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Form 3160-3
(March 2012)

FORM APPROVED
OMB No. 1004-0137
Expires October 31, 2014

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
Farmington Field Office
Bureau of Land Management

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM108882
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator High Plains Petroleum Corporation		7. If Unit or CA Agreement, Name and No.
3a. Address 3860 Carlock Dr. Boulder, CO 80305		8. Lease Name and Well No. Trading Post #1
3b. Phone No. (include area code) 303-494-4529		9. API-Well No. 30-043-21132
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 1980' FNL & 1980' FEL At proposed prod. zone same as above		10. Field and Pool, or Exploratory Rio Puerco Mancos
14. Distance in miles and direction from nearest town or post office* 9 mi. southwest of Cuba, New Mexico		11. Sec., T. R. M. or Blk. and Survey or Area Sec. 18, T20N, R2W, NMPM
15. Distance from proposed* location to nearest property or lease line, ft. (660' from nearest drlg unit line) (Also to nearest drlg. unit line, if any) 1980' from nearest lease line	16. No. of acres in lease 640	17. Spacing Unit dedicated to this well N/2 (320 ac.)
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 185' from Federal 18 #1	19. Proposed Depth 4450'	20. BLM/BIA Bond No. on file 1950
21. Elevations (Show whether DF, KDB, RT, GL, etc.) GL6934	22. Approximate date work will start* 08/25/2012	23. Estimated duration 11 days

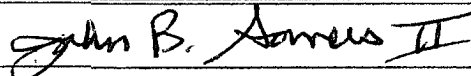
RCVD AUG 20 '12

24. Attachments


DIST. 3

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

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

25. Signature 	Name (Printed/Typed) John B. Somers II	Date 07/20/2012
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Title
Petroleum Engineer and President

Approved by (Signature) 	Name (Printed/Typed) J. Mantel	Date 8/17/12
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Title AFM	Office FEO
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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.

(Continued on page 2)

*(Instructions on page 2)

A COMPLETE C-144 MUST BE SUBMITTED TO AND APPROVED BY THE NMOCD FOR: A PIT, CLOSED LOOP SYSTEM, BELOW GRADE TANK, OR PROPOSED ALTERNATIVE METHOD, PURSUANT TO NMOCD PART 19.15.17. PRIOR TO THE USE OR CONSTRUCTION OF THE ABOVE APPLICATIONS.

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

BLM'S APPROVAL OR ACCEPTANCE OF THIS ACTION DOES NOT RELIEVE 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 3160.3 and appeal pursuant to 43 CFR 3165.4

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

NMOCD

AV

SEP 06 2012 ca

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: (575) 748-1283 Fax: (575) 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

Farmington Field Office

Bureau of Land Management

Form C-102

Revised August 1, 2011

Submit one copy to appropriate

District Office

JUL 27 2012

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-043-21132	² Pool Code 522100	³ Pool Name Rio Puerco Mancos
⁴ Property Code 394116	⁵ Property Name TRADING POST	⁶ Well Number 1
⁷ OGRID No 10459	⁸ Operator Name HIGH PLAINS PETROLEUM CORPORATION	⁹ Elevation 6934

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
G	18	20 N	2 W		1980	North	1980	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 320	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 	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> Date <u>7/23/2012</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>July 2012</u> Signature and Seal of Professional Surveyor <u>William E. Mahnte II</u> Certificate Number <u>8466</u>

Bearings from GLO Plat

Attachment to Form 3160-3
Drilling Plan for Trading Post #1
1980' FNL & 1980' FEL of Section 18
Twp. 20 North, Rge. 2 West, NMPM,
Sandoval County, New Mexico

A 4450 foot Rio Puerco Mancos development well is to be drilled. A 12 1/4" surface hole will be drilled to 360 feet, where 9 5/8" casing will be set and cemented to the surface to provide control while the Mesaverde is drilled. Then, an 8 3/4" hole will be drilled through the Mesaverde Formation and into the top of the Mancos, where 7" intermediate casing will be set and cemented to the surface. Lastly, a 6 1/4" hole will be drilled through the Mancos, which is expected to produce oil from natural fractures. If that production is at a rate that is commercial, the well will be equipped to produce into a tank battery on the well pad.

The formation at the surface is the Tertiary Nacimiento Formation.

The estimated tops of important geologic markers are: 1470' for the Cliffhouse; 2130' for the Menefee; 2690' for the Point Lookout; 2890' for the Mancos and 3810' for the Gallup.

The estimated depths of oil, water and gas are: Fresh water in the Ojo Alamo SS to a depth of 350'; oil, gas and water in the Menefee Member of the Mesaverde from 2130' to 2690'; water in the Point Lookout from 2690' to 2890'; and oil and gas in the Gallup A through D sands from 3635' to 4435'.

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>
12 1/4"	0 - 360'	360'	9 5/8"	36#	J55	New
8 3/4"	360 - 2960'	2960'	7"	23#	J55	New

The casing will be cemented as follows:

The 360' of 9 5/8" 36# surface casing will be cemented to the surface with 210 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.

