

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE

FORM APPROVED
OMB NO. 1004-0136**EXPEDITED Right-of-Way**

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒DEEPEN ☐

b. TYPE OF WELL

OIL WELL ☐ GAS WELL ☒ OTHER ☐SINGLE ZONE ☒MULTIPLE ZONE ☐

2. NAME OF OPERATOR

Koch Exploration Company

3. ADDRESS AND TELEPHONE NO.

P.O. Box 489, Aztec, NM (505) 334-9111

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)

At surface

1890' FNL & 670' FEL

At proposed prod. zone

Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

Approx. 11 Miles NE of Aztec, NM

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

670'

16. NO. OF ACRES IN LEASE

278.56

17. NO. OF ACRES ASSIGNED TO THIS WELL

277.56 E/2

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

943'

19. PROPOSED DEPTH

6100' -

20. ROTARY OR CABLE TOOLS

Rotary

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

6585' GR -

22. APPROXIMATE DATE WORK WILL START*

11/22/2001

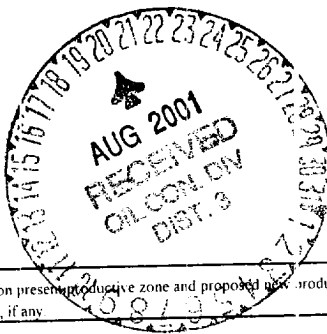
23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	9 5/8" J-55	36#	220' +/-	112 Cmc
8 3/4"	7" J-55	23#	3650' +/-	440
6 1/4"	4 1/2" J-55	10.5#	6100' -	220

See Attached

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

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



IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM. If proposal is to deepen, 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

TITLE: Operations Manager

DATE

7/20/01

(This space for Federal or State office use)

PERMIT NO

APPROVAL DATE

8/16/01

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

/s/ Joel Farrell

APPROVED BY:

TITLE:

DATE

AUG 16 2001

District I
P.O. Box 1980, Hobbs, NM 88241-1980

District II
811 South First, Artesia, NM 88210

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

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102

Revised October 18, 1994

Instructions on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-045-30748		2. Pool Code		3. Pool Name Blanco Mesa Verde	
4. Property Code 5656		5. Property Name WALKER		6. Well Number 1C	
7. OGRID No. 12807		8. Operator Name KOCH EXPLORATION		9. Elevation 6585'	

10 Surface Location

UL or lot no. H	Section 13	Township 31N	Range 10W	Lot Idn	Feet from the 1890'	North/South line NORTH	Feet from the 670'	East/West line EAST	County SAN JUAN
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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
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12. Dedicated Acres 277.56	13. Joint or Infill I	14. Consolidation Code	15. Order No.
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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

16				S87°49'W		4579.08'		17 OPERATOR CERTIFICATION	
2616.24'				4		3		I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief	
2				1		2627.46'		Signature Ralph O. L.	
1890				7		8		Printed Name Ralph A. Ornelas	
N00°40'E				5		6		Title Sr. Engineer	
2605.02'				12		10		Date May 17, 2001	
SECTION 13				NM-014110		9		18 SURVEYOR CERTIFICATION	
2605.02'				12		10		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.	
2625.48'				13		15		Date of Survey 04/11/01	
N01°19'W				13		14		Signature and Seal of Professional Surveyor:	
S88°14'W				14		15		Certificate Number	
NM-013688-A				15		16			
4584.36'				16		16			
N00°17'W				16		16			

KOCH EXPLORATION CO.

