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JUL 06 2010

FORM APPROVED
OMB No. 1004-0137
Expires July 31, 2010

UNITED STATES
DEPARTMENT OF THE INTERIOR
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. NM 070361
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 Benson-Montin-Greer Drilling Corporation		7. If Unit or CA Agreement, Name and No. Canada Ojitos Unit
3a. Address 4900 College Blvd Farmington, NM 87402		8. Lease Name and Well No. # 46
3b. Phone No. (include area code) (505) 325-8874		9. API Well No. 30-039-30981
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 424' FSL and 281' FEL, Unit P At proposed prod. zone (Same)		10. Field and Pool, or Exploratory Puerto Chiquito Mancos West
14. Distance in miles and direction from nearest town or post office* approximately 4 miles north and 5 miles east of Lindrith, NM		11. Sec., T. R. M. or Blk. and Survey or Area Sec 27, T 25N, R 1W
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	16. No. of acres in lease 480.00	17. Spacing Unit dedicated to this well 640
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. +/- 2900 ft.	19. Proposed Depth 7550'	20. BLM/BIA Bond No. on file NM 0092
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 7296 GL	22. Approximate date work will start* 11/01/2010	23. Estimated duration 3 weeks

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

24. Attachments

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

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) Loren Diede	Date 7-6-2010
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Title
Drilling and Completions

Approved by (Signature) 	Name (Printed/Typed) AFM	Date 12/13/10
Title AFM	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.

(Continued on page 2)

*(Instructions on page 2)

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

DEC 17 2010
NMOC

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Avenue, Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico

Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

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Bureau of Land Management
Farmington Field Office

Form C-102

Revised October 15, 2009

Submit one copy to appropriate

District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-30981	² Pool Code 50440	³ Pool Name PUERTO CHIQUITO MANCOS WEST
⁴ Property Code 001954	⁵ Property Name CANADA OJITOS UNIT	⁶ Well Number 46
⁷ OGRID No. 002096	⁸ Operator Name BENSON-MONTIN-GREER DRILLING CORPORATION	⁹ Elevation 7296'

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
P	27	25-N	1-W		424	SOUTH	281	EAST	RIO ARRIBA

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 636.14 640.00	¹³ Joint or Infill N	¹⁴ Consolidation Code U	¹⁵ Order No. NSL PENDING NSL 6234						

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 N89°25'06"W 5295.84' 27 S01°27'06"E 5280' 2 1/2" B.C. G.L.O. 1917 28/27 33/34	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. Signature: <i>Loren Diede</i> Date: 7-6-2010 Printed Name: Loren Diede
2 1/2" B.C. G.L.O. 1917 28/27 33/34 N 1951999.76 E 1442586.13 (STATE PLANE, CENTRAL ZONE) LAT: 36 21 45.920 LONG: 106 55 18.927 #46 281' 425' S89°24'06"E 5293.20'	

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Benson-Montin-Greer Drilling Corporation

Canada Ojitos Unit # 46

424' FSL, 281' FEL Unit P Sec. 27, T25N R01W Rio Arriba County, NM
GL Elev: 7296'

Drilling Program

1. ESTIMATED FORMATION TOPS: (KB)

<u>Formation Name</u>	<u>Depth</u>
San Jose	Surface
Ojo Alamo	2876'
Kirtland	2949'
Fruitland	3014'
Pictured Cliffs	3074'
Lewis	3229'
Cliffhouse	4904'
Menefee	4987'
Point Lookout	5363'
Mancos	5542'
Niobrara "A"	6600'
Niobrara "B"	6663'
Niobrara "C"	6794'
Greenhorn	7448'
Graneros	7519'
 Total Depth	 7550'
 Intermediate TD (7 5/8" Csg)	 6350'
 Production TD (5 1/2" Liner)	
Top	6150'
Bottom	7550'

2. NOTABLE ZONES (with oil, gas or mineral potential)

Fruitland	Coal / Water / Gas
Pictured Cliffs	Water / Oil / Gas
Cliffhouse	Water / Gas
Menefee	Water / Gas
Point Lookout	Water / Gas
Mancos	Oil / Gas / Water
Greenhorn	Oil / Water

Water zones will be protected by setting and cementing the 10 3/4" surface casing at 500ft. All zones containing commercial quantities of oil or gas will be cased and cemented with either the 7 5/8" intermediate casing or the 5 1/2" production liner.

