

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. SF079043
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME
2. NAME OF OPERATOR Blackwood & Nichols Co., LTD.		7. UNIT AGREEMENT NAME Northeast Blanco
3. ADDRESS OF OPERATOR P.O. Box 1237, Durango, CO 81301		8. FARM OR LEASE NAME Northeast Blanco Unit
4. LOCATION OF WELL (Report location clearly and in accordance with State requirements.) At surface 2045' FSL - 1395' FWL At proposed prod. zone		9. WELL NO. 446
10. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE 16.5 Miles NE of Blanco, New Mexico		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 33, T31N, R7W
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 1395'		12. COUNTY OR PARISH San Juan
16. NO. OF ACRES IN LEASE 2314.56		13. STATE NM
17. DISTANCE FROM PROPOSED* LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 750'		14. NO. OF ACRES ASSIGNED TO THIS WELL 320
18. ELEVATIONS (Show whether DF, RT, GR, etc.) 6302' GL		15. ROTARY OR CABLE TOOLS Rotary
21. PROPOSED CASING AND CEMENTING PROGRAM DRILLING OPERATIONS AUTHORIZED ARE SUBJECT TO COMPLIANCE WITH ATTACHED "GENERAL REQUIREMENTS"		22. APPROX. DATE WORK WILL START* April 1, 1989
23. PROPOSED CASING AND CEMENTING PROGRAM		23. QUANTITY OF CEMENT 207 cuft to circulate 910 cuft to circulate

Propose to spud in the San Jose formation. Will drill a 12 1/4" hole to a TD of 300'. Surface casing will be run and cemented, with cement returns to surface. WOC 12 hours. Pressure test to 600 psi/30 mins. Drill an 8 3/4" hole to a TD of 3415' using fresh water mud. No poisonous gases are anticipated. Weighted mud will be used to drill the Fruitland coals. Logs will be run at TD. Production casing will be run and cemented in two stages with cement returns to surface. The drilling rig will be released and a completion unit moved on. Cased hole correlation and bond logs will be run. The Fruitland coal intervals will be perforated and frac'd with a fresh water base gel fluid.

Surface is BLM except for the south 55' of location, which is Bureau of Reclamation.

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 William F. Elmer TITLE Operations Manager DATE March 31, 1989
(This space for Federal or State office use)

PERMIT NO. _____

APPROVAL DATE _____

APPROVED BY _____

TITLE _____

DATE _____

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

NMOSC

All distances must be from the outer boundaries of the Section.

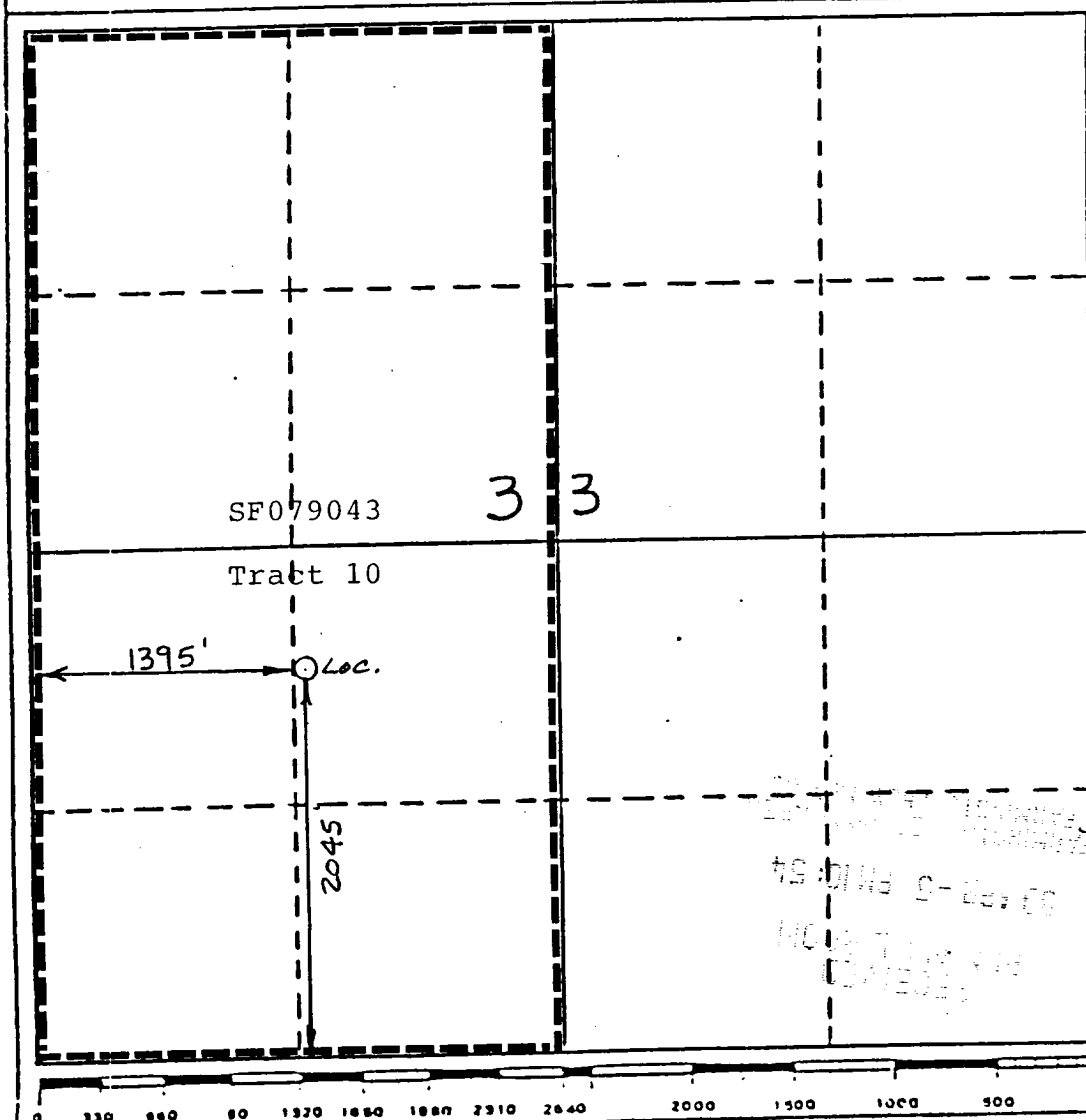
Operator Blackwood & Nichols Co., LTD.			Lease Northeast Blanco Unit		Well No. 446
Unit Letter K	Section 33	Township 31 North	Range 7 West	County San Juan	
Actual Footage Location of Well: 2045 feet from the South line and 1395 feet from the West line					
Ground Level Elev. 6302	Producing Formation Basin Fruitland Coal		Pool Basin Fruitland Coal		Dedicated Acreage: 320 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
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).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation NA

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, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.



CERTIFICATION

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

Name William H. Clark
Position Operations Manager
Company Blackwood & Nichols Co

Date March 31, 1989

I hereby certify that the 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 11-29-88

Registered Professional Engineer and/or Land Surveyor

Neale C. Edwards

Certificate No. 6357

