

RECEIVED

RCVD NOV 16 '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 Farmington Field Office
BUREAU OF LAND MANAGEMENT Bureau of Land Management

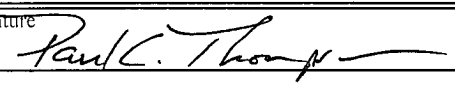
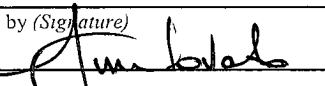
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a Type of Work. <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM 109407
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	3b Phone No. (include area code) (505) 327-4892	8. Lease Name and Well No Juniper West 35 #24
4 Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 1100' FSL and 1700' FWL At proposed prod Zone Same		9 API Well No 30-045-35409
14 Distance in miles and direction from nearest town or post office* 11 miles southwest of Blanco Trading Post, NM		10 Field and Pool, or Exploratory Basin Fruitland Coal
15 Distance from proposed* location to nearest property or lease line, ft (Also to nearest drig. unit line, if any) 1100'	16. No. of Acres in lease 1280	11. Sec., T, R., M, or Blk, and Survey or Area N Sec. 35, T24N, R11W
18 Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft NA	19. Proposed Depth 1,020 +/-	12. County or Parish San Juan
21 Elevations (Show whether DF, KDB, RT, GL, etc) 6,463' GL	22. Approximate date work will start* October 1, 2012	13 State NM
17 Spacing Unit dedicated to this well W/2 320 acres		20. BLM/BIA Bond No. on file NM 2292 Bond #MS2-65-42-45 NM 6000 762
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 	Name (Printed/Typed) Paul C. Thompson, P.E.	Date 8/28/2012
Title President		
Approved by (Signature) 	Name (Printed/Typed)	Date 11/15/12
Title Acting AFM Minerals	Office	

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**

NMOCD

PR

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

NOV 19 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

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

RECEIVED

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240
Phone: (575) 393-6181 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
Bureau of Land Management

Form C-102

Revised August 1, 2011

Submit one copy to appropriate

District Office

AUG 2 2012

AUG 6 2012

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-35409	² Pool Code 71629	³ Pool Name BASIN FRUITLAND COAL (GAS)
⁴ Property Code	⁵ Property Name JUNIPER WEST 35	⁶ Well Number 24
⁷ OGRID No. 37581	⁸ Operator Name THOMPSON ENGINEERING & PRODUCTION CORP.	⁹ Elevation 6463

¹⁰ Surface Location

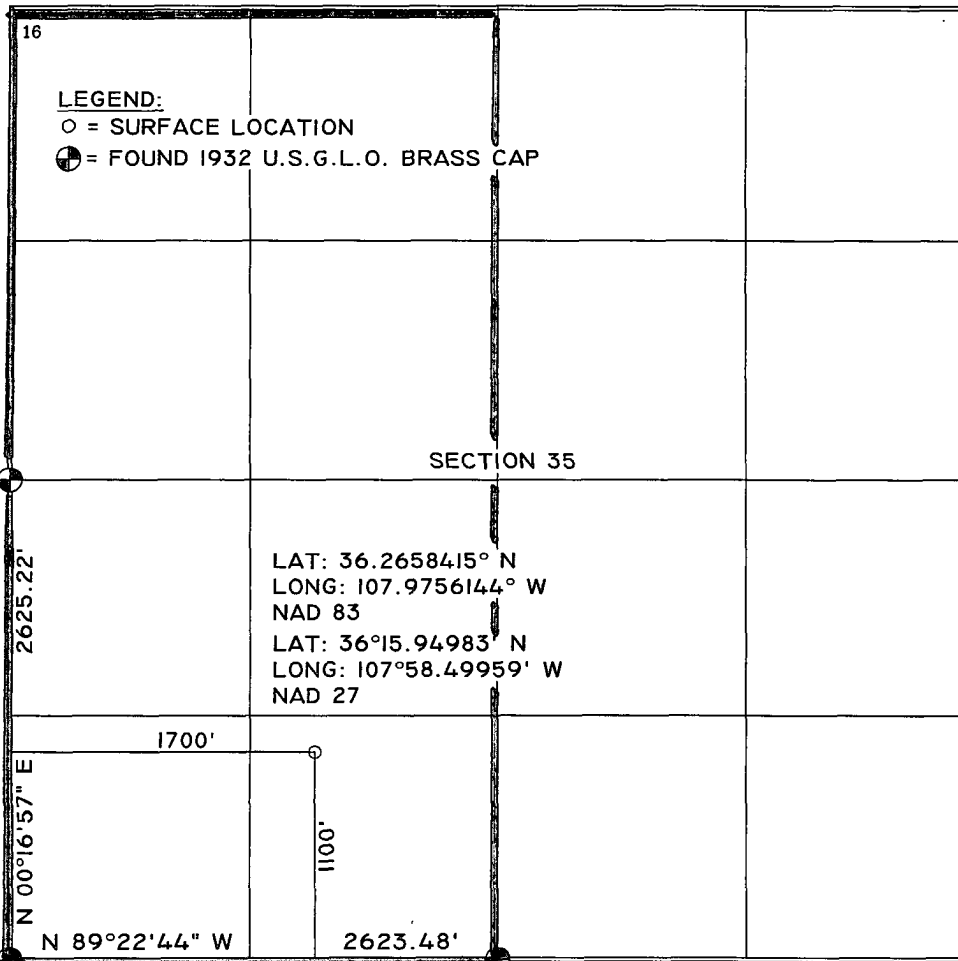
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	35	24 N	11 W		1100	SOUTH	1700	WEST	SAN JUAN

