Form 9-331 C
(May 1963)

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

Form approved.
Budget Bureau No. 42-R1425.

30-045-24578

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK: DRILL [X] DEEPEN [ ] PLUG BACK [ ]

b. TYPE OF WELL: OIL WELL [ ] GAS WELL [X] OTHER ____ SINGLE ZONE [X] MULTIPLE ZONE [ ]

2. NAME OF OPERATOR: Kimbark Operating Company

3. ADDRESS OF OPERATOR: 1580 Lincoln St., Suite 700 Denver, CO 80203

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 1120' FSL and 1120' FWL (SW SW)
At proposed prod. zone: Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: 12 miles northeast of La Plata, New Mexico

5. LEASE DESIGNATION AND SERIAL NO.: SF-078 146A

6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A

7. UNIT AGREEMENT NAME: N/A

8. FARM OR LEASE NAME: Horton

9. WELL NO.: #12

10. FIELD AND POOL, OR WILDCAT: Blanco Pictured Cliffs

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Sec. 27, T32N, R12W

12. COUNTY OR PARISH: San Juan 13. STATE: NM

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any): 1120'

16. NO. OF ACRES IN LEASE: 320

17. NO. OF ACRES ASSIGNED TO THIS WELL: 160

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

19. PROPOSED DEPTH: 3000'

20. ROTARY OR CABLE TOOLS: Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 6112' GR

22. APPROX. DATE WORK WILL START*: August 15, 1980

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12¼"	8 5/8" New	24#, K-55,8rd	200'	Cement with 150 sacks
7 7/8"	4½" New	10.5#, K-55,8rd	3000'	Cement with 600 sacks

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

This action is subject to administrative appeal pursuant to 30 CFR 290.

1. Drill 12¼" hole and set 8 5/8" surface casing to 200' with good returns.
2. Log B.O.P. checks in daily drill reports and drill 7 7/8" hole to 3000'.
3. Run tests if warranted and run 4½" casing if productive.
4. Run logs, as needed, and perforate and stimulate as needed.

EXHIBITS ATTACHED:

"A"	Location and Elevation Plat	"K"	Fracturing Program Layout
"B"	The Ten-Point Compliance Program		
"C"	The Blowout Preventer Diagram		
"D"	The Multi-Point Requirements for A.P.D.		
"E" & "E1"	Access Road Maps to Location		
"F"	Radius Map of Field		
"G" & "G1"	Drill Pad Layout, Production Facilities & Cut & Fill Cross-Section		
"H"	Drill Rig Layout		

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U. S. GEOLOGICAL SURVEY
FARMINGTON, N. M.

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: [signature] TITLE: President DATE: August 1, 1980

(This space for Federal or State office use)

APPROVED AS AMENDED
AUG 29 1980
DISTRICT ENGINEER

PERMIT NO. ____ APPROVAL DATE ____

APPROVED BY ____ TITLE ____ DATE ____

CONDITIONS OF APPROVAL, IF ANY:

AUG 22 1980
OIL CON. COM.
DIST. 3

*See Instructions On Reverse Side

NMOCC

NEW MEXICO OIL CONSERVATION COMMISSION

WELL LOCATION AND ACREAGE DEDICATION PLAT

EXHIBIT "A"

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section

Operator	Lease	Well No.
Kimbark Operating Company	SF-078146A	Horton # 12

Unit Letter	Section	Township	Range	County
M	27	32 North	12 West	San Juan

Actual Footage Location of Well:
1120 feet from the South line and 1120 feet from the West line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
6112'	Pictured Cliffs	Blanco Pictured Cliffs	320 Acres

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

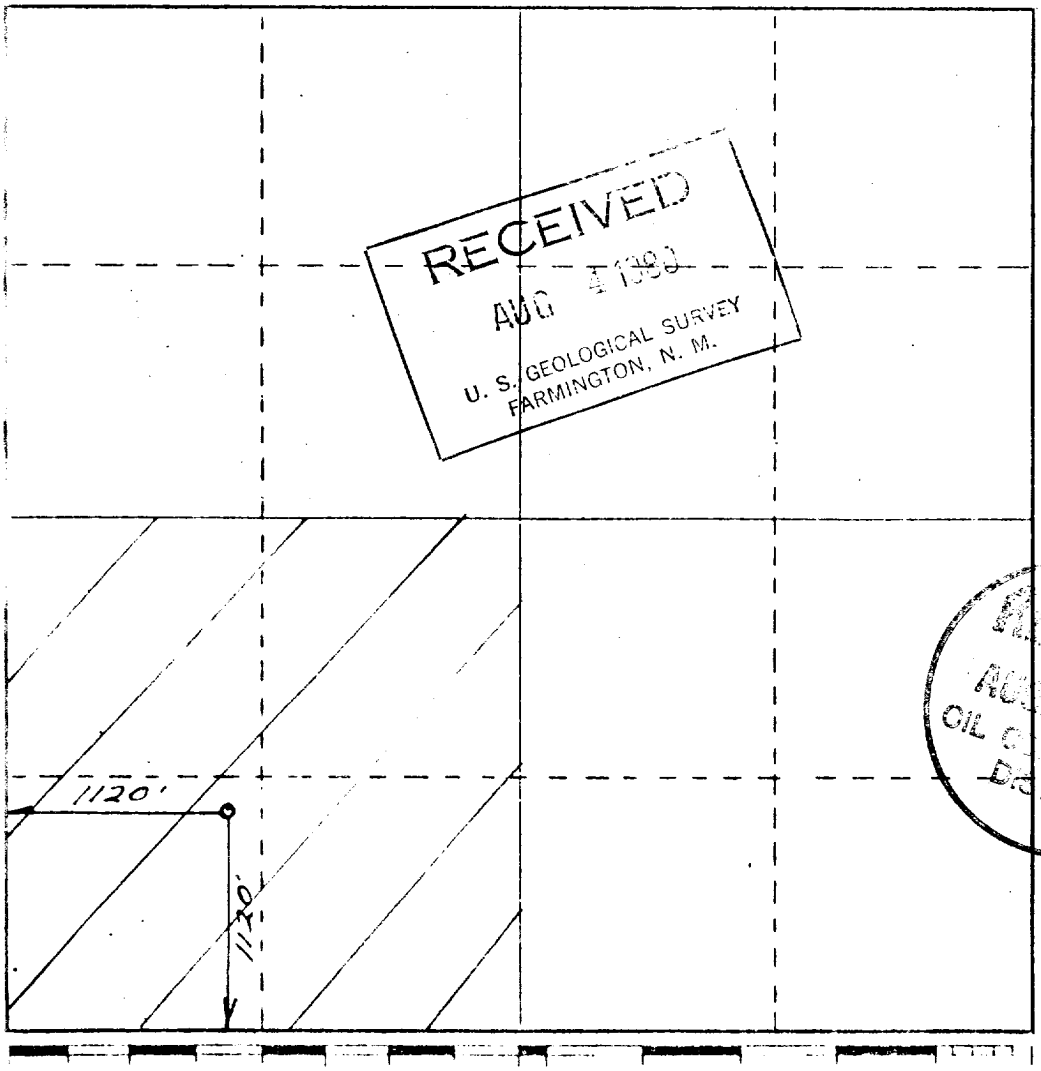
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