Benson-Montin-Greer Drilling Corporation

Canada Ojitos Unit # 46

424' FSL, 281' FEL Unit P Sec. 27, T25N R01W Rio Arriba County, NM
GL Elev: 7296'

3. PRESSURE CONTROL: Maximum expected pressure is ~1000 psi. The drilling contract has not yet been awarded, thus the exact BOP and Choke Manifold model to be used is not yet known. A typical 2,000 psi model is pictured in Exhibits A & B. A remote accumulator will be used, the pressures, capacities location of the remote and manual controls will be identified at the time of the BLM supervised BOP test.

BOP equipment, accumulator, choke manifold and all accessories will meet or exceed BLM requirements as listed in Onshore Order #2 for the 2M systems. The pressure control equipment considerations include but will not be limited to:

1. BOP will be either double gate rams or an annular preventer.
2. Accumulator will have sufficient capacity to close all BOPs and retain 200 psi above pre charge.
3. 2" kill line and kill line valve.
4. Choke manifold (2" lines) with 2 chokes with valves and gauge.
5. Upper Kelly cock with handle available.
6. Safety valve and sub(s) available for all drill strings used.
7. Fill line above the upper-most BOP.

BOPs will be pressure tested; after initial installation, before drilling out from under all set and cemented casing strings, any time a seal is broken.

Ram type preventors and related pressure control equipment will be pressure tested to 1000 psi.

Annular type preventor will be pressure tested to 50% of the rated working pressure, not to exceed 1000 psi. All casing strings will be pressure tested to 0.22 psi/ft or 1000 psi, whichever is greater, not to exceed 70% of internal yield.

Additionally, the BOPs will be operationally checked every 24 hours. The BOPs will also be pressure tested once every 30 days by a 3rd party.

All tests and pressure tests will be recorded on IADC log.

4. CASING & CEMENT

<u>Hole Size</u>	<u>O.D.</u>	<u>Weight (lb/ft)</u>	<u>Grade</u>	<u>Age</u>	<u>Connection</u>	<u>GL Setting Depth</u>
(Conductor Casing will be used if warranted)						
14 3/4"	10 3/4"		40.5# J-55	New	ST&C	500'
9 7/8"	7 5/8"		26.4# N-80	New	LT&C	6350'
6-3/4"	5-1/2"		17# N-80	New	LT&C	6150' to 7550'

Benson-Montin-Greer Drilling Corporation

Canada Ojitos Unit # 46

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GL Elev: 7296'

Surface casing will be cemented to the surface.

Cement and properties; +/- 568 cu. ft. (+/- 409 sx) Type III cement (14.6 ppg density, 1.39 ft³/sx yield) with 2% CaCl₂ and 1/4#/sx celloflake. Volume based on 100% excess.

Two centralizers will be run on the shoe joint, one centralizer each on the next two joints and then one centralizer on every third joint thereafter.

Intermediate casing will be cemented to surface in 2 stages, stage tool to be set at +/- 3150'. Cement will be circulated to surface. Volumes based on 45% excess in OH.

Stage 1:

Lead cement will be +/- 899 cu. ft. (+/- 426 sx) Premium Lite w/2% CaCl₂, 1/4#/sx cello flake, 6-1/4#/sx gilsonite, 8% gel (12.1 ppg density, 2.11 ft³/sx yield).

Tail cement will be +/- 111 cu. ft. (+/- 80 sx) Type III w/2% CaCl₂, 1/4#/sx Cello flake (14.6 ppg density, 1.39 ft³/sx yield).