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 320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
---	-------------------------------	----------------------------------	-------------------------

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 8/28/12
Signature Date
PAUL C. THOMPSON
Printed Name
PAUL@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 same is true and correct to the best of my knowledge.

01/02/12
Date of Survey
Signature and Seal of Professional Surveyor:

JOHN W. KONICH
NEW MEXICO
REGISTERED PROFESSIONAL SURVEYOR
14831

14831 1-3-2012
Certificate Number

Thompson Engineering and Production Corp.
OPERATIONS PLAN
Juniper West 35 #24

I. Location: 1100' FSL & 1700' FWL Date: August 20, 2012
 Sec 31 T24N R11W
 San Juan County, NM

Field: Basin Fruitland Coal Elev: GL 6463'
Surface: BLM
Minerals: NMNM 109407

II. Geology: Surface formation _ San Jose

A. Formation Tops	Depths
Ojo Alamo	90'
Kirtland	475'
Fruitland	620'
Fruitland Coal	825'
Pictured Cliffs	930'
Total Depth	1020'

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

Water and gas - 825' and 930'.

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"	1020'	5-1/2"	15.5# J-55

B. Float Equipment:

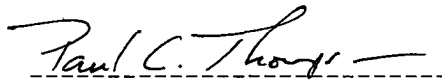
a) Surface Casing: Three centralizers and an insert fiber baffle.

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 115 sx (237 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 326 cu.ft. (80% excess to circulate cement to surface).



Paul C. Thompson, P.E.

D&D Drilling Rig #1 BOP Testing Procedure.

Refer to the attached diagram for the bradenhead and BOP configuration. No mud cross will be utilized. The choke manifold will be connected to one side of the bradenhead. Connect the third-party testing company's test truck to the opposite side of the bradenhead.

Kill Line Valve:

Connect the test truck to the kill line valve and pressure test the valve to 250 psig low and 1,000 psig high. Test each pressure for 10 minutes.

Blind Rams:

Close the blind rams and open the bradenhead valve to the choke manifold. Have all three of the choke manifold valves closed. Pressure test the blind rams, casing, bradenhead, and choke manifold to 250 psig low and 1,000 psig high. Test each pressure for 30 minutes. A successful test will not have more than a 10% drop during the 30 minute test period.

If the test is successful proceed with the pipe ram test.