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 _____

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 Commission.



CERTIFICATION

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

George Lapaseotes

Name George Lapaseotes
V. Pres. Powers Elevation

Position
Agent Consultant for

Company
Kimbark Operationg Company

Date
August 1, 1980

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

Gerald B. Huddleston

Registered Professional Engineer and/or Land Surveyor

Certificate No. 6844

GERALD B. HUDDLESTON
NEW MEXICO
6844
REGISTERED LAND SURVEYOR

EXHIBIT "B"

TEN-POINT COMPLIANCE PROGRAM

OF NTL-6 APPROVAL OF OPERATIONS

Attached to Form 9-331C
Kimbark Operating Company
Horton# 12
SW SW Sec. 27 T32N R12W
1120' FSL & 1120' FWL
San Juan County, New Mexico

1. The Geologic Surface Formation

The surface formation is the Naciemento.

2. Estimated Tops of Important Geologic Markers

Ojo Alamo	1655'
Kirtland	1822'
Fruitland	2105'
Fruitland Coal	2585'
Pictured Cliffs	2605'
Total Depth	3000'

3. Estimated Depths of Anticipated Water, Oil, Gas or Minerals

Ojo Alamo	1655'	Water
Pictured Cliffs	2605'	Gas

4. The Proposed Casing Program

HOLE SIZE	INTERVAL	SECTION LENGTH	SIZE (OD)	WEIGHT, GRADE & JOINT	NEW OR USED
12¼"	0 - 200'	200'	8-5/8"	24# K-55 8 Rd.	New
7-7/8"	0 - 3000'	3000'	4½"	10.5# K-55 8 Rd.	New

Cement Program

Surface Casing: Cement with 150 sacks
Production Casing: Cement with 600 sacks

5. The Operator's Minimum Specifications for Pressure Control

EXHIBIT "C" is a schematic diagram of the blowout preventer equipment. The BOP's will be hydraulically tested to half of working pressure after nippling up and after any use under pressure. Pipe rams will be operationally checked each 24-hour period, as will blind rams and annular preventer each time pipe is pulled out of the hole. Such checks of BOP will be noted on daily drilling reports.

Accessories to BOP will include an upper kelly cock, floor safety valve and choke manifold with pressure rating equivalent to the BOP stack.

6. The Type and Characteristics of the Proposed Circulating Muds

Mud system will be gel-chemical with adequate stocks of sorptive agents on site to handle possible spills of fuel and oil on the surface. Heavier muds will be on location to be added if pressure requires.

DEPTH	TYPE	WEIGHT #/gal.	VISCOSITY-sec./qt.	FLUID LOSS cc
0 - 700'	Native	8.4-8.7	29 - 36	-
700' -TD	Gel-Chem.	8.7-9.0	32 - 40 (Increase to 40-60 for logging and testing)	-

7. The Auxiliary Equipment to be Used

(a) An upper kelly cock will be kept in the string.

(b) A float will not be used at the bit.

(c) Neither a mud logging unit nor a gas detecting device will be monitoring the system.

(d) A stabbing valve will be on the floor to be stabbed into the drill pipe when kelly is not in the string.

8. The Testing, Logging and Coring Programs to be Followed

(a) No DST's are anticipated.

(b) Logs: Suitable resistivity, reciprocal conductivity and SP log. Porosity logs-Gamma Ray, Comp. Density and Neutron with Caliper.

(c) No coring is anticipated.

(d) Completion program will be to Frac with 80,000 to 100,000 # sand and gelled water. See EXHIBIT "K".

