UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

RECEIVED BLM

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK 5. Lease Number Type of Work 1a. NM-0555078 DRILL Unit Reporting Number 6. Af Indian, All. or Tribe Type of Well 1b. GAS 7. Unit Agreement Name 2. Operator Oil & Gas Company Address & Phone No. of Operator 8. Farm or Lease Name 3. Helms Federal PO Box 4289, Farmington, NM 87499 9. Well Number **1B** (505) 326-9700 10. Field, Pool, Wildcat Location of Well 4. Blanco Mesaverde 1160' FSL, 1060' FWL 11. Sec., Twn, Rge, Mer. (NMPM) Sec. 22, T-30-N, R-10-W Latitude 36° 47.6, Longitude 107° 52.6 APÍ # / 30-045-27998 13. State Distance in Miles from Nearest Town 12. County 14. MM San Juan 4 miles Distance from Proposed Location to Nearest Property or Lease Line 15. 10604 17. Acres Assigned to Well 16. Acres in Lease 323.84 Distance from Proposed Location to Nearest Well, Drlg, Compl, or Applied for on this Lease 18. This collect to cobject to technical and procedural review pursuant to 43 CFR 3185.3 20. Rotary or Cable Tools **Proposed Depth** 19. and appeal pursuant to 43 CFA 3165.4. Rotary 5444' 22. Approx. Date Work will Start Elevations (DF, FT, GR, Etc.) 21. 6182' GR ORIGING OPENATIONS METHODIZED ARE **Proposed Casing and Cementing Program** 23. SULEMON TO COLUMN SOUNDS OF THE ATTACHED See Operations Plan attached "CEREBAL SEQUENCES TESTS" Authorized by 24. latory/Compliance Administrator N. M APPROVAL DATE PERMIT NO. APPROVED BY

Archaeological Report to be submitted

Threatened and Endangered Species Report to be submitted

NOTE: This format is issued in lieu of U.S. BLM Form 3160-3

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 presentations as to any matter within its jurisdiction.

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OPERATIONS PLAN

Well Name: Helms Federal #1B

Location: 1160' FSL, 1060' FWL, Sec 22, T-30-N, R-10-W

San Juan County, NM

Latitude 36° 47.6, Longitude 107° 52.6

Formation: Blanco Mesa Verde

Elevation: 6182'GR

Formation Tops:	Top	Bottom	Contents
Surface	San Jose	1434'	
Ojo Alamo	1434'	1570'	
Kirtland	1570 '	2219'	
Intermediate TD	1670'		
Fruitland	2219'	2772 '	
Pictured Cliffs	2772 '	2906'	
Lewis	2906'	3494'	
Huerfanito Bentonite	3494'	3748'	
Chacra	3748'	4419'	
Massive Cliff House	4419'	4544'	
Menefee	4544'	5044'	
Massive Point Lookout	5044'		
TD	5444'		

Logging Program: Cased hole - GR/CBL

Mud Program:

Interval	Type	Weight	Vis.	Fluid Loss
0- 80'	Spud	8.4-9.0	40-50	no control
80-1670'	LSND	8.4-9.0	30-60	no control
1670-5444'	Gas	n/a	n/a	n/a

Pit levels will be visually monitored to detect gain or loss of fluid control.

Casing Program (as listed, the equivalent, or better):

<u> Hole Size</u>	Depth Interval	Csg.Size	Wt	Grade
12 1/4"	0' - 80'	9 5/8"	32.3 #	H-40
8 3/4"	0' - 1670'	7"	20.0#	J-55
6 1/4"	0' - 5444'	4 1/2"	10.5#	J-55

Tubing Program:

0' - 5444' 2 3/8" 4.70# EUE

BOP Specifications, Wellhead and Tests:

Surface to Intermediate TD -

11" 2000 psi minimum double gate BOP stack (Reference Figure #1). After nipple-up prior to drilling out surface casing, rams and casing will be tested to 600 psi for 30 minutes.

BOP Specifications, Wellhead and Tests:

Intermediate TD to Total Depth -

11" 2000 psi minimum double gate BOP stack (Reference Figure #1). After nipple-up prior to drilling out intermediate casing, rams and casing will be tested to 1500 psi for 30 minutes.