Stage 2:

Lead cement will be +/- 899 cu. ft. (+/- 426 sx) Premium Lite w/2% CaCl₂, 1/4#/sx cello flake, 6-1/4#/sx gilsonite, 8% gel (12.1 ppg density, 2.11 ft³/sx yield).

Tail cement will be +/- 69 cu. ft. (+/- 50 sx) Type III w/2% CaCl₂, 1/4#/sx Cello flake (14.6 ppg density, 1.39 ft³/sx yield).

Two centralizers will be run on the shoe joint, one centralizer on every other joint for 14 joints and then one centralizer on every third joint thereafter.

Production liner will be cemented to the top of liner ensuring cement coverage inside the intermediate casing with a single stage.

Cement and properties; +/- 184 cu. ft. (+/- 91 sx) Premium Lite High Strength FM w/0.3% retarder, 2% KCl, 1/4#/sx cello flake, 0.3% dispersant, 5#/sx gilsonite, 1% Fluid loss agent (12.5 pps density, 2.02 ft³/sx yield).

Volumes based on 46% excess in OH.

Two centralizers will be run on the shoe joint, one centralizer on every other joint into the intermediate casing.

The production liner will be pressure tested to 5000 psi for 30 minutes during completion operations.

Where cement has not been circulated to surface (or top of liner) a CBL or temperature survey will be run to determine the TOC for that casing string.

Cement specifications may vary slightly due to cement and cement contractor availability.

Benson-Montin-Greer Drilling Corporation

Canada Ojitos Unit # 46

424' FSL, 281' FEL Unit P Sec. 27, T25N R01W Rio Arriba County, NM
GL Elev: 7296'

5. MUD PROGRAM

<u>Depth</u>	<u>Type</u>	<u>Wt./ppg.</u>	<u>Vis.</u>	<u>Fluid Loss</u>
0'-500'	FW gel/lime spud mud	8.4-9.0	30-40	NC
500'-6350'	FW gel/Polymer	8.5-9.2	28-50	<20cc's
6350-7550'	Air/ Air/mist or Nitrogen	N/A	N/A	N/A

Viscosity, mud weight and other physical and chemical characteristics of the drilling mud will be varied as required to keep the hole clean, circulate drill cuttings, prevent caving, prevent lost circulation and maximize penetration rate.

Air /air mist or nitrogen will be used to drill the 6 ¾" section of the hole to reduce the hydrostatic pressure while drilling the pay zones. It is planned to drill the hole from 6350' to TD with an air hammer and 6 ¾" bit. An alternate plan will be in place to drill this section of the hole with mud should the hole conditions warrant.

Sufficient mud and materials will be kept on site to maintain mud properties and meet lost circulation or mud weight requirements at all times.

6. CORING, TESTING, & LOGGING

No cores or drill stem tests are planned. Open-hole logs to be run are:

500' to 6350'; GR/ Cement Bond Log, if cement is not circulated to surface.

6350 to TD; GR/Induction/Density Neutron and possible fracture identification log (caliper or camera for fracture identification).

7. DOWN HOLE CONDITIONS

- a. Expected bottom hole pressure: +/- 1000 psi
- b. Anticipated abnormal pressure: None
- c. Anticipated abnormal temperatures: None
- d. Anticipated hazardous gas (H2S): None

If any of the foregoing are unexpectedly encountered, suitable steps will be taken to mitigate according to accepted industry best practices.

Benson-Montin-Greer Drilling Corporation
Canada Ojitos Unit # 46
424' FSL, 281' FEL Unit P Sec. 27, T25N R01W Rio Arriba County, NM
GL Elev: 7296'