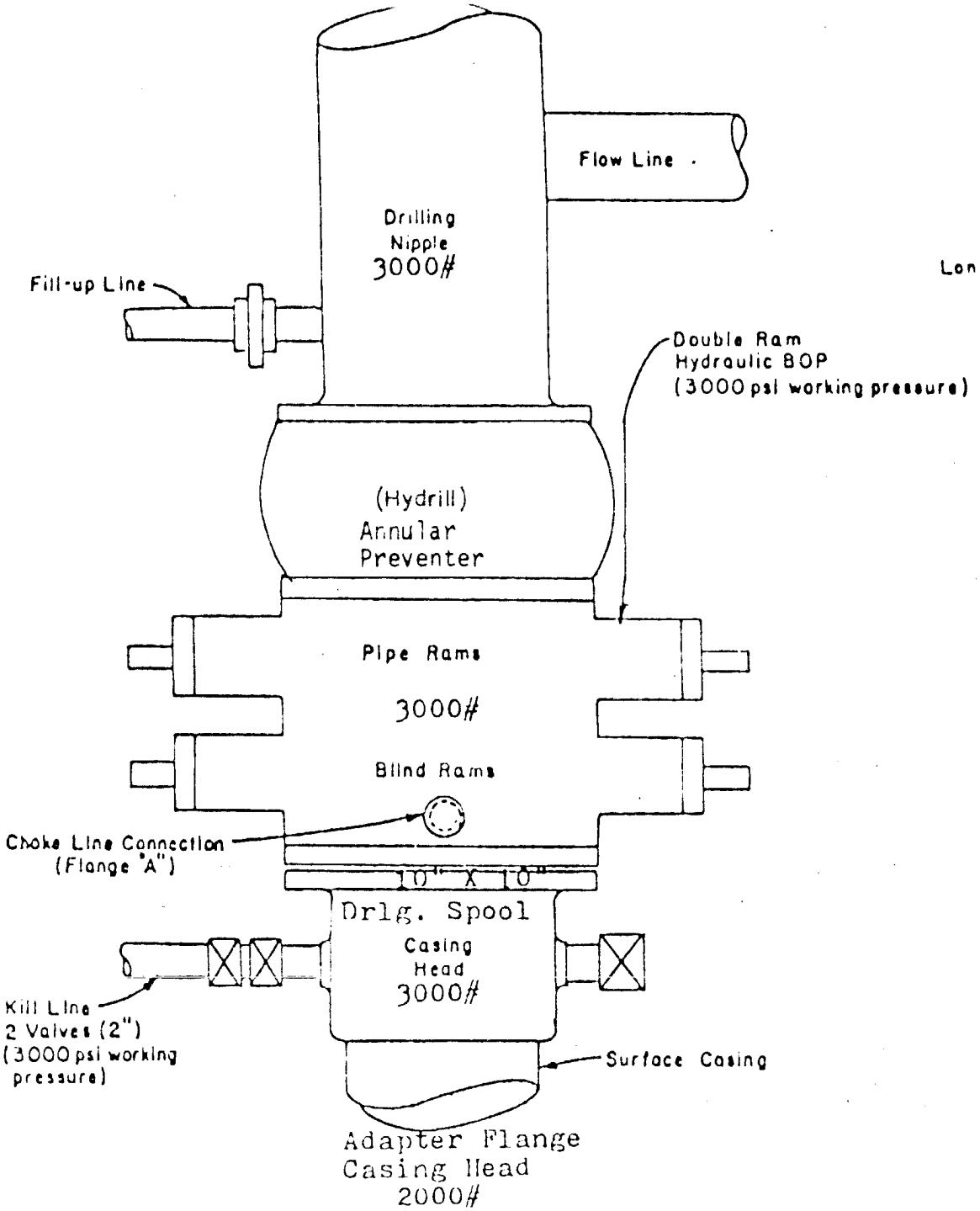
9. Any Anticipated Abnormal Pressures or Temperatures

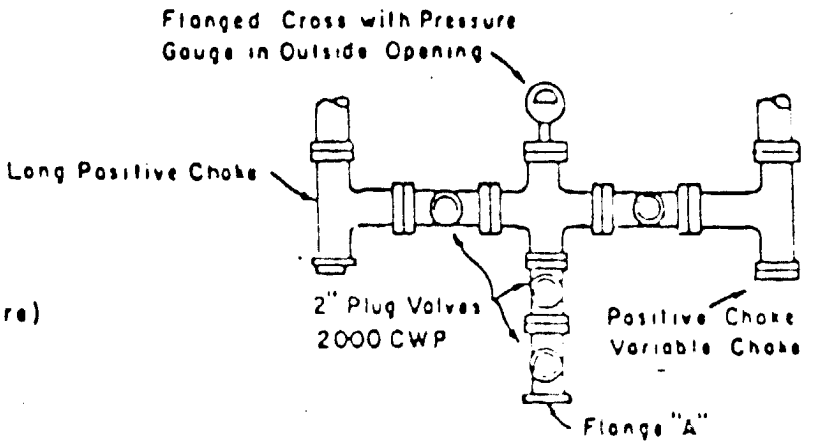
No abnormal pressures or temperatures have been noted or reported in wells drilled in the area nor at the depths anticipated in this well.

No hydrogen sulfide or other hazardous fluids or gases have been found, reported or known to exist at these depths in the area.

10. Anticipated Starting Date and Duration of the Operations

The anticipated starting date is set for August 15, 1980, or as soon as possible after examination and approval of drilling requirements. Operations should be completed within 15 days after spudding the well and drilling to casing point.





PLAN VIEW - CHOKE MANIFOL

BLOWOUT PREVENTER DIAGRAM

EXHIBIT "D"

MULTI-POINT REQUIREMENTS TO ACCOMPANY A.P.D.

