Submit to Appropriate
District Office
State Lease – 6 copies
Fee Lease – 5 copies

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

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-101
Revised 1-1-89

API NO. (assigned by OCD on New Wells) 30-045-27785

5. Indicate Type of Lease STATE ☐ FEE ☒

6. State Oil & Gas Lease No.

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work:
DRILL ☒ RE-ENTER ☐ DEEPEN ☐ PLUG BACK ☐

b. Type of Well:
OIL WELL ☐ GAS WELL ☒ OTHER SINGLE ZONE ☒ MULTIPLE ZONE ☐

7. Lease Name or Unit Agreement Name
Atlantic Fruitland 26 Com.

2. Name of Operator
ARCO OIL AND GAS COMPANY

8. Well No.
1 N/318.60

3. Address of Operator
Box 1610, Midland, Texas 79702

9. Pool name or Wildcat
Basin-Fruitland Coal Gas Po

4. Well Location
Unit Letter G : 1360 Feet From The North Line and 1790 Feet From The East Line

Section 26 Township 31N Range 10W NMPM San Juan County

10. Proposed Depth	11. Formation	12. Rotary or C.T.
3100	Fruitland Coal	Rotary

13. Elevations (Show whether DF, RT, GR, etc.)	14. Kind & Status Plug. Bond	15. Drilling Contractor	16. Approx. Date Work will start
6303 GR	Statewide Blanket	NA	5-1-90

17. PROPOSED CASING AND CEMENT PROGRAM N/2 ~~320~~ Ac 318.60

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
12 1/4	9 5/8	36	300	200	Surf
8 3/4	7	23	2600	700	Surf

RECEIVED
MAY 07 1990
OIL CON. DIV.
DIST. 3

APPROVAL EXPIRES 11-7-90
UNLESS DRILLING IS COMMENCED.
SPUD NOTICE MUST BE SUBMITTED
WITHIN 10 DAYS.

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. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

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

SIGNATURE Ken W Gosnell TITLE Engr. Tech. DATE 5/4/90

TYPE OR PRINT NAME Ken W. Gosnell 915/688-5672 TELEPHONE NO.

(This space for State Use)

APPROVED BY [signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #3 DATE MAY 07 1990

CONDITIONS OF APPROVAL, IF ANY:

Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

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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

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator: Arco Oil & Gas Company			Lease: Atlantic Fruitland 26 Com	Well No.: 1
Unit Letter: G	Section: 26	Township: 31N.	Range: 10W. NMPM	County: San Juan
Actual Footage Location of Well: 1360 feet from the North line and 1790 feet from the East line				
Ground level Elev.: 6308	Producing Formation: Fruitland		Pool: Basin - Fruitland Coal Gas	Dedicated Acreage: ~~320~~ 318.68 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below. N/2

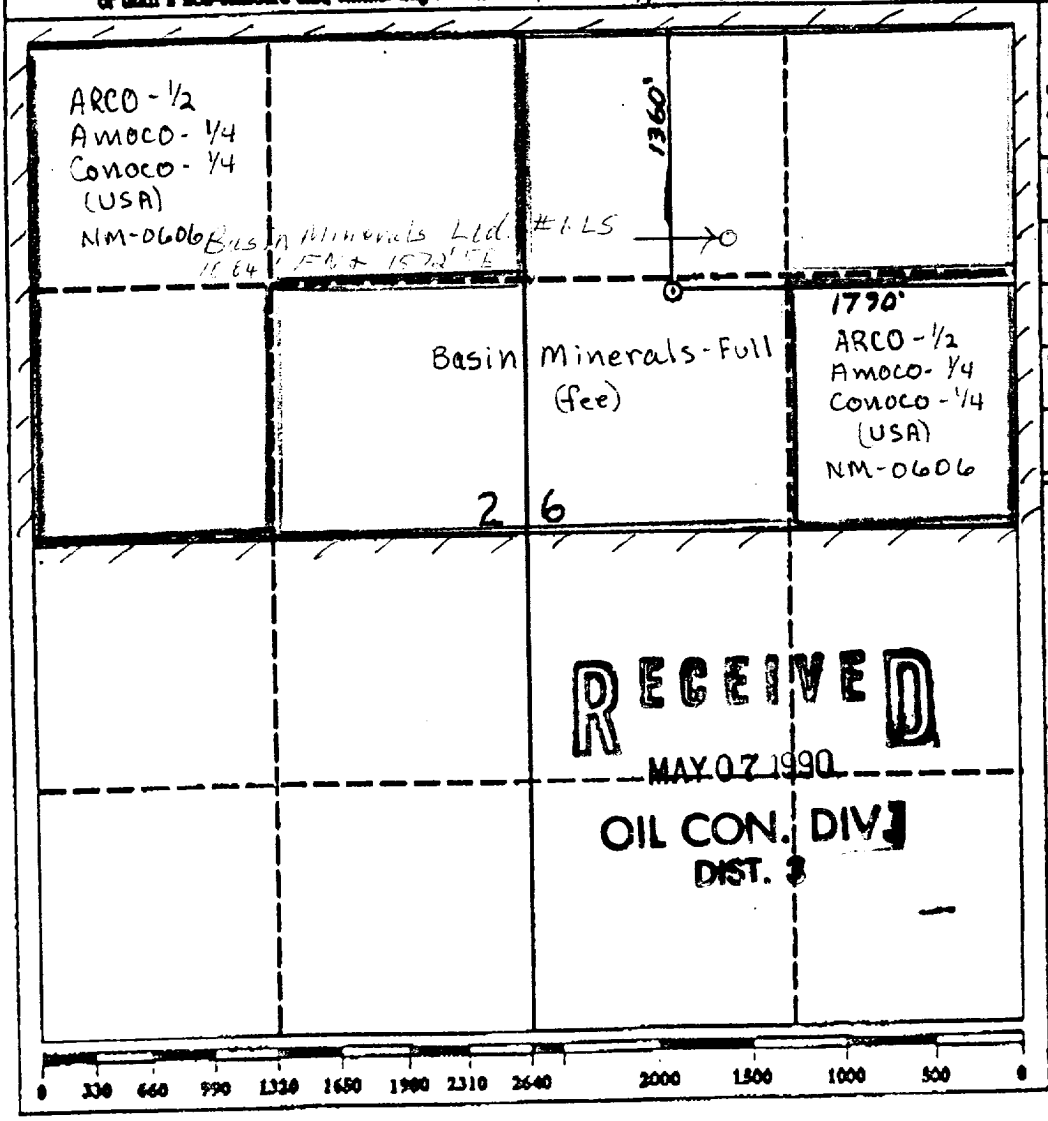
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?

