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RCVD NOV 2 '12
OIL CONS. DIV.

DIST. 3

FORM APPROVED

OMB No. 1004-0136

Expires November 30, 2000

Form 3160-3
(August 1999)

AUG 29 2012

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 NMNM 109404	
b. Type of Well <input type="checkbox"/> Oil Well <input checked="" 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 Thompson Engineering and Production Corp.		7. If Unit or CA Agreement, Name and No	
3A. Address c/o Walsh Engineering 7415 E. Main, Farmington, NM 87402		8. Lease Name and Well No. Juniper Southwest 3 #31	
3b. Phone No. (include area code) (505) 327-4892		9. API Well No 30-045-35410	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 900' FNL and 1900' FEL At proposed prod Zone Same		10. Field and Pool, or Exploratory Basin Fruitland Coal	
14. Distance in miles and direction from nearest town or post office* 11 miles southwest of Blanco Trading Post, NM		11. Sec., T, R, M., or Blk, and Survey or Area Sec. 3, T23N, R11W	
15. Distance from proposed* location to nearest property or lease line, ft (Also to nearest drig unit line, if any) 900'	16. No. of Acres in lease 1278.58 1280'	17. Spacing Unit dedicated to this well 319.17 E/2 320 acres	
18. Distance from proposed* location to nearest well, drilling, completed, applied for, on this lease, ft NA	19. Proposed Depth 915' +/-	20. BLM/BIA Bond No. on file Bond #MS2-65-42-42-15	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6,354' GL	22. Approximate date work will start* October 1, 2012	23. Estimated duration 1 week	

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 office. |

25. Signature <i>Paul C. Thompson</i>	Name (Printed/Typed) Paul C. Thompson, P.E.	Date 8/29/2012
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Title President	Approved by (Signature) <i>[Signature]</i>	Name (Printed/Typed) AFM	Date 10/29/12
	Title AFM	Office FEO	

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 reverse)

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

This action is subject to technical and procedural review pursuant to 43 CFR 3160.9 and appeal pursuant to 43 CFR 3165.4

NMOCD
AV

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

NOV 02 2012 ca

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

RECEIVED

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

DISTRICT II
811 S. First St., Artesia, N.M. 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, N.M. 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, N.M. 87505

Form C-102

Revised August 1, 2011

Submit one copy to appropriate
District Office

AUG 06 2012

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-35410	² Pool Code 71629	³ Pool Name BASIN FRUITLAND COAL (GAS)
⁴ Property Code	⁵ Property Name JUNIPER SOUTHWEST 3	
⁷ UGML No. 37581	⁸ Elevation 6354	