Attached to Form 9-331C
Kimbark Operating Company
Horton #12
SW SW Sec. 27 T32N R12W
1120' FSL & 1120' FWL
San Juan County, New Mexico

1. Existing Roads

A. The proposed well site and elevation plat is shown as EXHIBIT "A".

B. The distance from La Plata, New Mexico is 12 miles. Proceed East on Highway #173, thence 5 miles North-Northeast 5.3 miles on graded field road, thence 1.7 miles South on graded field road to the location, as shown on EXHIBITS "E" & "E_1".

C. All roads to location are color-coded on EXHIBITS "E" & "E_1". No new access road is required.

D. N/A

E. This is a development well. All existing roads within a one-mile radius are shown on EXHIBIT "E".

F. The existing roads need no improvement.

2. Planned Access Roads

No new access road is required. Access to the location is on existing roads.

3. Location of Existing Wells

For all existing wells within a one mile radius of development well, see EXHIBIT "F".

(1) There are no water wells within a one-mile radius of this location.

(2) There is one abandoned well in this one-mile radius.

(3) There are no temporarily abandoned wells.

(4) There are no disposal wells.

(5) There are no wells presently being drilled.

(6) There are 16 producing wells within this one-mile radius.

(7) There are no shut-in wells.

(8) There are no injection wells.

(9) There are no monitoring or observation wells for other uses.

4. Location of Existing and/or Proposed Facilities

A. Within a one-mile radius of location the following existing facilities are owned or controlled by lessee/operator:

(1) Tank Batteries: None

(2) Production Facilities: None

(3) Oil Gathering Lines: None

(4) Gas Gathering Lines: None

(5) Injection Lines: None

(6) Disposal Lines: None

B. If the well is productive, new facilities will be as follows:

(1) Production facilities will be located on the drill pad, as shown on EXHIBIT "G".

(2) All well flow lines will be buried and will be on the well site and battery site.

(3) Facilities will be 300 feet long and 150 feet wide.

(4) All construction materials for battery site and pad will be obtained from site. No additional material from outside sources is anticipated.

(5) Any necessary pits will be fenced and flagged to protect livestock and wildlife.

C. Rehabilitation, whether well is productive or dry, will be made on all unused areas in accordance with B.L.M. stipulations.

5. Location and Type of Water Supply

A. The source of water will be an irrigation ditch on North side of school on Light Plant Road in Aztec, New Mexico, or from Las Animas River in Aztec, New Mexico.

B. Water will be transported by truck over existing roadways.

C. No water well is to be drilled on this lease.

6. Construction Materials

A. No construction materials are needed for drilling well or constructing access roads into the drilling location unless well is productive. The surface soil materials will be sufficient or will be purchased from Dirt Contractor as needed.

B. No construction materials will be taken off Federal land.

C. All surface soil materials for construction of access roads are sufficient.

D. All major access roads presently exist as shown on EXHIBIT "E_1".

7. Handling of Waste Materials and Disposal

(1) Drill cuttings will be buried in the reserve pit.

(2) Drilling fluids will be handled in the reserve pit.

(3) Any fluids produced during drilling test or while making production test will be collected in a test tank. If a test tank is not available during drilling, fluids will be handled in reserve pit. Any spills of oil, gas, salt water or other noxious fluids will be cleaned up and removed.

(4) Chemical toilet facilities will be provided for human waste.

(5) Garbage, waste, salts and other chemicals produced during drilling or testing will be handled in trash/burn pit. Drill fluids, water, drilling mud and tailings will be kept in reserve pit, as shown on EXHIBIT "H". The trash/burn pit will be totally enclosed with small mesh wire to prevent wind scattering trash before being burned or buried. Reserve pit will be fenced on three sides and the fourth side fenced upon removal of the rig.

(6) After the rig moves out, all materials will be cleaned up and no adverse materials will be left on location. Any dangerous open pit will be fenced during drilling and kept closed until the pit has dried and is filled.

8. Ancillary Facilities

No air strip, camp or other facilities will be built during drilling of this well.

9. Well Site Layout

(1) EXHIBIT "G" is the Drill Pad Layout as staked, with elevations, by Powers Elevation of Durango, Colorado. Cuts and fills have been drafted to visualize the planned cut across the location spot and the deepest part of the pad. Topsoil will be stockpiled per BLM specifications determined at time of pre-drill inspection.

(2) EXHIBIT "H" is a plan diagram of the proposed rig and equipment, reserve pit, trash/burn pit, pipe racks and mud tanks. No permanent living facilities are planned. There will be a trailer on site.

(3) EXHIBIT "G" is a diagram showing the proposed production facilities layout.

(4) The reserve pits will not be lined.

10. Plans for Restoration

(1) Backfilling, leveling and contouring are planned as soon as all pits have dried. Waste disposal and spoils materials will be buried or hauled away immediately after drilling is completed. If production is obtained, the unused area will be restored as soon as possible.

(2) The soil banked material will be spread over the area. Revegetation will be accomplished by planting mixed grasses as per formula provided by the BLM and landowner. Revegetation is recommended for road area, as well as around drill pad.

(3) Three sides of the reserve pit will be fenced during drilling operations. Prior to rig release, the reserve pit will be fenced on the fourth side to prevent livestock or wildlife from becoming entrapped; and the fencing will be maintained until leveling and cleanup are accomplished.

(4) If any oil is on the pits and is not immediately removed after operations cease, the pit containing the oil or other adverse substances will be flagged overhead or covered with wire mesh.

(5) The rehabilitation operations will begin immediately after the drilling rig is removed. Removal of oil or other adverse substances will begin immediately or area will be flagged and fenced. Other cleanup will be done as needed. Planting and revegetation is considered best in Fall, 1981, unless requested otherwise.