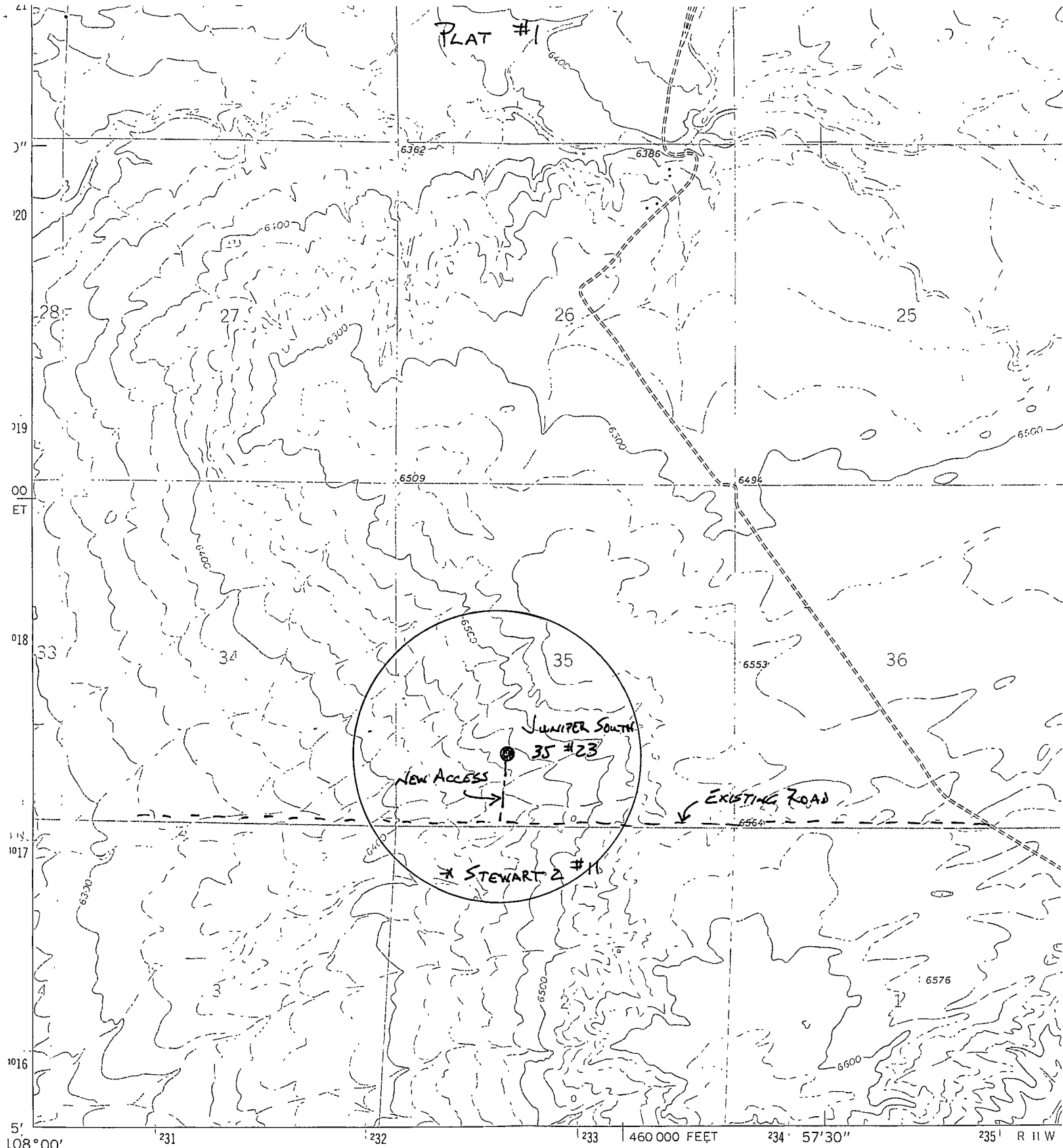
If the test is not successful, open the blind rams and install the test plug at the bottom of the bradenhead (the test plug seal is below the two valves on the bradenhead). Close the bradenhead valve to the choke manifold. Pressure test the blind rams and bradenhead to 250 psig low and 1,000 psig high. Open the bradenhead valve to the choke manifold and repeat the test. If these tests fail with no obvious leaks at either the blind rams or the choke manifold, remove the test plug and run a 7" packer into the first joint of casing and repeat both tests. Use caution when pulling the test plug if pressure is trapped below the plug. Recommend closing the pipe rams and opening the bradenhead valve to the choke manifold before trying to pull the test plug.

Pipe Rams:

Install the TIW valve on the bottom of one joint of drill pipe. Run the one joint into the well and close the pipe rams. Chain down the joint of drill pipe but leave the top of the pipe open. With the bradenhead valve open and the test truck still connected to the other side of the bradenhead, test the pipe rams to 250 psig low and 1,000 psig high. Hold each pressure for 30 min with no more than a 10% drop during the test period.

Upper Kelly Cock:

Install the TIW valve to the bottom of the Kelly. Install the test truck to the TIW Valve. With the TIW valve closed, pressure test the TIW valve to 250 psig low and 1,000 psig high for 10 minutes. Open the TIW valve and close the upper Kelly cock. Pressure test the Kelly and upper Kelly cock to 250 psig low and 1,000 psig high. Hold each pressure for 10 minutes with 0% drop during the test.



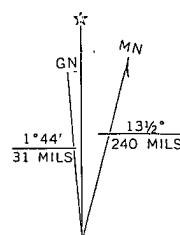
Mapped, edited, and published by the Geological Survey

Control by USGS and USC&GS

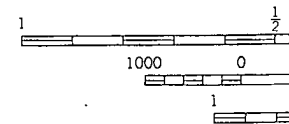
Topography by photogrammetric methods from aerial photographs taken 1965. Field checked 1966

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



"2M" BLOWOUT PREVENTER SYSTEM

