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OIL CONS. DIV.
DIST. 3

Form 3160-3
(April 2004)

MAR 27 2012

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Farmington Field Office
Bureau of Land Management

Lease Serial No.
NMNM105187

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		6. If Indian, Allottee or Tribe Name
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		7. If Unit or CA Agreement, Name and No.
2. Name of Operator High Plains Petroleum Corporation		8. Lease Name and Well No. SI Federal 27 #1
3a. Address 3860 Carlock Drive Boulder, CO 80305	3b. Phone No. (include area code) 303-494-4529	9. API Well No. 30-043-21121
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 2310' FSL & 2310' FEL At proposed prod. zone same as above		10. Field and Pool, or Exploratory San Isidro Mesaverde
14. Distance in miles and direction from nearest town or post office* 13 mi. SW of Cuba, NM		11. Sec., T. R. M. or Blk. and Survey or Area J Sec. 27, T20N, R3W, NMPM
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drlg. unit line, if any) 2310' to nearest lse line 330' to nearest drlg unit	16. No. of acres in lease 640	17. Spacing Unit dedicated to this well NW/4 SE/4 40 acres
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 982' from Torreon #1	19. Proposed Depth 2775'	20. BLM/BIA Bond No. on file 1950
21. Elevations (Show whether DF, KDB, RT, GL, etc.) GL 6819'	22. Approximate date work will start* 05/15/2012	23. Estimated duration 5 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature 	Name (Printed/Typed) John B. Somers II	Date 3/21/2012
Title Petroleum Engineer and President		
Approved by (Signature) 	Name (Printed/Typed) AFM	Date 6/22/12
Title Office FFO		

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, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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 representations as to any matter within its jurisdiction.

*(Instructions on page 2)

**NOTIFY AZTEC OCD 24 HRS.
PRIOR TO CASING & CEMENT**

JUL 11 2012 ca

**BLM'S APPROVAL OR ACCEPTANCE OF THIS
ACTION DOES NOT BELIEVE THE LESSEE AND
OPERATOR FROM OBTAINING ANY OTHER
AUTHORIZATION REQUIRED FOR OPERATIONS
ON FEDERAL AND INDIAN LANDS**

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

NMOCD
AV

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

District I

1625 N. French Dr, Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

District II

811 S. First St., Artesia, NM 88210
Phone: (505) 748-1283 Fax: (505) 748-9720

District III

1000 Rio Brazos Rd., Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico

Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

Form C-102

Revised August 1, 2011

Submit one copy to appropriate

District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-043-21121	² Pool Code 53590	³ Pool Name San Isidro Mesaverde
⁴ Property Code 393610	⁵ Property Name SI FEDERAL 27	⁶ Well Number 1
⁷ OGRID No 10459	⁸ Operator Name HIGH PLAINS PETROLEUM CORPORATION	⁹ Elevation 6819

¹⁰ Surface Location

UL or Lot No.	Section	Township	Range	Lot Idn.	Feet from the	North/South Line	Feet from the	East/West Line	County
J	27	20 N	3 W		2310	South	2310	East	Sandoval

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

¹² Dedicated Acres 40 NW 1/4	¹³ Joint or Infill	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 West 80.00 Ch. 80.00 Ch. Sec. 27 Lat. 35.93369° N Long. 107.13875° W 2310' 2310' N 0°02' W West 80.00 Ch.	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.
	Signature: <u>John B. Somers II</u> 3/13/2012 Date: <u>3/13/2012</u> Printed Name: <u>John B. Somers II</u> E-mail Address: <u>HPBoulder@yahoo.com</u>
	¹⁸ 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 belief.
	Date of Survey: <u>07 Feb 2012</u> Signature and Seal of Professional Surveyor: <u>William E. Mahrtke II</u> Certificate Number: <u>8466</u>

Bearings from GLO Plat

Attachment to Form 3160-3
Drilling Plan for SI Federal 27 #1
2310' FSL & 2310' FEL Section 27
Twp. 20 North, Rge. 3 West, NMPM,
Sandoval County, New Mexico

A 2775 foot Mesaverde oil well is to be drilled. An 8 ¾" surface hole will be drilled to 280', where 7" casing will be set and cemented to the surface to protect the Ojo Alamo aquifer and to provide for control while the Mesaverde is drilled. Then, a 6 1/4" hole will be drilled through the Mesaverde Formation into the top of the Mancos, where 4 ½" production casing will be set and cemented to the surface, if logs indicate that sands in the Mesaverde contain oil and warrant testing. If that testing establishes production at a rate that is commercial, the well will be equipped to produce into a tank battery on the wellpad.