11. Other Information

(1) The soil is a sandy loam. No distinguishing geological features are present. The area is covered with sagebrush and native grasses. There are rabbits, deer, elk and reptiles in the area. The terrain is extremely flat high plains land.

(2) The primary surface use is for grazing. The surface is owned by Austin, Jessie and James Decker of Durango, Colorado.

(3) The closest live water is the La Plata River, 5.5 miles West of the location, as shown on EXHIBIT "E".

The closest occupied dwellings are in La Plata, New Mexico 5.5 miles West of the location, as shown on EXHIBIT "E".

There are no known archaeological, historical, or cultural heritages that will be disturbed by this drilling.

(4) There are no reported restrictions or reservations noted on the oil and gas lease.

(5) Drilling is planned for on or about August 15, 1980. It is anticipated that the casing point will be reached within 15 days after commencement of drilling.

12. Lessee's or Operator's Representative

George Lapaseotes
Agent Consultant for
Kimbark Operating Company
600 South Cherry Street
Suite 1201
Denver, Colorado 80222
Phone (303) 321-2217

Clarence Brown
Kimbark Operating Company
1580 Lincoln Street
Suite 700
Denver, Colorado 80203
Phone (303) 832-4200

13. Certification

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated wtih the operations proposed herein will be performed by Kimbark Operating Company and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

7-31-80
Date

George Lapaseotes
Agent Consultant for
Kimbark Operating Company

EXHIBIT "E" - Access Roads to Location

LEGEND

1. Location:
   Kimbark Operating Co.
   Horton #12
   SW SW Sec. 27 T32N R12W
   San Juan County, New Mexico

2. Nearest Live Water
3. Closest Town/Closest Dwelling

Color Coding
Oil Road
Graded Road

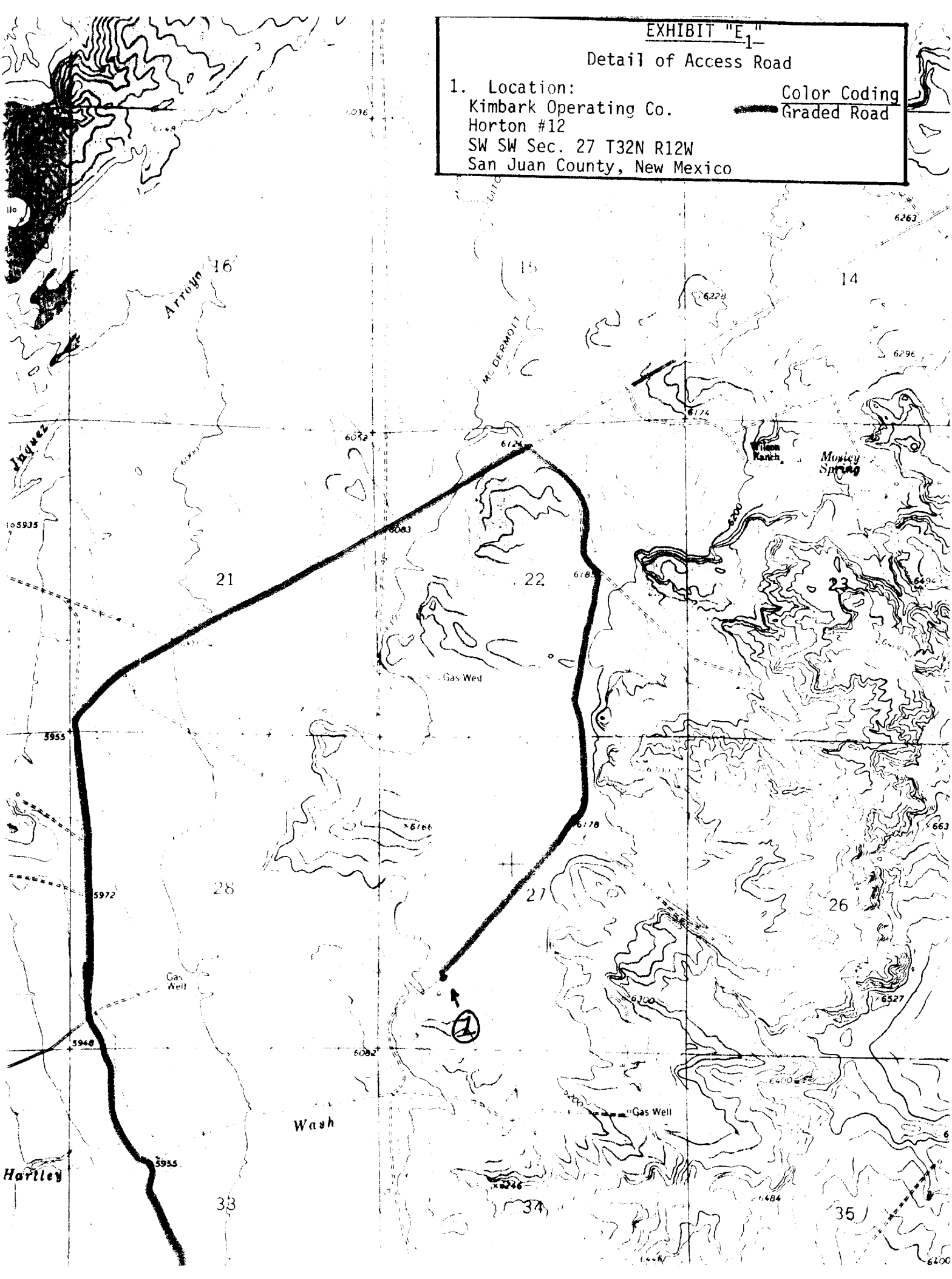


EXHIBIT "E-1"
Detail of Access Road
1. Location:
Kimbark Operating Co.
Horton #12
SW SW Sec. 27 T32N R12W
San Juan County, New Mexico
Color Coding
Graded Road
Arroyo
McDERMOTT
Jaquez
Wilson Ranch
Mosley Spring
Gas Well
Wash
Hartley
16
15
14
21
22
23
28
27
26
33
34
35
1

