

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

51-0405-07838

5. LEASE DESIGNATION AND SERIAL NO.
SF-078387-A

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
Kernaghan B

9. WELL NO.
5

10. FIELD AND POOL, OR WILDCAT
Basin Fruitland Coal Gas

11. SEC., T., R., M., OR BLK.
AND SURVEY OR AREA
NENE Sec 28 T31N, R8W

12. COUNTY OR PARISH
San Juan

13. STATE
NM

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1A. TYPE OF WORK
DRILL DEEPEN PLUG BACK

B. TYPE OF WELL
OIL WELL GAS WELL Coal Seam OTHER

2. NAME OF OPERATOR
Amoco Production Company

3. ADDRESS OF OPERATOR
2325 East 30th Street, Farmington NM 87401

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
At surface
1210' FNL x 1115' FEL
At proposed prod. zone
Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
26 miles northeast of Aztec NM

15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 1115'

16. NO. OF ACRES IN LEASE
1,280 ac.

17. NO. OF ACRES ASSIGNED TO THIS WELL
320 E/2

18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.

19. PROPOSED DEPTH
See attached plan
3454'

20. ROTARY OR CABLE TOOLS
Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
6319' GR

22. APPROX. DATE WORK WILL START*
As soon as permitted

23. PROPOSED CASING AND CEMENTING PROGRAM
"GENERAL REQUIREMENTS"
This action is subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4.

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH
12-1/4"	9-5/8"	36# K55	250'
8-3/4"	7"	20# K55	3009'
6-1/4"	5-1/2"	23# P110	3194'

Notice of Staking submitted 04/06/89.
This well was formerly named Kernaghan LS 1-4, 1A-4A #5

Lease description:
T31N-R8W, NMPM
Sec. 28: E/2
Sec. 29: E/2
Sec. 30: E/2
Sec. 33: W/2

RECEIVED
MAY 24 1989
OIL CON. B.
DIST. 8

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 J. J. Hampton TITLE Admin. Supv. DATE 5/3/89

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE **APPROVED AS AMENDED**

"Approval of this action does not warrant that the applicant holds legal or equitable rights or title to this lease."
APPROVED BY _____ TITLE _____
MAY 10 1989
AREA MANAGER
HOLD C-104 FOR A.A. OF THE KERNAGHAN LS #2B. E.
*See Instructions On Reverse Side

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

DISTRICT I
 P.O. Box 1989, Hobbs, NM 88240

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

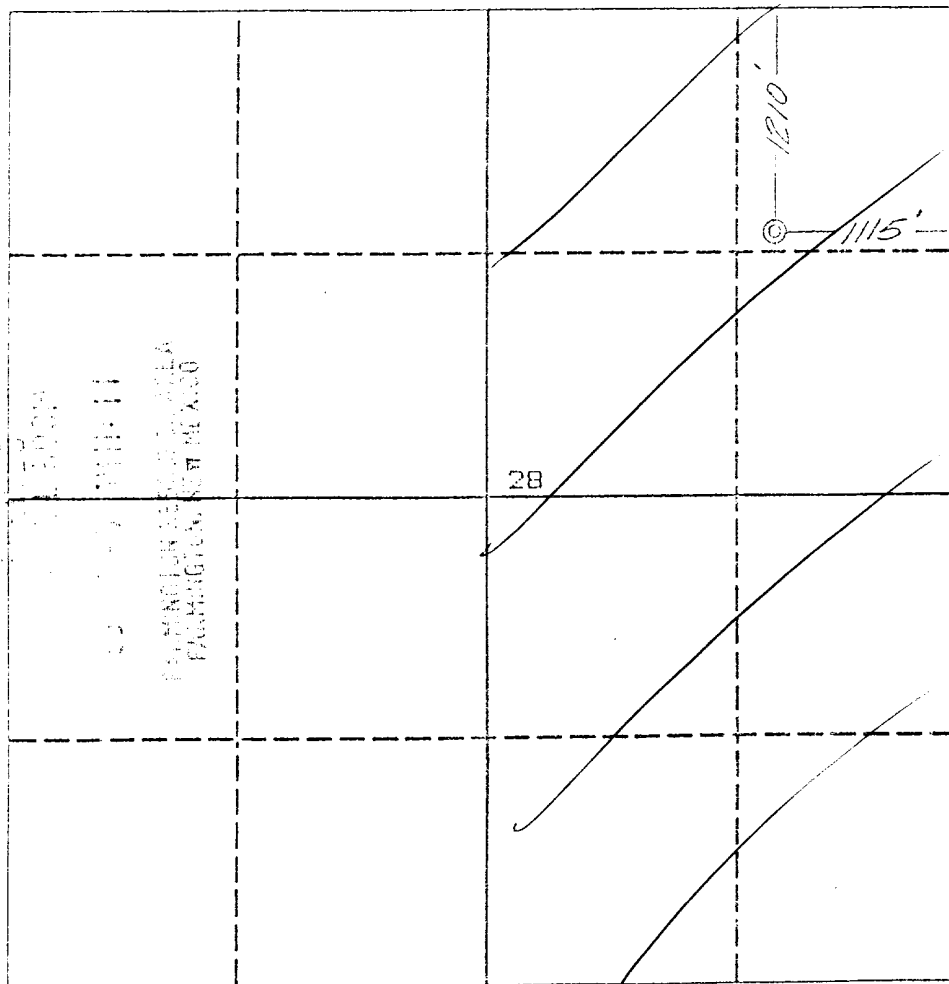
DISTRICT III
 1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator AMOCO PRODUCTION COMPANY			Lease KERNAGHAN B		Well No. # 5
Unit Letter A	Section 28	Township 31 NORTH	Range 8 WEST	County SAN JUAN	
Actual Footage Location of Well: 1210 feet from the NORTH line and 1115 feet from the EAST line					
Ground level Elev. 6319	Producing Formation Fruitland	Pool Basin Fruitland Coal Gas		Dedicated Acreage: 320 E/2 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hachure 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 communization, 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 communization, unitization, forced-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.