WALKER #1C

1890' FNL, 670' FEL, EL. 6585

SECTION 13, T-31-N, R-10-W, N.M.P.M.,

SAN JUAN COUNTY, NEW MEXICO

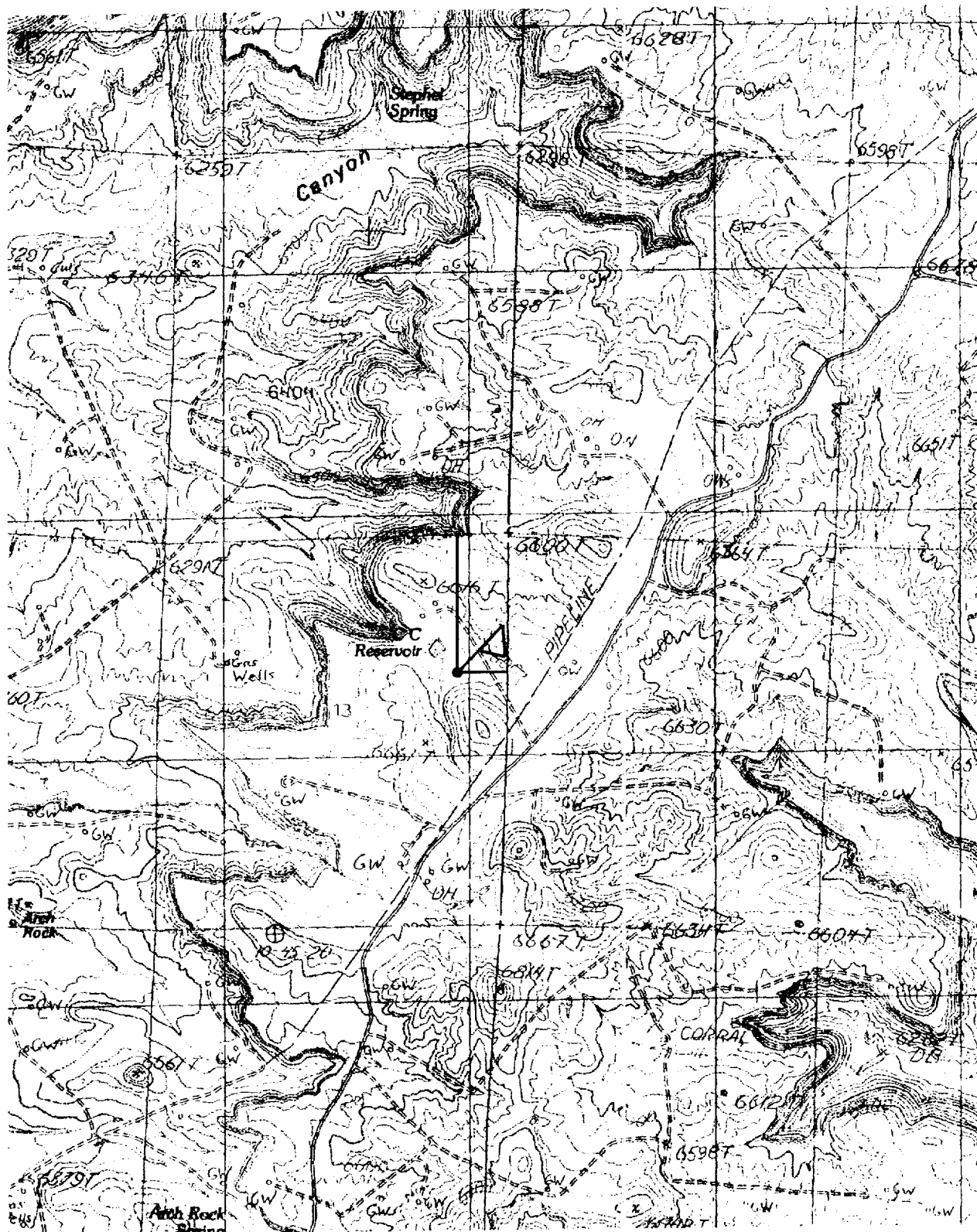


EXHIBIT A

MOUNT NEBO, N.M. - COLO.

Walker # 1C ==> EXPEDITED Right-of-Way!

Sec 13-T31N-R10W, 1890' FNL & 670' FEL

San Juan Co., New Mexico

Lease NM-014110

Drilling Program:

1. Geological name of surface formation -

Estimated tops of important geological markers:

Ojo Alamos	1794 feet
Kirtland Shale	2724 feet
Fruitland Coal	2937 feet
Picture Cliff	3384 feet
Lewis Shale	3511 feet
TD	6100 feet

2. Estimated depths at which oil, gas, water and mineral bearing formation will be found:

Fresh Water	0 feet to 200 feet
Salt Water	201 feet to 2920 feet
Oil and Gas	2921 feet to 6100 feet

3. Pressure Control Equipment:

- a. 10-inch 900 series or 3,000 PSI test double gate hydraulic with 4-1/2" pipe rams and 10-inch series 900 hydril above 10-inch series casinghead and cross spool with flanged outlets. See BOP diagram at **Exhibit F** for drawing of choke lines, kill lines and choke manifold. Procedures will include waiting on cement 12 hours, nipple up blowout preventer (BOP) assembly and test to 70% of yield of casing or 3,000 psi maximum. The production casinghead pressure rating will be 3,000 psi.
- b. Type of BOP rams: Blind rams and pipe rams are used as shown on the BOP diagram at Exhibit F. Occasionally, the position of the rams is reversed depending on the drilling contractor's methods.
- c. The choke manifold and header will have 2-inch choke outlets, a 2-inch straight through the line with 2-inch adjustable chokes installed. The inlet line will be a 2-inch line. All of the above are rated at 3,000 psi working pressure (WP).