8. OTHER INFORMATION

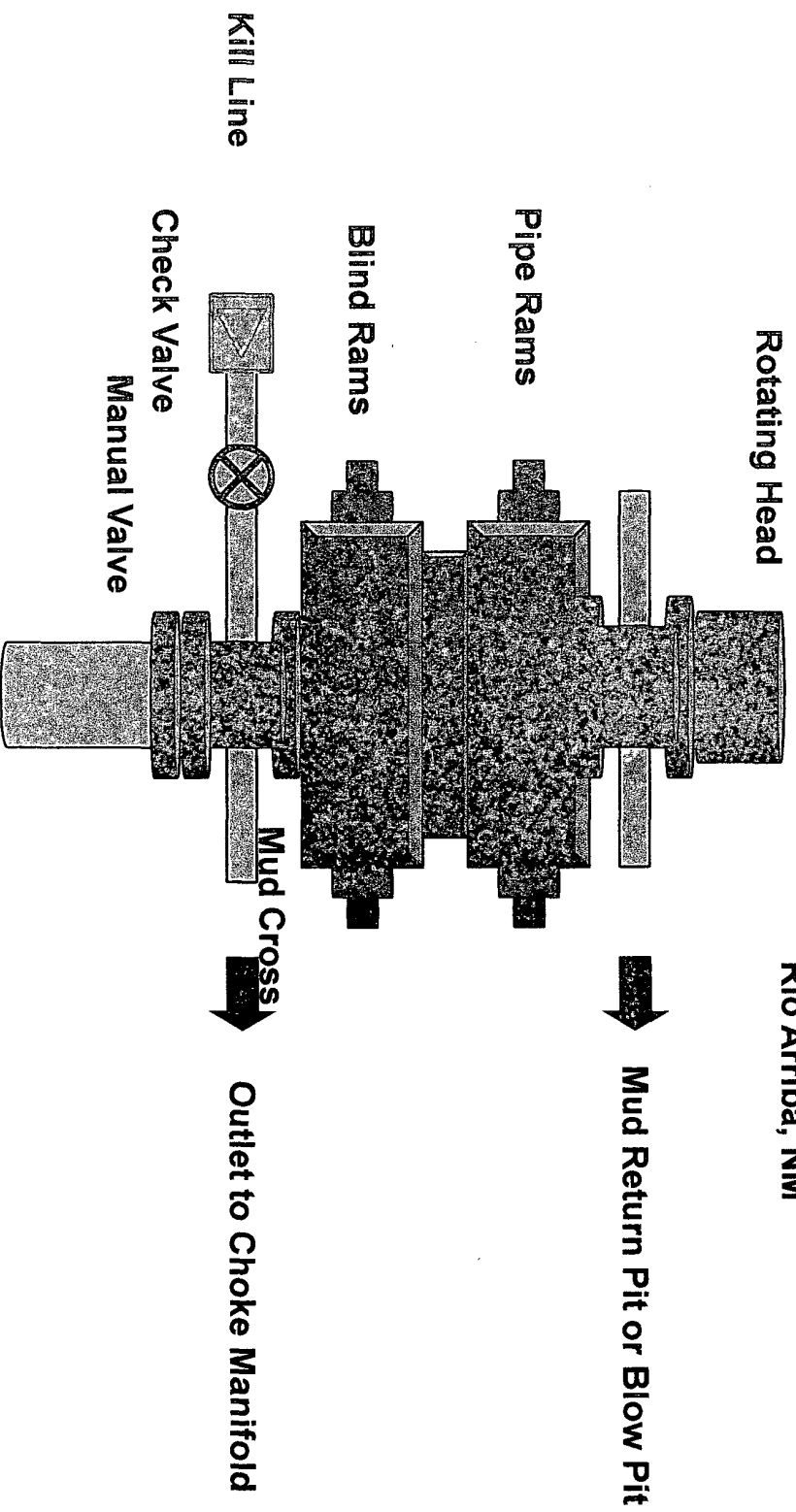
The anticipated spud date is November 2010. The spud date will be dependent on the weather conditions, road conditions and the Conditions of Approval as provided by the US Forest Service.

The duration of drilling operations is expected to be from two to three weeks. The drilling rig and associated equipment will be removed and preparations will be made for the completion of the well.

Completion will start about one to two weeks after the finish of the drilling operations. A completion rig will be moved in for the completion phase. The completion phase of the well is expected to +/- two weeks. The completion phase will include; perforating, acidizing, fracture stimulation and well testing.