¹⁰ Surface Location

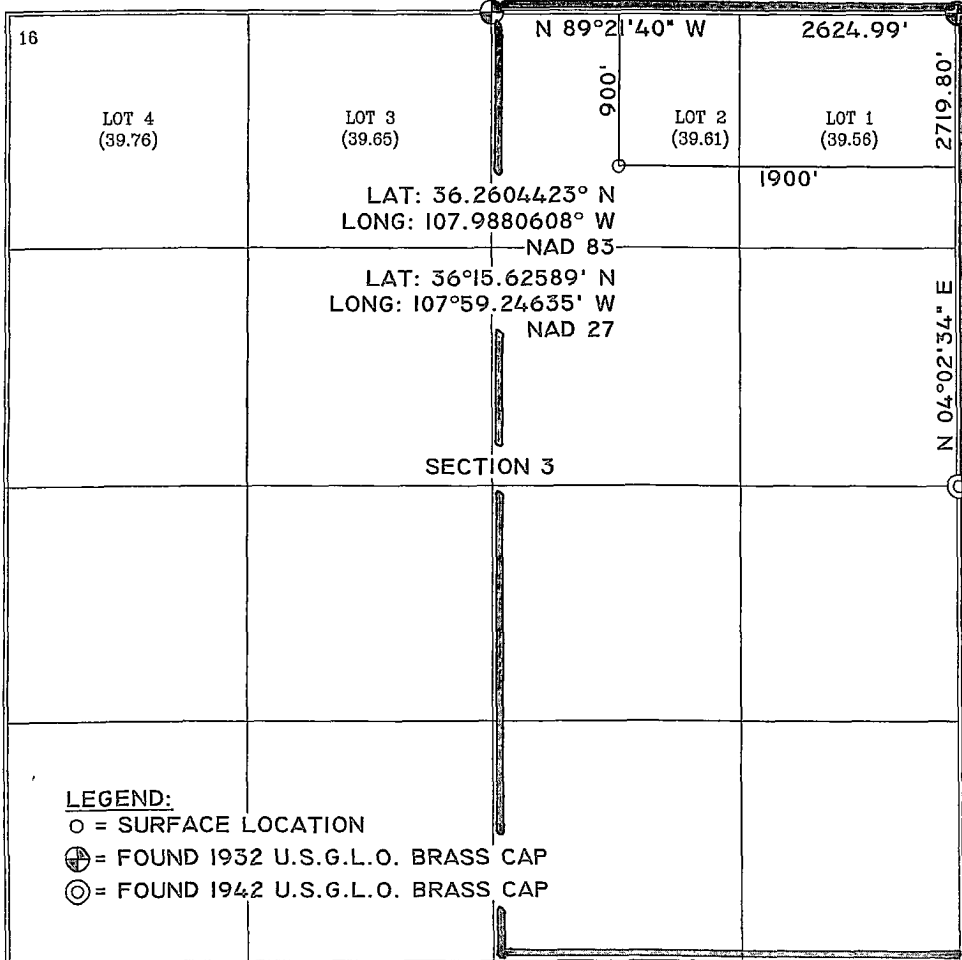
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	3	23 N	11 W	2	900	NORTH	1900	EAST	SAN JUAN

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 E/2 3203	¹³ Joint or Infill 19.17	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



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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Paul C. Thompson 8/29/11
Signature Date

PAUL C. THOMPSON
Printed Name

PAULC@WALSHENG.NET
E-mail Address

18 SURVEYOR CERTIFICATION

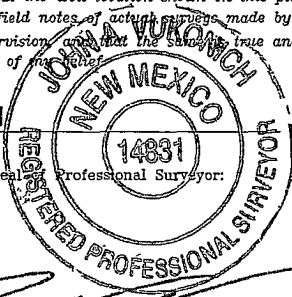
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the survey is true and correct to the best of my ability.

12/30/11
Date of Survey

[Signature]
Signature and Seal

14931
Certificate Number

2-8-2012



- LEGEND:**
- = SURFACE LOCATION
 - ⊕ = FOUND 1932 U.S.G.L.O. BRASS CAP
 - ⊙ = FOUND 1942 U.S.G.L.O. BRASS CAP

Thompson Engineering and Production Corp.
OPERATIONS PLAN
Juniper Southwest 3 #31

I. Location: 900' FNL & 1900' FEL Date: August 20, 2012
Sec 3 T23N R11W
San Juan County, NM

Field: Basin Fruitland Coal Elev: GL 6354'
Surface: BLM
Minerals: NMNM 109404

II. Geology: Surface formation _ Ojo Alamo

A. Formation Tops	Depths
Kirtland	365'
Fruitland	510'
Fruitland Coal	715'
Pictured Cliffs	820'
Total Depth	915'

Estimated depths of anticipated water, oil, gas, and other mineral bearing formations which are expected to be encountered:

Water and gas - 715' and 820'.

B. Logging Program: Induction/GR and density logs at TD.

C. No over pressured zones are expected in this well. No H₂S zones will be penetrated in this well. Max. BHP = 600 psig.

III. Drilling

A. Contractor:

B. Mud Program:

The surface hole will be drilled with a fresh water mud.

The production hole will be drilled with a fresh water polymer mud. The weighting material will be drill solids or if conditions dictate, barite. The maximum mud weight expected is 8.5 ppg.