☒ Yes ☐ No If answer is "yes" type of consolidation Communitization

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 interest, has been approved by the Division.



RECEIVED
MAY 07 1990
OIL CON. DIV.
DIST. 3

OPERATOR CERTIFICATION

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

Signature: Peel Talley
Printed Name: Peel Talley
Position: Drilling Engineer
Company: ARCO Oil & Gas
Date: 4/23/90

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 supervison, and that the same is true and correct to the best of my knowledge and belief. 4-09-90

Date Surveyed: Roy A. Rush
Signature & Seal of Professional Surveyor: ROY A. RUSH NEW MEXICO 8894 REGISTERED PROFESSIONAL LAND SURVEYOR
Certificate No. 8894

Drilling Discussion
Atlantic Fruitland Well: Generic Open Hole Completion

The planned casing program will be as follows:

- 9-5/8" @ 300' cemented to surface w/ 200 sx Cl "B" + 2% $CaCl_2$
- 7" @ 2600' cemented to surface w/ 500 sx 35/65 Cl "B" pozmix + 6% gel followed by 200 sx Cl "B" neat.

The well will be spudded with a 12-1/4" bit and drilled to 300' using a fresh water spud mud. After setting surface casing, the shoe will be drilled out with a 7-7/8" bit and the hole will be continued to 2600' or 50' above the Fruitland. A low solids, fresh water gel/polymer mud system will be utilized consisting of reserve pit make-up water. No hole problems or drilling difficulties are anticipated if the mud is properly maintained. A water loss of less than 20 cc is recommended to minimize hole heave from reactive shales. After setting 7" casing the drilling rig will be moved off the location and a specially equipped completion unit moved in prior to penetrating the Fruitland.

The 7" float shoe will be drilled out with a 6-1/4" bit and 4-3/4" DC's on 3-1/2" drill pipe circulating with FW and air. The well will be drilled to TD using air/mist as the circulating medium under a "controlled blowout" environment. A stripper head, two(2) blind rams and two(2) pipe rams will be utilized for well control and to divert the gas flow to a 7" blooie line where the gas will be flared. Due to "caving-in" and "fill-up" of coal and shale in the wellbore while flowing the Fruitland under balance stuck pipe can be a significant problem. The well will be flowed until a minimal amount of hole caving and fill-up is observed. After clean up, a snubbing unit will be rigged up and the 3-1/2" drill string snubbed out of the hole. A 2-3/8", 4.7#, J-55, EUE OE tbg string will then be snubbed into the well and the tree nippled-up to the wellhead.

It is anticipated that 5 days will be required to drill the well and an additional 10 days for completion operations.

Drilling Prognosis

Well name: Atlantic Fruitland Well Open Hole Completion w/o liner.

Date: 02/90

Authorization numbers:

District or province: Central District - West Area

Location: Sec.24,25,26,27,28,32,33,34 T31N-R10W & Sec. 3,4,5 T30N-R10W San Juan County, N. M.

Objectives: Fruitland@ 2600'

Total vertical depth: 3100

Total measured depth: 3100

Elevation: To be surveyed (+/- 6550')

Estimated formation tops:

Fruitland - 2600'

Well design

Conductor:

Provided by drilling contractor.

Surface Casing:

9-5/8", 36#, K-55, STC set in a 12-1/4" hole to 300'. Cemented to surface w/ 200 sx of Cl"B" w/ 2% CaCl2.

Protective casings and liners:

None

Production casing:

7", 23#, N-80, LTC casing set in a 8-3/4" hole at 2,600'. Cement to surface w/ 500 sx of 65/35/6 w/ FLA followed by 200 sx CL "B" with FLA.

Production liner:

None

Casinghead:

9- 5/8" x 11" 3000 psi bradenhead.
11" 3000 psi x 7 1/16" 5000 psi tubinghead.

Mud program:

0 - 300'	FW spud mud	9.0 ppg, 45 vis
300' - 2,600'	LSND/Polymer	8.7-9.6 ppg, 30-43 vis, wl 10 cc.
2,600'- 3,300'	Air/Mist/FW	

Logging program: NONE

Mud Logging	Two (2) man logger from 2600 to 3100
Evaluation	Drill Coal under balance and determine flow rate @TD