The formation at the surface is Quaternary Alluvium.

The estimated tops of important geologic markers are: 1040' for the Mesaverde Formation; 2530' for the Point Lookout Sandstone; and 2745' for the Mancos Shale.

The estimated depths of oil, water and gas are: Fresh water in the Ojo Alamo SS to a depth of 100'; oil, gas and fresh water in the Mesaverde from 1250' to 2500'; oil and water in the Point Lookout from 2530' to 2640'; and oil, gas and water in the Lower Mesaverde sands from 2650' to 2740'.

The Operator's minimum specifications for pressure control are the blowout preventor shown on the attached schematic diagram. The BOPE will be hydraulically tested to the full working pressure after nipping up and after any use under pressure. The BOP will be operationally checked each 24 hrs., and such daily checks of the BOP shall be noted on daily drilling reports. A floor safety valve and choke manifold with pressure ratings equal to the BOP will be accessories to the BOP.

The planned casing program is as follows:

<u>Hole Size</u>	<u>Interval</u>	<u>Length</u>	<u>Casing Size</u>	<u>Wt.</u>	<u>Grade</u>	<u>Type</u>
8 ¾"	0 – 280'	280'	7"	23#	J55	New
6 ¼"	280 – 2775'	2775'	4 ½"	10.5#	J55	New & Used

The casing will be cemented as follows:

The 280' of 7" 23# surface casing will be cemented to the surface with 80 sx. of Premium Cement containing 2% calcium chloride and 1/8 lb./sk. Poly-E-Flake. The yield for that cement is 1.17 ft³/sk.

The 2775' of 4 ½" 10.5# production casing will be cemented in two (2) stages. The first stage will cement the casing from 2775' to a DV tool at 1500', using 146 sx. of 50-50 Poz containing 5 lb./sk. Kol-Seal, 1/8 lb./sk. Poly-E-Flake and 0.3% Halad 344, which will yield 1.47 ft³/sk. The second stage will cement from 1500' to the surface with 103 sx. 50-50 Poz containing 5 lb./sk. Kol-Seal, 1/8 lb./sk. Poly-E-Flake and 0.3% Halad 344 followed by 50 sx. Premium Cement with a yield of 1.15 ft³/sk.

The fluids to be circulated are fresh water and native mud for the surface hole and a low water loss mud containing KCl to prevent clay swelling for the hole from 280' to TD.

No drillstem testing or coring is planned. Logging will include the following: a mud log from base of surface casing to TD and Induction, SP, Compensated Neutron Density logs with gamma ray and caliper logs in the open hole.

The expected bottom hole pressure is a maximum of 1140 psi in the Lower Mesaverde, based on the SITP of 1040 psi at San Isidro 16-10 that was perforated in the Lower Mesaverde in March, 2010. No abnormal pressures or temperatures have been encountered or reported in the area or at the shallow depth of this well.

The anticipated starting date is May 20, 2012, or as soon as possible after approval of the APD. Drilling is expected to take 7 days, including moving in, rigging up, rigging down and moving out.

Attachment to Form 3160-3
Surface Use Plan for SI Federal 27 #1
NW/4SE/4 Sec. 27, T20N, R3W, NMPM,
Lease No. NMNM105187

Parts of the USGS topographic maps for the Mesa Portales and Johnson Trading Post Quadrangles have been combined to provide a map showing the existing roads to be used for access to the well site. That map is Attachment A.

An access road will be constructed from RP Federal 27 #1 to the well pad for SI Federal 27 #1. That access road is shown on Attachment A. Prior to drilling, the access road will be cleared of vegetation and only low water crossings will be constructed. If production is established, the cleared access road will be improved. Improvements will require the installation of an 18" culvert, as specified by Mr. Bill Liess on October 25, 2011.

There are no water wells, injection wells, disposal wells, producing wells or wells that are drilling within a 1 mile radius of the location for SI Federal 27 #1. There are four (4) wells within a 1 mile radius, three (3) abandoned wells and a shut-in well, RP Federal 27 #1. The abandoned wells are Torreon #1, San Isidro 26-7 and Fork Rock #1. The four (4) wells are shown on Attachment A.