C. Minimum Blowout Control Specifications:

Double ram type or annular type 2000 psi working pressure BOP with a rotating head. See the attached exhibit #1 for details on the BOP equipment. All ram type preventers and related equipment will be hydraulically tested at nipple-up and after any use under pressure to 1000 psi.

C. Cont.

The blind rams will be hydraulically activated and checked for operational readiness each time pipe is pulled out of the hole. All checks of the BOP stack and equipment will be noted on the daily drilling report. The BOP equipment will include a kelly cock, floor safety valve, and choke manifold all rated to 2000 psi.

IV. Materials

A. Casing Program:

Hole Size	Depth	Casing Size	Wt. & Grade
12-1/4"	120'	8-5/8"	24# J-55
7-7/8"	915'	5-1/2"	15.5# J-55

B. Float Equipment:

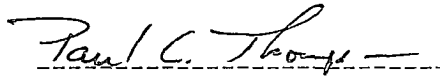
a) Surface Casing: Three centralizers and an insert fiber baffle.

b) Production Casing: 5-1/2" cement guide shoe and self fill insert float collar. Place float one joint above shoe. Five centralizers spaced every other joint above shoe and five turbolizers every other joint from the top of the well.

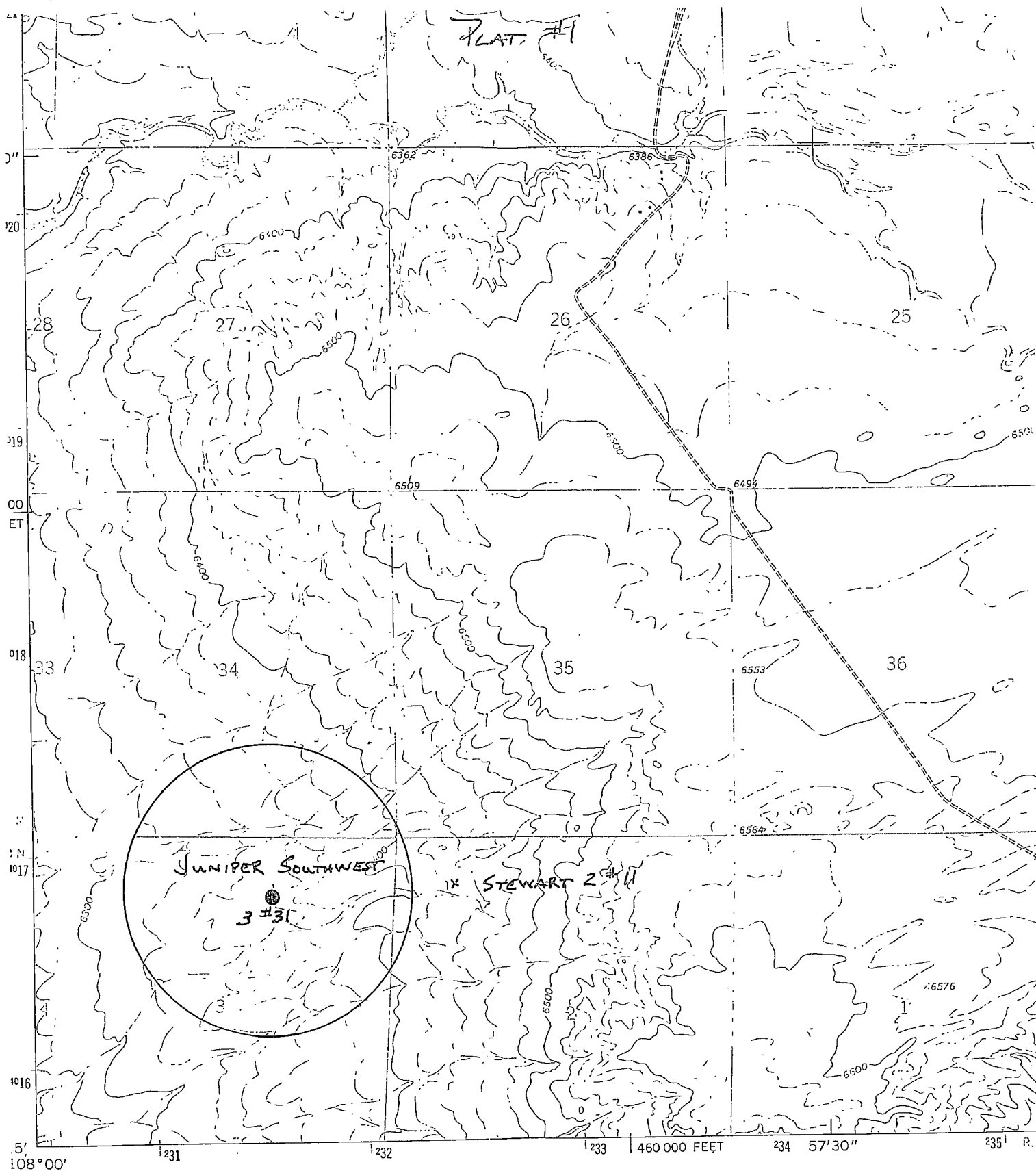
V. Cementing:

Surface casing: 8-5/8" - Use 85 sx (100.3 cu. ft.) of Cl "B" with ¼ #/sk celloflake and 2% CaCl₂ (Yield = 1.18 cu. ft./sk; slurry weight = 15.6 PPG). 100% excess to circulate cement to surface. WOC 12 hours. Pressure test surface casing to 600 psi for 30 min.

Production Casing: 5-1/2" - Before cementing circulate hole with at least 1-1/2 hole volumes of mud. Precede cement with 10 bbls of fresh water. Lead with 95 sx (196 cu.ft) of Cl "B" with 2% metasilicate and ¼ #/sk celloflake. (Yield = 2.06 cu.ft./sk; slurry weight = 12.5 PPG). Tail with 75 sx (89 cu.ft.) of Cl "B" with ¼ #/sk celloflake (Yield = 1.18 cu. ft./sk; slurry weight = 15.6 PPG). Total cement volume is 285 cu.ft. (80% excess to circulate cement to surface).



Paul C. Thompson, P.E.

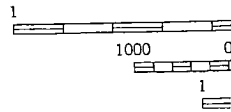
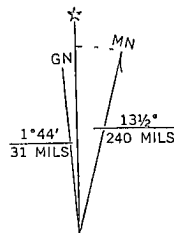


Mapped, edited, and published by the Geological Survey

Control by USGS and USC&GS

Topography by photogrammetric methods from aerial photographs taken 1965. Field checked 1966

Polyconic projection. 1927 North American datum
 10,000-foot grid based on New Mexico coordinate system, west zone
 1000-meter Universal Transverse Mercator grid ticks, zone 13, shown in blue



UTM GRID AND 1966 MAGNETIC NORTH DECLINATION AT CENTER OF SHEET



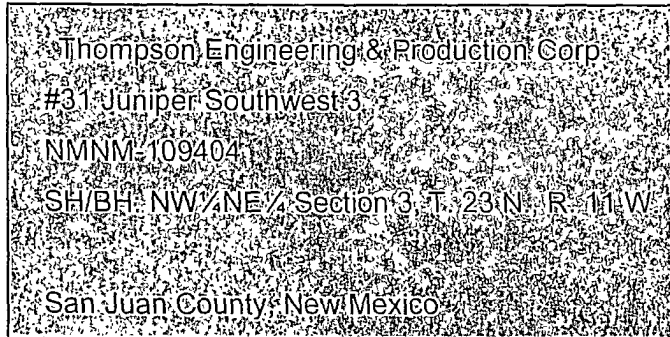
United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington District Office
6251 College Blvd. Suite A
Farmington, New Mexico 87402
www.blm.gov/nm

In Reply Refer To:

3162.3-1(NMF0110)



***Above Data Required on Well Sign**

Special Stipulations

The following special requirements apply and are effective when checked:

- A: Note all surface/drilling conditions of approval attached.
- B: The required wait on cement (WOC) time will be a minimum of 500 psi compressive strength at 60 degrees. Blowout preventor (BOP) nipple-up operations may then be initiated.
- C: Test the surface casing to a minimum of _____ psi for 30 minutes.
- D: Test all casing strings below the surface casing to .22 psi/ft of casing string length or 1500psi, whichever is greater, but not to exceed 70% of the minimum internal yield (burst) for a minimum of 30 minutes.
- E: Communitization Agreement covering the acreage dedicated to this well must be filed for approval with the Bureau of Land Management, Farmington District Office, Branch of Reservoir Management, 6251 College Blvd. Suite A, Farmington, New Mexico 87402. The effective date of the agreement must be **prior** to any sales.

- H. Unless drilling operations are commenced within two years, approval of the Application for Permit to Drill will expire. A written request for a two years extension may be granted if submitted prior to expiration.
- I. From the time drilling operations are initiated and until drilling operations are completed, a member of the drilling crew or the tool pusher shall maintain rig surveillance at all time, unless the well is secured with blowout preventers or cement plugs.
- J. If for any reason, drilling operations are suspended for more than 90 days, a written notice must be provided to this office outlining your plans for this well.

II. REPORTING REQUIREMENTS

- A. For reporting purposes, all leases, communitization agreements or unit agreements are to be referenced by the numbers and prefixes affixed to the respective contract documents by the issuing agency at the time of issue.
- B. The following reports shall be filed with the BLM-Authorized Officer within 30 days after the work is completed.
 - 1. Original and three copies on Federal and Original and four copies on Indian leases of Sundry Notice (Form 3150-5), giving complete information concerning.
 - a. Setting of each string of casing. Show size and depth of hole, grade and weight of casing, depth set, depth of any and all cementing tools that are used, amount (in cubic feet) and types of cement used, whether cement circulated to surface and all cement tops in the casing annulus, casing test method and results, and the date work was done. Show spud date on first report submitted.
 - b. Intervals tested, perforated (include; size, number and location of perforations), acidized, or fractured; and results obtained. Show date work was done (a Sundry Notice is not required if a Completion Report is submitted within 30 days of the operation).
 - c. Subsequent Report of Abandonment, show the manner in which the well was plugged, including depths where casing was cut and pulled, intervals (by depths) where cement plugs were replaced, and dates of the operations.
 - 2. Well Completion Report (Form 3160-4) will be submitted with 30 days after well has been completed.
 - a. Initial Bottom Hole Pressure (BHP) for the producing formations. Show the BHP on the completion report. The pressure may be: 1) measured with a bottom hole bomb, or; 2) calculated based on shut in surface pressures (minimum seven day buildup) and fluid level shot.
 - 3. Submit a cement evaluation log, if cement is not circulated to surface.

VIII. PHONE NUMBERS

- A. For BOPE tests, cementing, and plugging operations the phone number is 505-564-7750 and must be called 24 hours in advance in order that a BLM representative may witness the operations.
- B. Emergency program changes after hours contact:

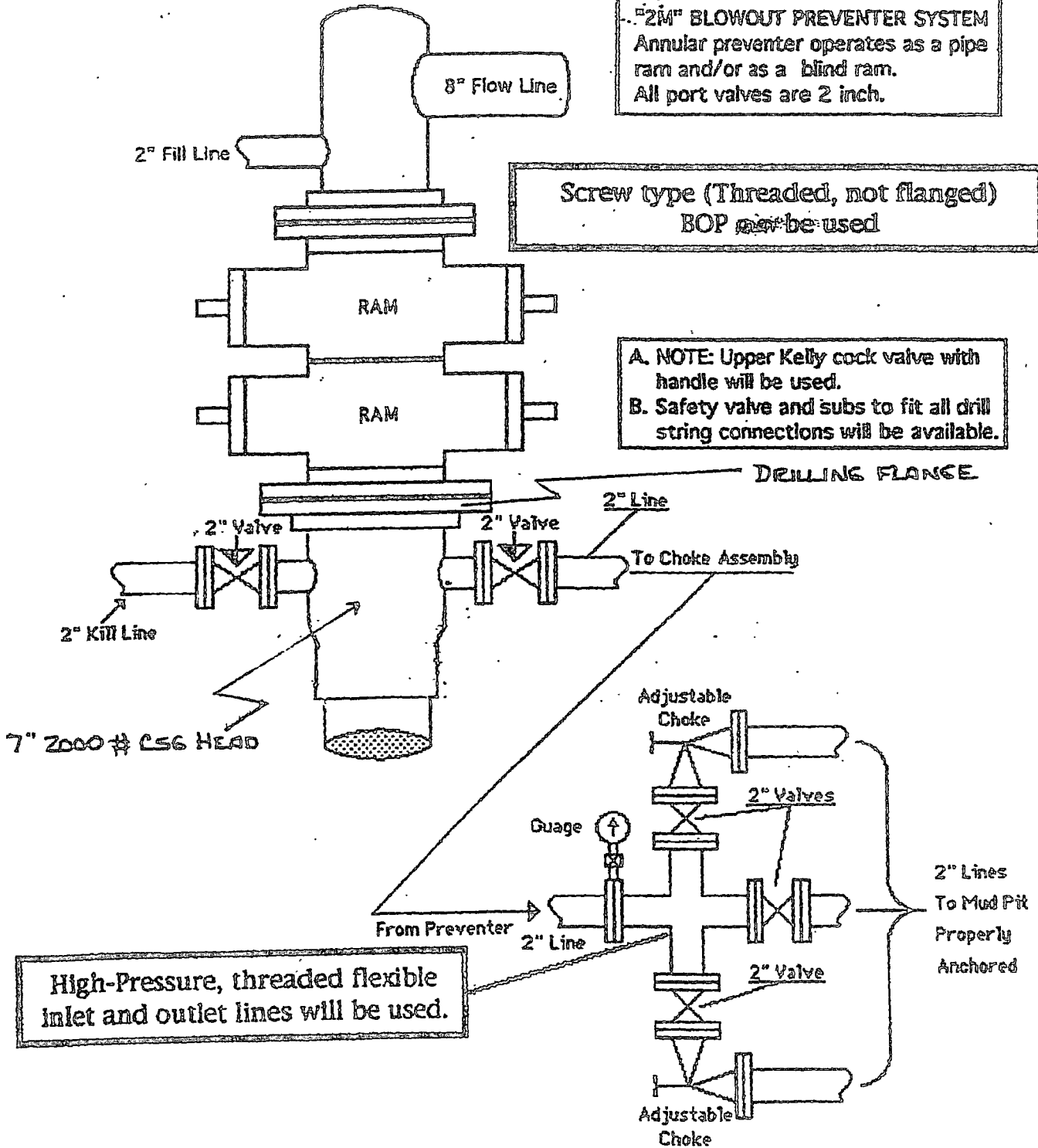
**Troy Salyers at (505) 360-9815,
Jim Lovato at (505) 320-7378,
Stephen Mason at (505) 326-0253,
Wayne Townsend at (505) 327-2186**

"2M" BLOWOUT PREVENTER SYSTEM

"2M" BLOWOUT PREVENTER SYSTEM
 Annular preventer operates as a pipe ram and/or as a blind ram.
 All port valves are 2 inch.

Screw type (Threaded, not flanged)
 BOP may be used

A. NOTE: Upper Kelly cock valve with handle will be used.
 B. Safety valve and subs to fit all drill string connections will be available.



DRILLING FLANGE

2" Line
 To Choke Assembly

2" Kill Line

7" 2000 # CSG HEAD

Adjustable Choke

2" Valves

2" Lines
 To Mud Pit
 Properly
 Anchored

High-Pressure, threaded flexible
 inlet and outlet lines will be used.

Adjustable Choke

Gauge

From Preventer

2" Line

2" Valve