EXHIBIT "F"

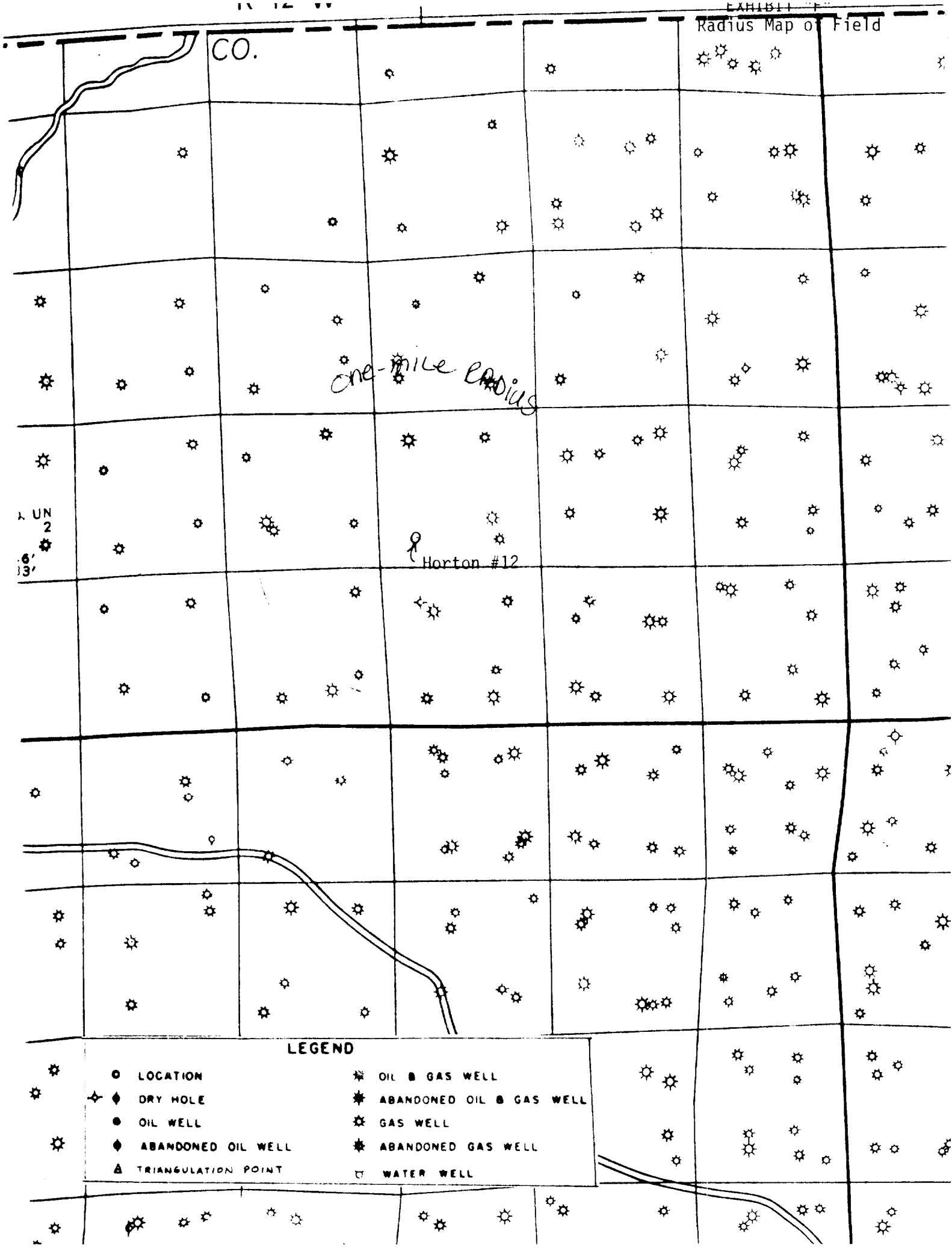
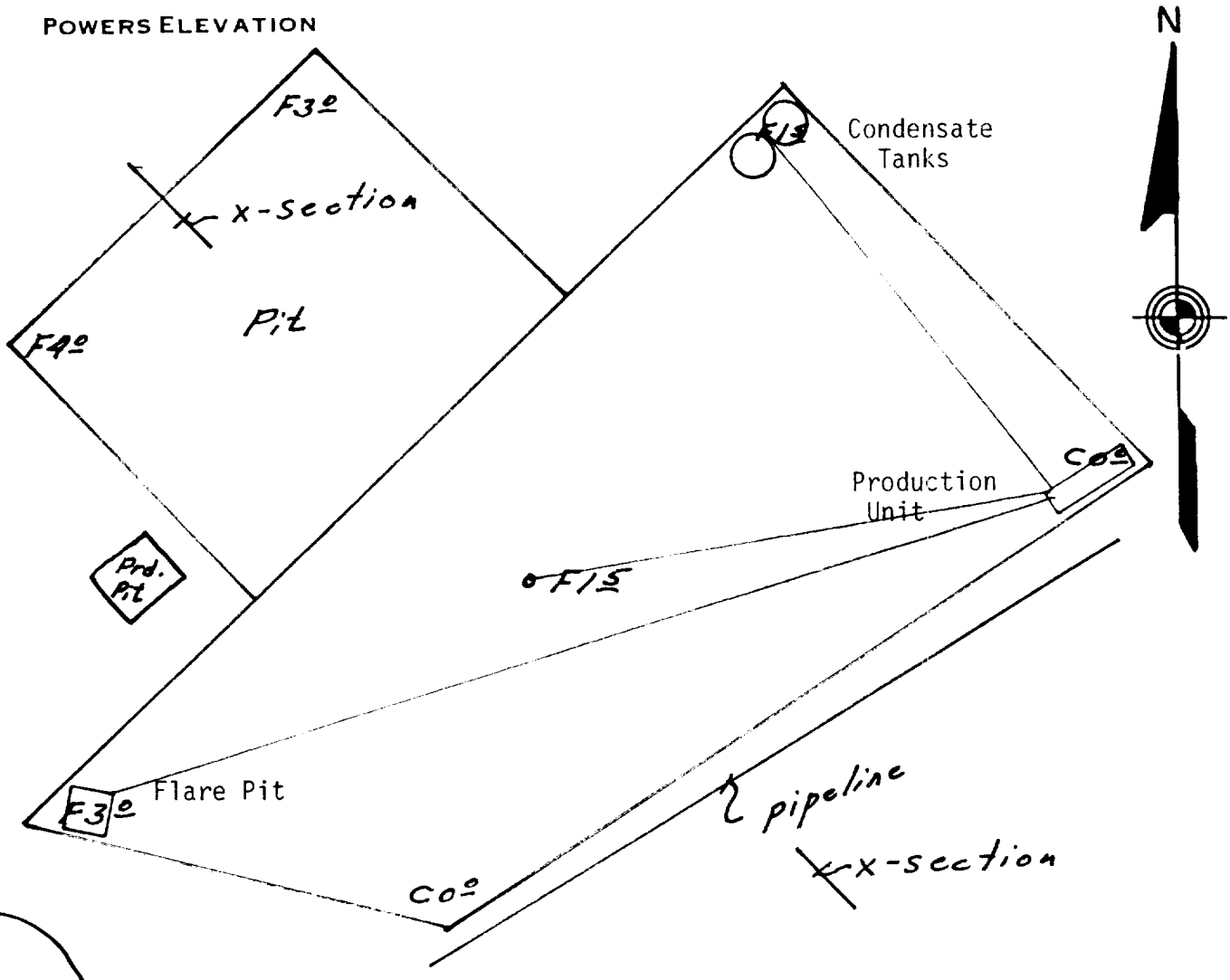