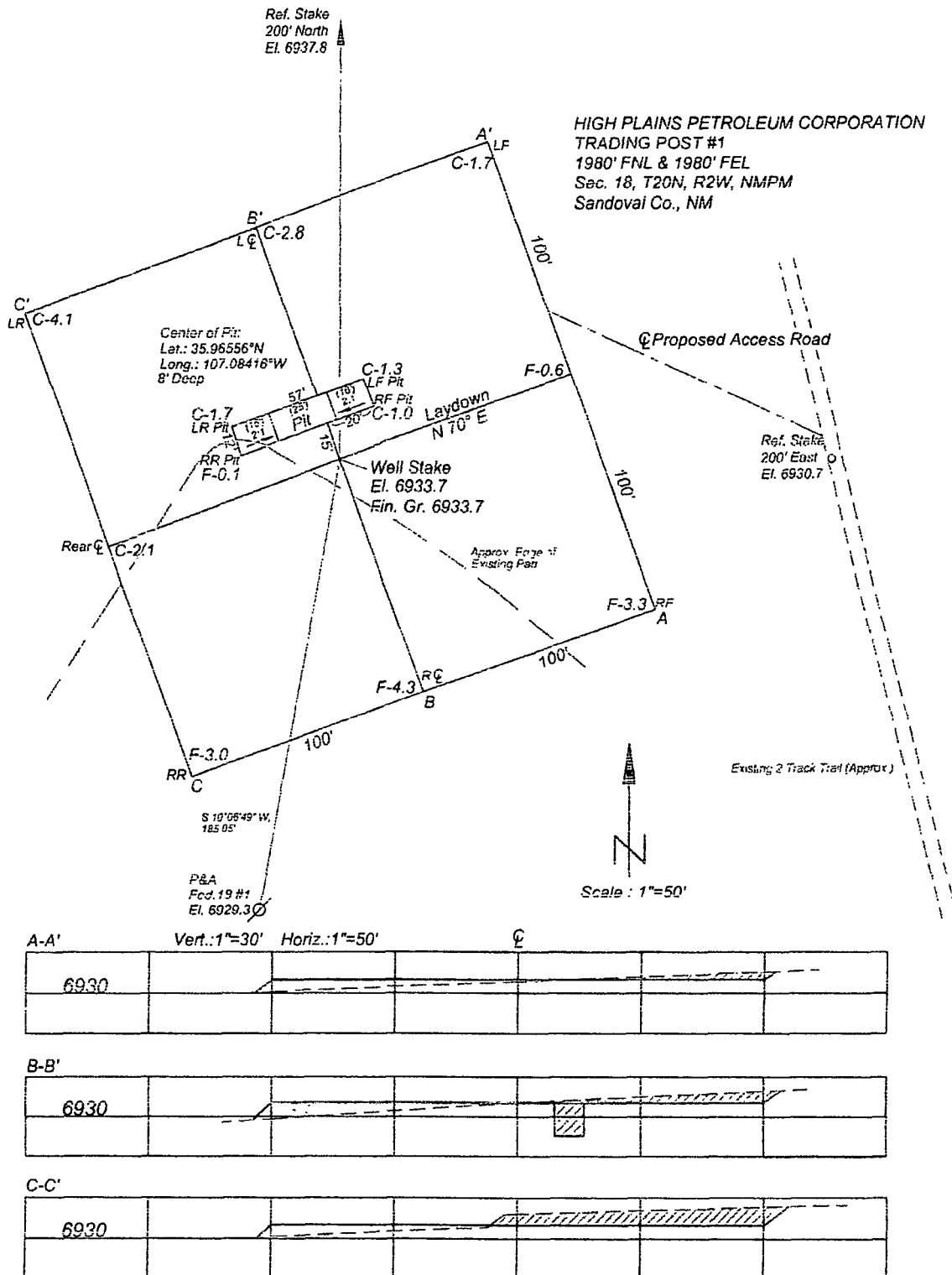
The 2960' of 7" 23# production casing will be cemented to the surface with 450 sx. of Light Premium containing 5 lbs./sk LCM and 1/8 lb./sk Poly-E Flake in the lead cement and 1/8 lb/sk. Poly-E Flake and 0.1% Halad 9 in the 150 sx. of tail cement. Yields of those cements are 1.85 ft³/sk. and 1.15 ft³/sk..

The fluids to be circulated are fresh water and native mud for the surface hole, a low water loss mud containing KCl to prevent clay swelling for the hole from 360' to 2960', and air from 2960' 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 mud drilled and open holes.

The expected bottom hole pressure is a maximum of 1265 psi in the Gallup. 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 August 25, 2012, or as soon as possible after approval of the APD. Drilling is expected to take 11 days, including moving in, rigging up, rigging down and moving out.



Attachment "B"
to
Surface Use Plan
for
Trading Post #1
W/4NE/4 Sec. 18, T20N, R2W, NMPM,
Sandoval County, New Mexico
Lease No. NMNM108882

Schematic Diagram
Pressure Control Equipment

Trading Post #1
SW/4NE/4 Sec. 18, T20N, R2W, NMPM
Sandoval County, New Mexico
Lease No. NMNM108882

