, NM 87402 (505) 327-4892 | | 8. FARM OR LEASE NAME, WELL NO. Chicosa 35 #1 | |
| 4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At Surface 660' FNL and 660' FEL At proposed Prod. Zone | | 9. API WELL NO. 30-039-26423 | |
| 14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 35 miles NE of Blanco, NM | | 10. FIELD AND POOL OR WILDCAT Basin Fruitland Coal | |
| 15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 660 | | 11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA A Sec. 35, T31N, R4W | |
| 16. NO. OF ACRES IN LEASE 320 | | 12. NO. OF ACRES ASSIGNED TO THIS WELL 320 | |
| 18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR ON THIS LEASE, FT. NA | | 13. STATE NM | |
| 19. PROPOSED DEPTH 3990 | | 20. ROTARY OR CABLE TOOLS Rotary | |
| 21. ELEVATIONS (Show whether DF, RT, GR, etc.) 7005' GR | | 22. APPROX. DATE WORK WILL START* June 1, 2000 | |
| 23. PROPOSED CASING AND CEMENTING PROGRAM | | | |
| SIZE OF HOLE | GRADE, SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH |
| 12-1/4" | 9-5/8" | 36# K-55 | 250' |
| 7-7/8" | 5-1/2" | 15.5# K-55 | 3990- |
| QUANTITY OF CEMENT | | | |
| 176 cu ft. Cl "B" w/ 3% CaCl ₂ | | | |
| 805cuft. Cl "B" 65/35 poz & 236cuft w/ 2% CaCl | | | |

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

J. M. Huber Corporation proposes to drill a vertical well to develop the Fruitland Coal formation at the above described location in accordance with the attached drilling and surface use plans.

This location has been archaeologically surveyed by La Plata Archeological Service. Copies of their report have been submitted directly to your office. Reports LAC 9962 / CNF Report 2000-02-044

This APD also is serving as an application to obtain BLM road and pipeline right-of-ways. This well will be accessed by a new road approximately 200' long by 30' wide which crosses the NE/NE of Sec. 35 where it joins an existing road that crosses the S/2/SE of Sec26, T31N, R4W, where it joins Forest Road #310. The pipeline route is described on Plat #4.

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

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM : If proposal is to deepen or plug back, 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 vertical depths. Give blowout preventer program, if any.

24. SIGNED Paul C. Thompson TITLE Paul Thompson, Agent DATE 3/31/00

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

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:

APPROVED BY 1st Jim Lovato TITLE _____ DATE JUN 21 2000

*See Instructions On Reverse Side

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.

NMCCD

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

District II
PO Drawer 00, Artesia, NM 88211-0719

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

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

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102

Revised February 21, 1994

Instructions on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

PO Box 2088

Santa Fe, NM 87504-2088

20 APR -3 PM 2:01 AMENDED REPORT

000 ABANDONED, NM

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | |
|-----------------------------|--|---------------------|------------------------------------|
| *API Number 30-039-26472 | | *Pool Code 71629 | *Pool Name BASIN FRUITLAND COAL |
| *Property Code 26132 | *Property Name CHICOSA 35 | | *Well Number 1 |
| *OGRID No. 11321 | *Operator Name J.M. HUBER CORPORATION | | *Elevation 7005 |

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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|------------|
| A | 35 | 31N | 4W | | 660 | NORTH | 660 | EAST | RIO ARriba |