R 12 W
CO.
Radius Map of Field
one-mile radius
Horton #12
LEGEND
LOCATION
DRY HOLE
OIL WELL
ABANDONED OIL WELL
TRIANGULATION POINT
OIL & GAS WELL
ABANDONED OIL & GAS WELL
GAS WELL
ABANDONED GAS WELL
WATER WELL

EXHIBIT "G"
Drill Pad Layout, Production
Facilities Layout, Cut-Fill Cross Sec.

POWERS ELEVATION



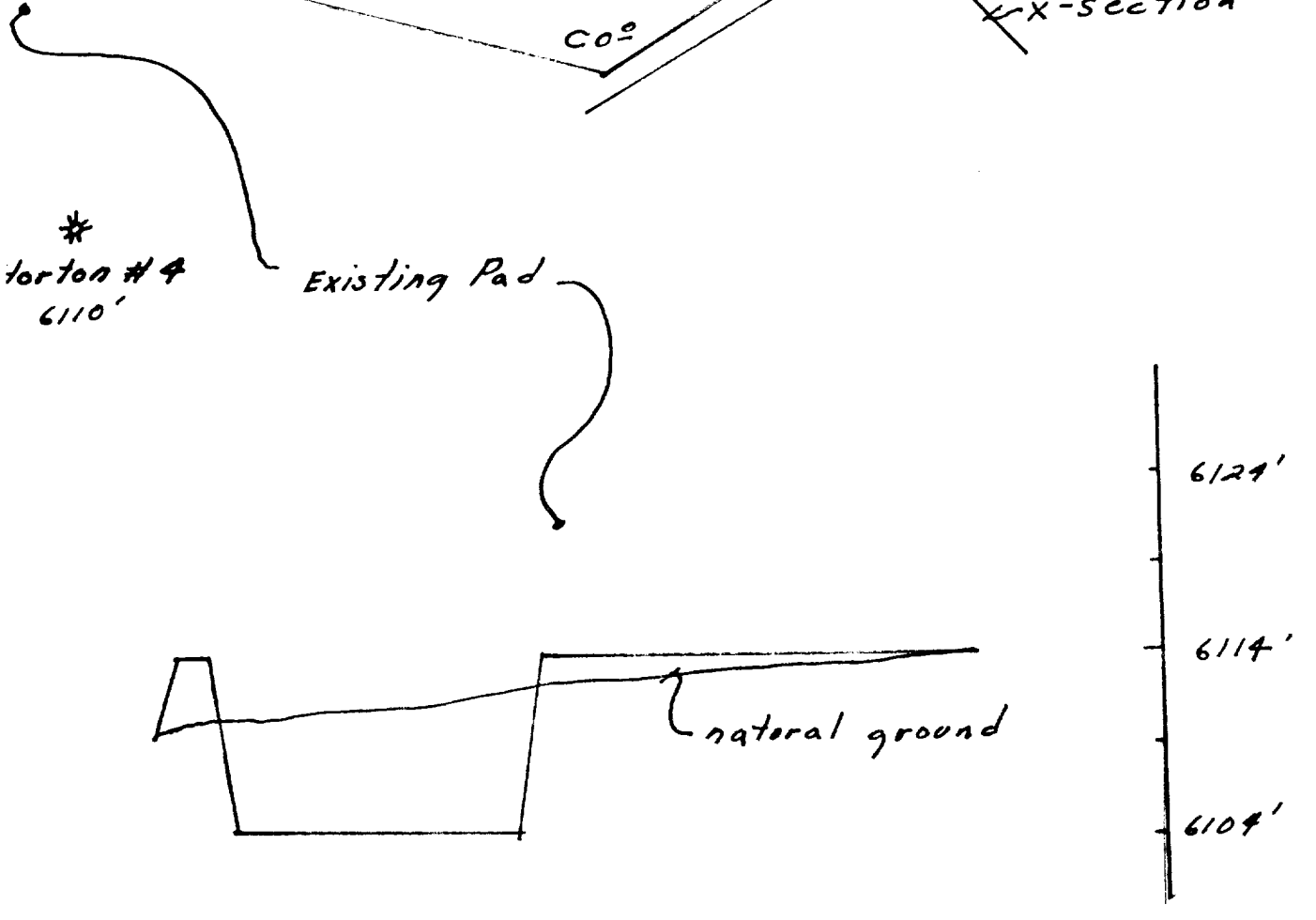