The choke manifold and header system will have manual control valves; no hydraulic valves will be installed.

Casing testing procedure - Surface casing will be tested at 750 psi with 1,000 psi maximum after cementing in place and before drilling out of shoe. Intermediate and production casing will be tested to 3,000 psi after cementing in place and after drilling to the required depth.

- d. Hydraulic controls to close the BOPs are located on the rig floor; the hydraulic remote control is located in the bottom doghouse. There will be no manual controls on the BOP.
- e. BOP testing procedures and frequency:

1. Hydril (3,000 WP) will be tested to 70% of yield of casing or 3,000 psi maximum.
2. Double ram BOPs will be tested to 70% of yield of casing or 3,000 psi maximum.

Walker # 1C ==> EXPEDITED Right-of-Way!

Sec 13-T31N-R10W, 1890' FNL & 670' FEL

San Juan Co., New Mexico

Lease NM-014110

3. BOPs will be tested upon installation, after casing is run and on each bit trip.
- f. Casinghead connections will be 2-inch; these outlets will usually be bull plugged during drilling operations. No pumping through these connections is allowed except in emergency to keep from wearing out the head.
- g. The drilling spool will be a series 900 3,000 psi WP with a 2-inch kill line and a 2-inch outlet.

4. Proposed Casing Program:

Surface Casing Program: *Circ*

Surface Casing	9 5/8 inch	36.0#	J-55 STC	New
Intermediate Casing	7 inch	23.0#	J-55 STC	New
Production Casing	4 1/2 inch	10.5#	J-55 STC	New

Proposed setting depth, amount and type of cement including additives:

9-5/8 inch Surface Casing - Surface to 220 feet - Cement with 112 sx "Type III Cement" with 2% CaCl₂ + 0.25 lbs/sack Celloflake (14.6 lb/gal; 1.39 cf/sk; 6.67 gal/sk) Volume: 155 scf. 100% Excess.

7 inch Intermediate Casing – Surface to 3650 feet With DV Stage Tool @ +/- 2850 feet, Stage 1: cement with 131 sacks "Type III Cement" + 0.25 lbs/sk Cello Flake + 1% CaCl₂, Volume: 183 scf, (14.5 lb/gal; 1.4 cf/sk; 6.82 gal/sk) Stage 2: Lead cement with 259 sacks Premium Lite FM + 0.25 Cello Flake + 8% Bentonite + 0.4% Sodium Metasilicate + 1% CaCl₂ Volume: 555 scf, (12.0 lb/gal; 2.15 cf/sk; 12.08 gal/sk). Tail cement of 50 sacks Type III + 1% CaCl₂ + 0.25 lbs/sk Cello Flake. Volume: 70 scf, (14.5 lb/gal; 1.4 cf/sk; 6.82 gal/sk).

4-1/2 inch Production Casing – Surface to 6100'. Cement 3350' to 6100' – Lead with 30 sacks Premium Lite High Strength FM + 3% Potassium Chloride + 0.25 lbs/sk Cello Flake + 2% Pheno Seal + 0.4% FL-52. Volume: 122 scf, (10.5 lb/gal; 4.06 cf/sk; 25.70 gal/sk). Tail with 190 sacks Premium Lite High Strength FM + 3% Potassium Chloride + 0.25 lbs/sk Cello Flake + 2% Pheno Seal + 0.4% FL-52. Volume: 439 scf, (12.0# lb/gal; 2.32 cf/sk; 12.82 gal/sk).

5. Mud Program:

- 0 feet – 220 feet - Spud mud and water treated with gel lime.
- 220 feet – 3650 feet - Lime mud, water and polymer.
- 3651 feet - 6100 feet - air, produced or fresh water, soap and polymer

6. Testing, Logging and Coring Program:

No drill stem tests or cores will be taken.

Logging: Intermediate Casing - CBL Log will only be ran if cement doesn't circulate to surface.

Production Casing - First Run - Gamma Ray - Casing Collar Locator - Cement Bond Log.

Second Run - Gamma Ray - Gas Spectrum Log; or Gamma Ray-DLL, Density Neutron Porosity Caliper