There are no existing facilities.

If commercial oil production is obtained, facilities for production will be constructed on the 200' x 200' well pad. A flowline will run from the well to a tank battery next to the well, and that flowline will be buried below the frost line. A layer of gravel will be placed for the stock tanks to be set on. All unused areas of the drill pad will be restored in accordance with BLM conditions for approval.

Water for drilling will be obtained from a water well in Section 31, T22N, R1W. That water will be trucked to location over existing roads. So, no water well is to be drilled on the lease.

The cut and fill diagram, showing the pit, pad and part of the access road, is Attachment B.

No construction material will be needed for the well pad or the access road to the well pad during the drilling, completion and testing of the well.

Cuttings from drilling will go into a lined pit. After drilling, the mud and cuttings in the pit will be allowed to dry. Then, the liner will be folded over the dried mud and cuttings and covered with dirt from construction of the well pad.

Portable toilets will be provided for collection and disposal of human waste.

Trash baskets will be provided for collection, removal and disposal of mud sacks and other trash.

After the drilling rig moves out, all materials will be cleaned up and nothing left that might adversely affect the location.

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

Attachment C shows the drill rig layout.

Reclamation shall take place as soon as possible, if commercial production can't be established. If the well is tested at a commercial rate of production, restoration and reclamation will be done during the construction of the tank battery and the installation of production equipment.

The soil banked around the location will be spread over the areas to be reclaimed. Then, re-vegetation will be accomplished by planting mixed weeds and grasses, using the mix specified by the BLM.

Only sagebrush and native grasses are growing on the well pad and proposed access road.

The surface is owned by the federal government, and the primary surface use is for grazing.

The closest live water is in a pond in the SE/4 of Section 22.

Produced water, if any, will be hauled by truck to Basin Disposal's well.

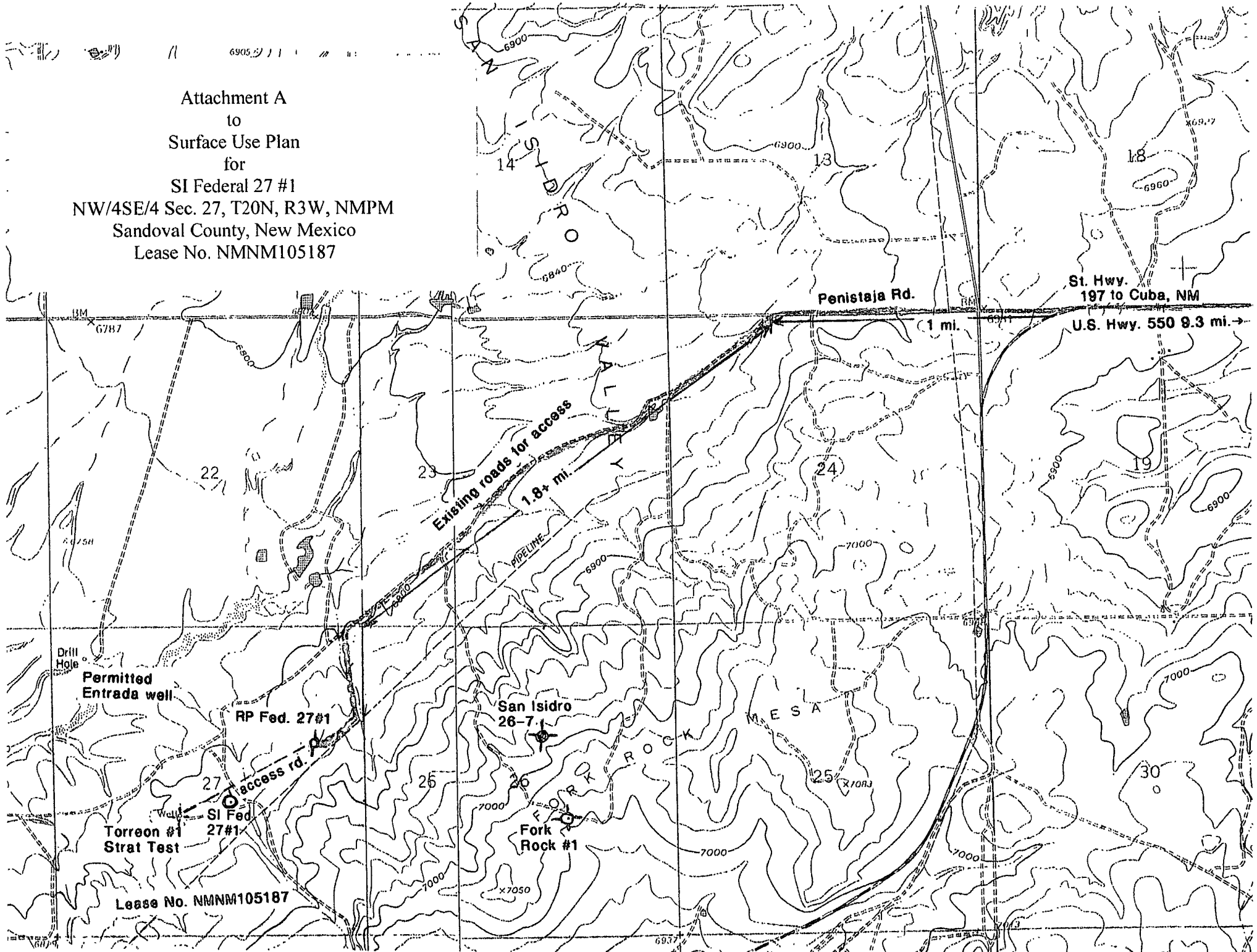
No one lives nearby, and there are no known archaeological, historical or cultural heritages that will be disturbed by this drilling.