11 Bottom Hole Location If Different From Surface

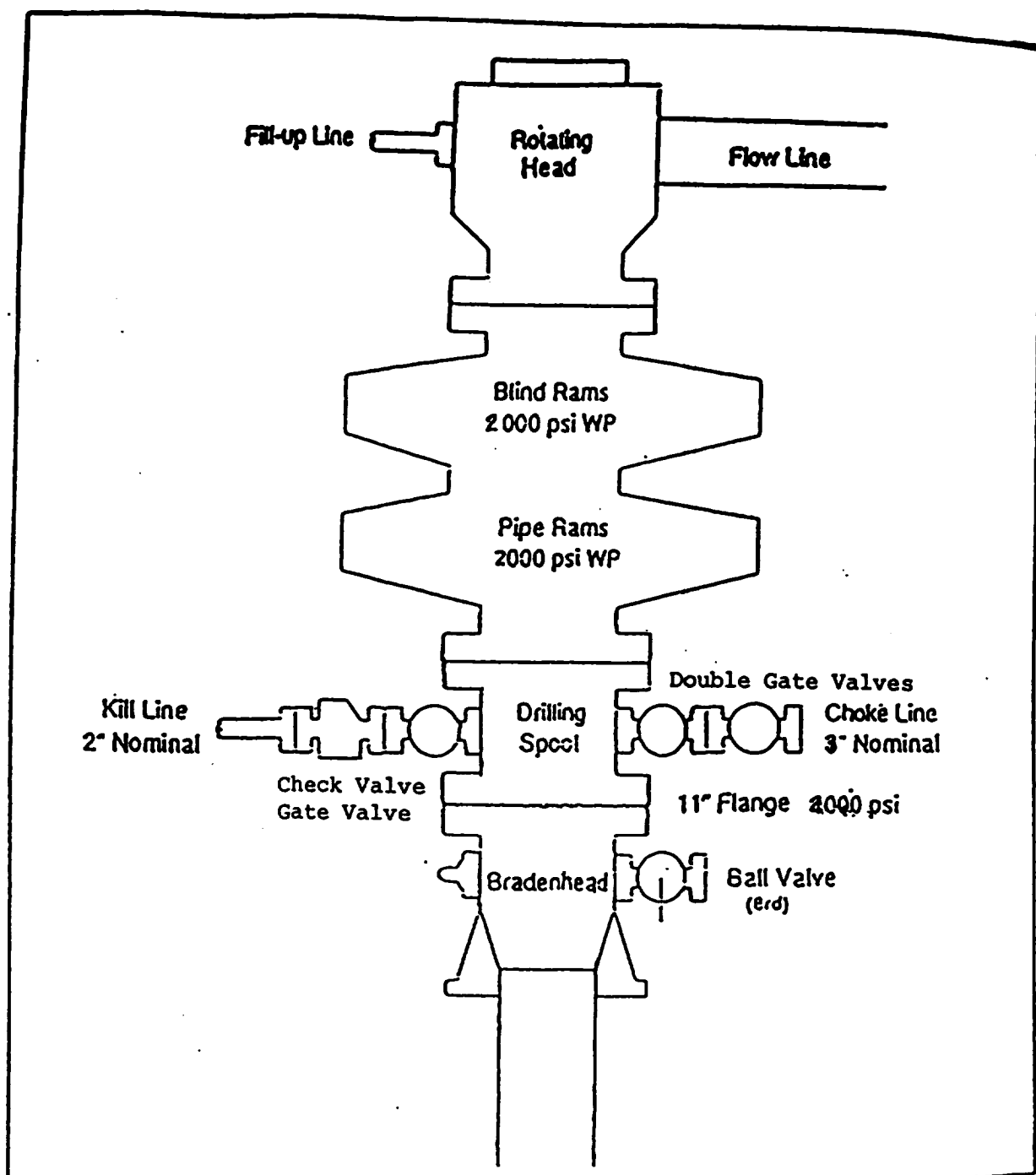
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------------------------|---------|-------------------------|-------|-----------------------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |
| 12 Dedicated Acres 320 $N/2$ | | 13 Joint or Infill N | | 14 Consolidation Code | | 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

| | | |
|---|--|--|
| <div>15</div> <div>5283.30'</div> <div>660'</div> <div>660'</div> <div>5280.00'</div> <div>LOT 2</div> <div>LOT 1</div> <div>LOT 4</div> <div>LOT 5</div> <div>LOT 6</div> <div>5280.00'</div> <div>H.E.S. 290</div> <div>LOT 3</div> | | <div>17 OPERATOR CERTIFICATION</div> <div>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</div> <div><i>Paul C. Thompson</i></div> <div>Signature</div> <div>Paul C. Thompson</div> <div>Printed Name</div> <div>Agent</div> <div>Title</div> <div>3/31/00</div> <div>Date</div> <div>18 SURVEYOR CERTIFICATION</div> <div>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.</div> <div>MARCH 17, 2000</div> <div>Date of Survey</div> <div>Signature and Seal</div> <div>NEALE C. EDWARDS</div> <div>NEW MEXICO</div> <div>6857</div> <div>REGISTERED PROFESSIONAL SURVEYOR</div> <div>Certificate Number</div> <div>6857</div> |
|---|--|--|

EXHIBIT 1

BOP STACK ARRANGEMENT



All ram type preventers and related equipment will be hydraulically tested at nipple-up and after any use under pressure to 1500 psi. The blind rams will be hydraulically activated and checked for operational readiness each time pipe is pulled out of the hole. All checks of the BOP stack and equipment will be noted on the daily drilling report. The BOP equipment will include a kelly cock with handle, floor safety valve with change over for each tool joint in the string, and choke manifold all rated to 2000 psi.