C. B. Douglas
 Signature
C. B. Douglas
 Printed Name
 Dist. Admin. Supv.
 Position
Amoco Production
 Company
April 6, 1989
 Date

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
March 31, 1989

Signature & Seal of Professional Surveyor
Gary D. Vann
GARY D. VANN
 Registered Professional Land Surveyor
7016
 Certificate No.
7016

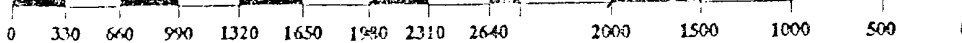
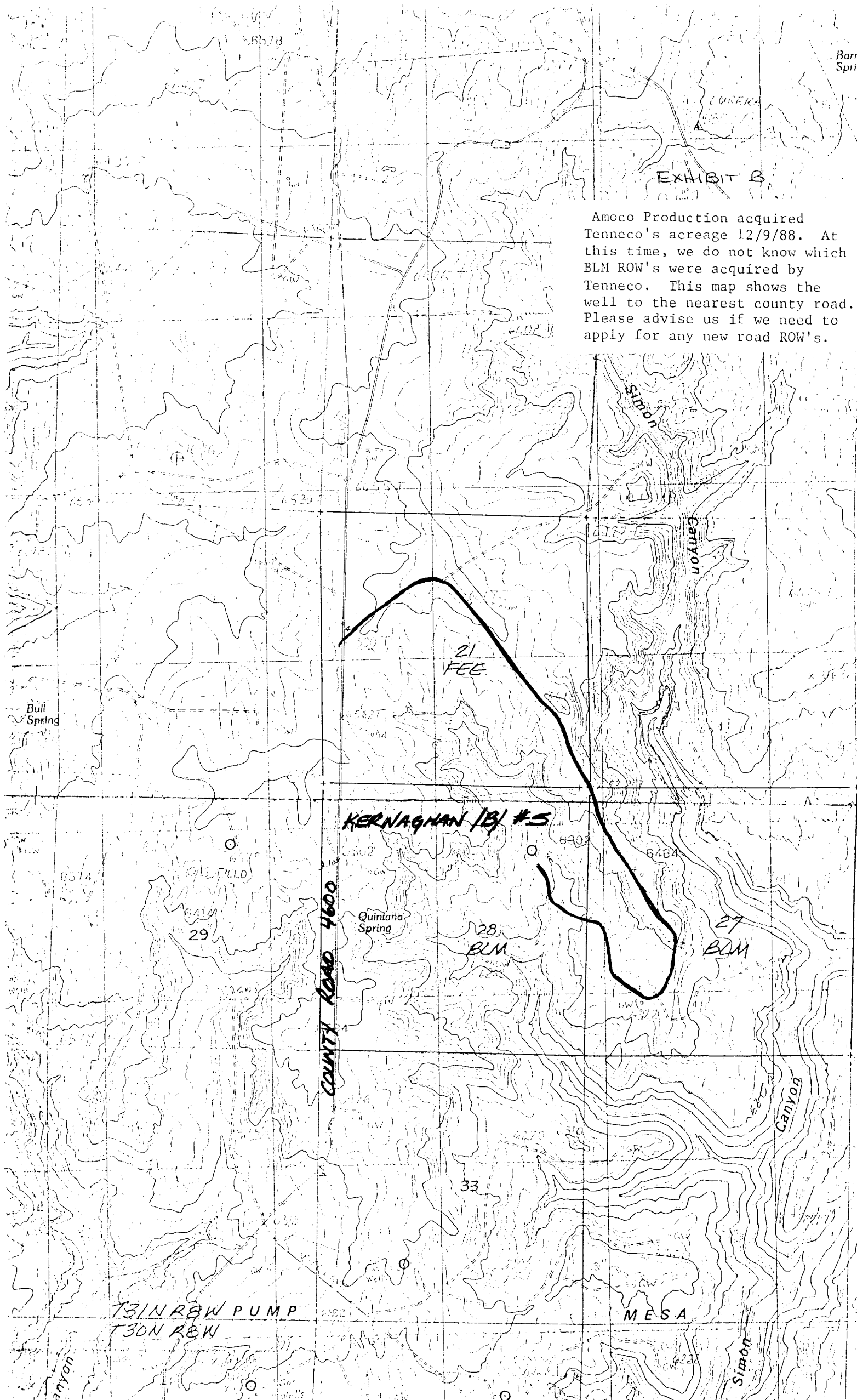


EXHIBIT B

Amoco Production acquired Tenneco's acreage 12/9/88. At this time, we do not know which BLM ROW's were acquired by Tenneco. This map shows the well to the nearest county road. Please advise us if we need to apply for any new road ROW's.



KERNAGHAN 1B1 #5

21
FEE

Quintana Spring

28
BLM

27
BLM

COUNTY ROAD 4600

MESA

73IN ROW PUMP
73DN ROW

anyon

Simon

Canyon

CANYON

Simon

LUREKA

8578

8574

29

33

852

6223

8397

6464

7530

6655

6402

6176

Bull Spring