Drilling is planned at the end of May, 2012, and drilling operations should take 7 days.

The lessee and operator's representative will be John B. Somers II, a petroleum engineer, whose address is 3860 Carlock Drive, Boulder, Colorado 80305. His phone number is 303-494-4529. While Somers is supervising drilling, his cell phone number will be 720-335-1662.

Attachment A
to
Surface Use Plan
for

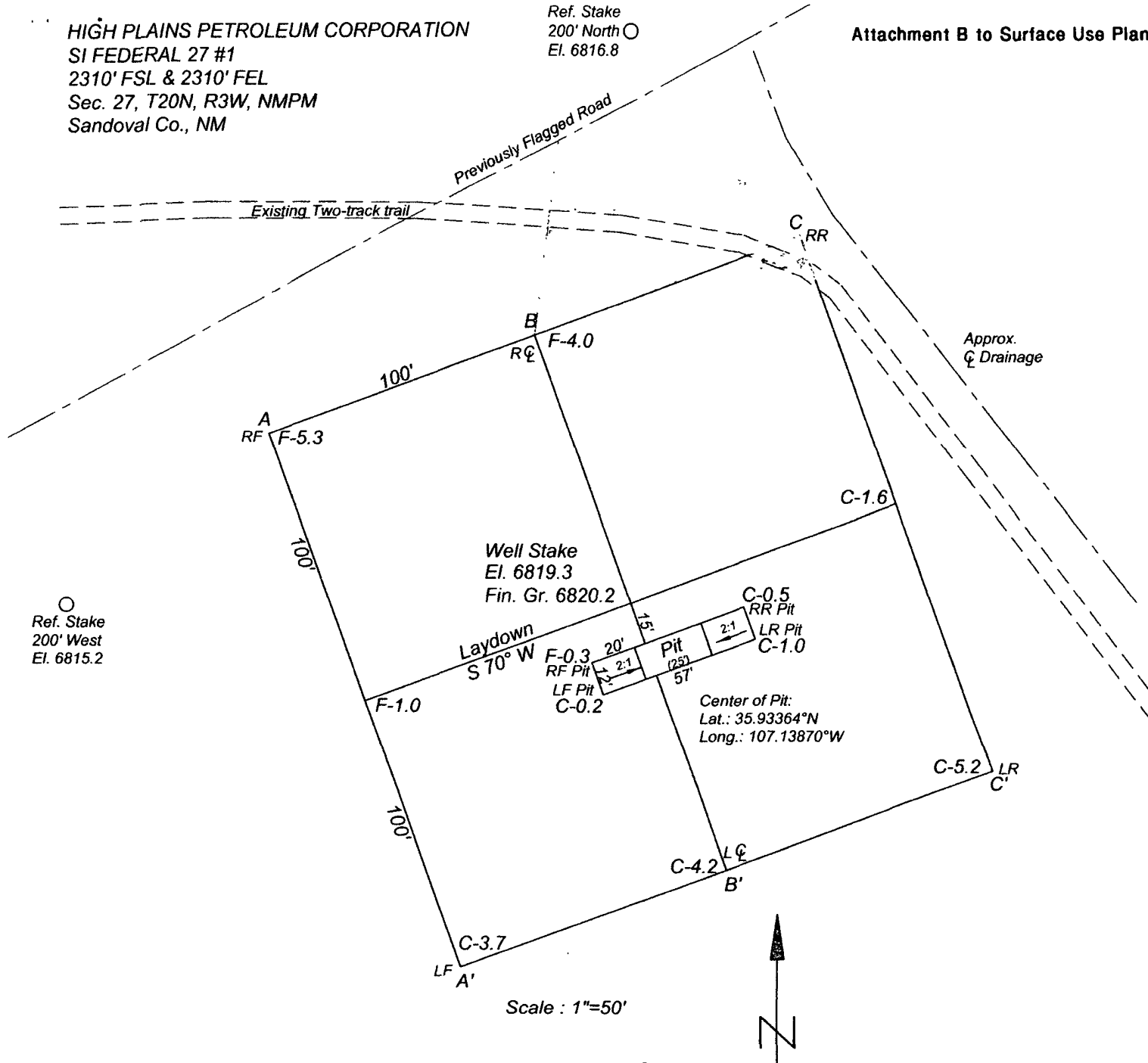
SI Federal 27 #1
NW/4SE/4 Sec. 27, T20N, R3W, NMPM
Sandoval County, New Mexico
Lease No. NMNM105187