EXHIBIT "H"
Drill Rig Layout

Kimbark Operating Company
Horton #12
SW SW Sec. 27 T32N R12W
San Juan County, New Mexico

Scale: 1" = 50'

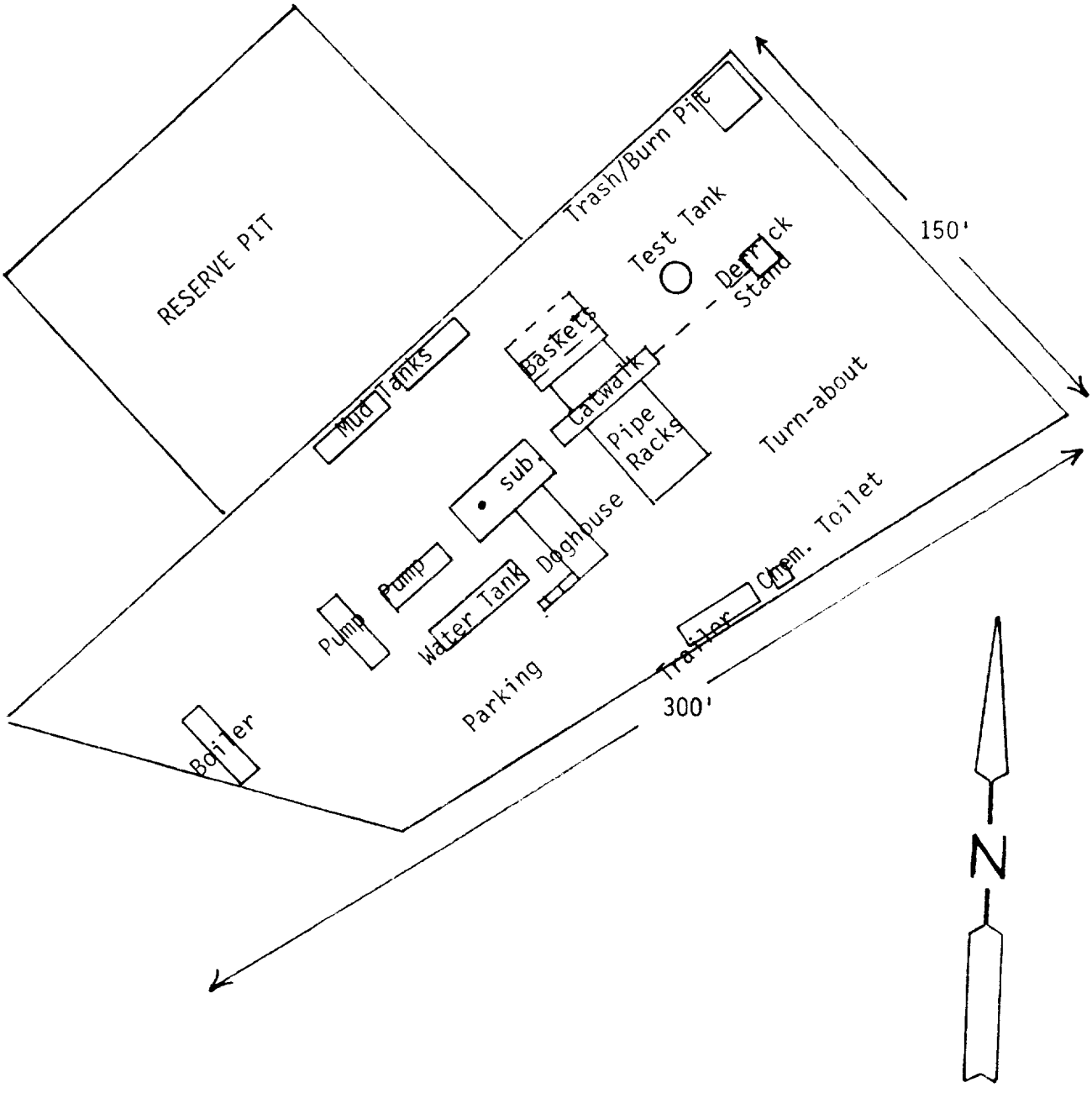


EXHIBIT "K"
Fracturing Program Layout

Kimbark Operating Company
Horton #12
SW SW Sec. 27 T32N R12W
San Juan County, New Mexico

Scale: 1" = 50'