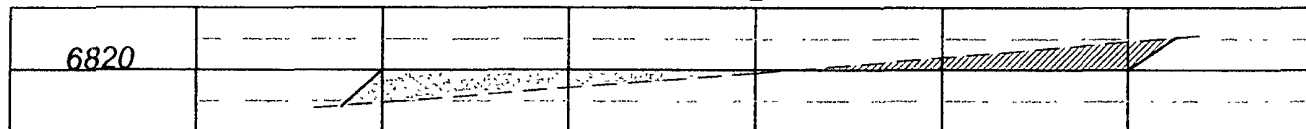
HIGH PLAINS PETROLEUM CORPORATION
 SI FEDERAL 27 #1
 2310' FSL & 2310' FEL
 Sec. 27, T20N, R3W, NMPM
 Sandoval Co., NM

Ref. Stake
 200' North
 El. 6816.8

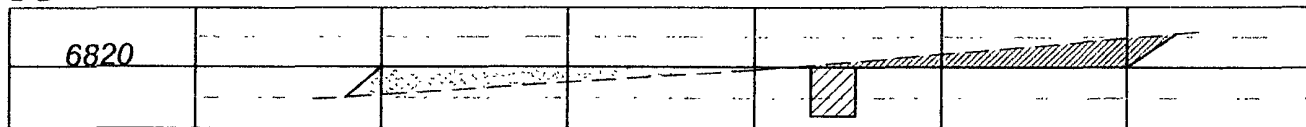
Attachment B to Surface Use Plan



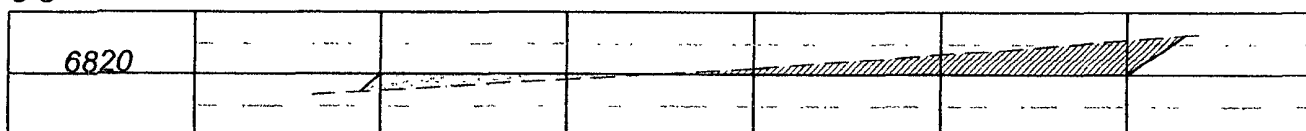
A-A' Vert.: 1"=30' Horiz.: 1"=50'



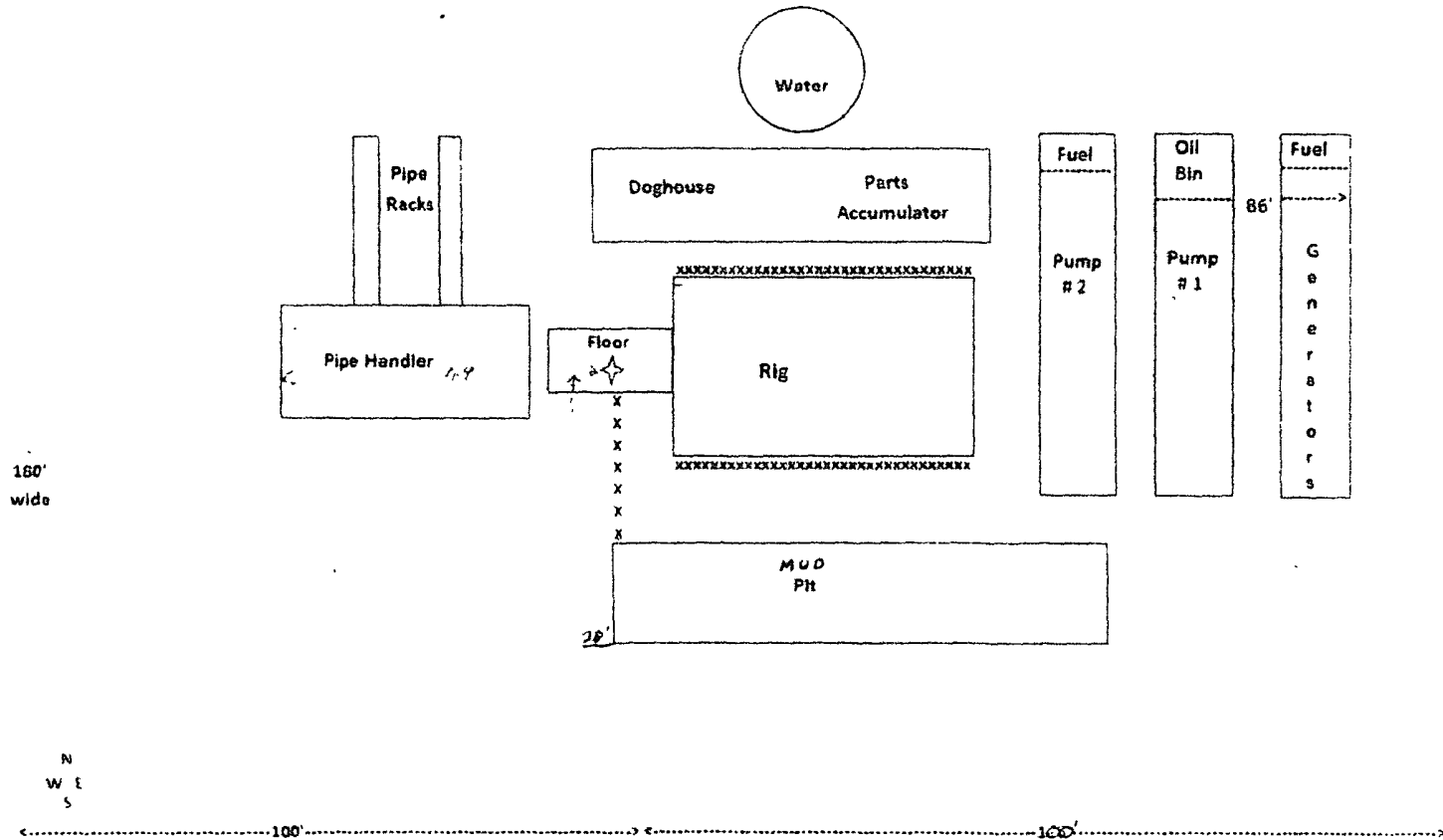
B-B'



C-C'



Attachment C
to
Surface Use Plan
for
SI Federal 27 #1
NW/4SE/4 Sec. 27, T20N, R3W, NMPM,
Sandoval County, New Mexico
Lease No. NMNM105187



Attachment to Form 3160-3
SI Federal 27 #1
NW/4SE/4 Sec. 27, T20N, R3W, NMPM,
Sandoval County, New Mexico
Lease No. NMNM105187

Certification

I hereby certify that I have inspected the proposed access route, that I am familiar with the conditions which presently exist, that the statements made in the drilling and surface use plans are, to the best of my knowledge, true and correct and that work associated with the operations proposed herein will be performed by High Plains Petroleum Corporation and its contractors and subcontractors in accordance with the plans and the terms and conditions under which these plans are approved.

March 21, 2012
Date

John B. Somers II
John B. Somers II

Schematic Diagram
Pressure Control Equipment
SI Federal 27 #1
NW/4SE/4 Sec. 27, T20N, R3W, NMPM
Sandoval County, New Mexico
Lease No. NMNM105187