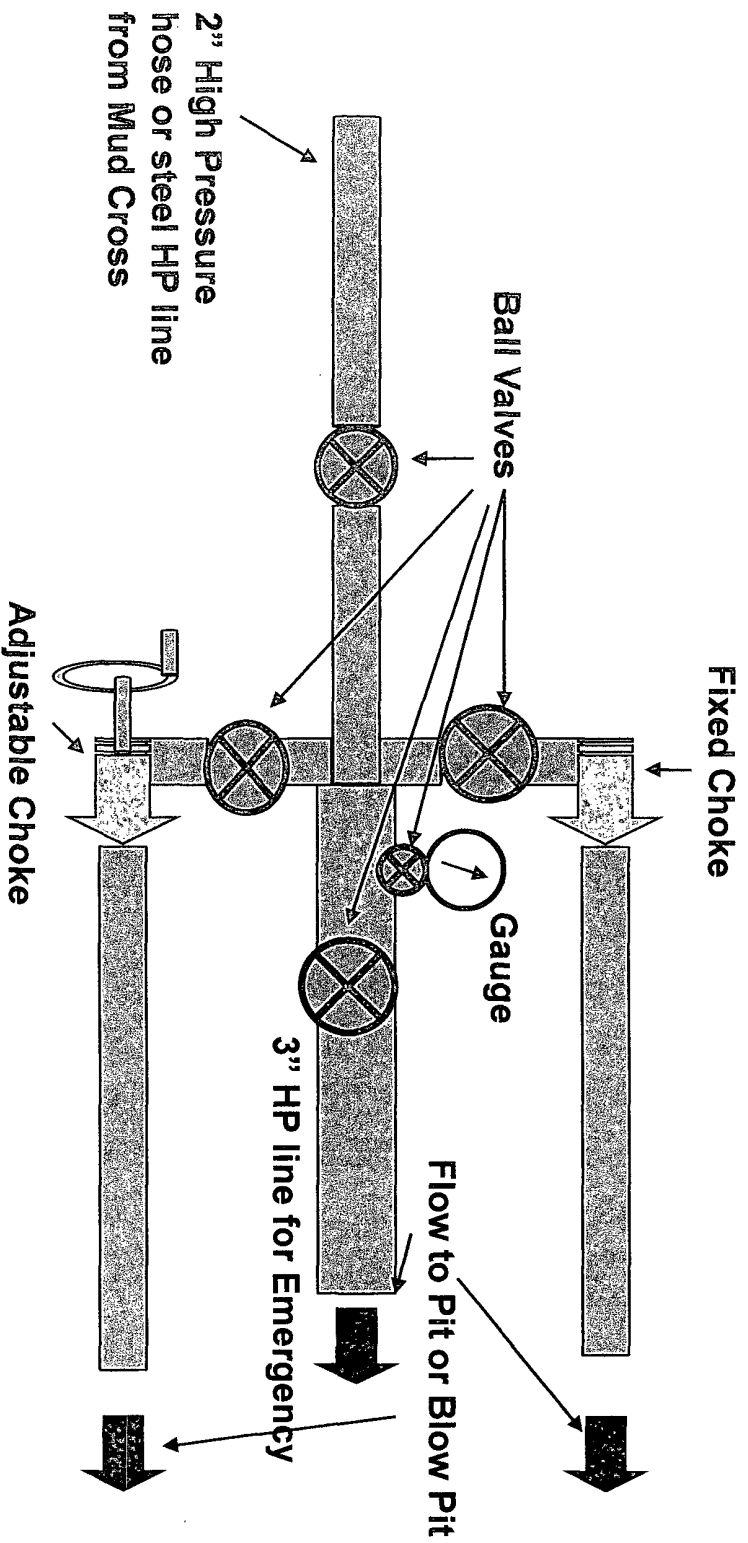
**Blowout Preventer
2000 psi
Exhibit A**

Benson-Montin-Greer Drilling Corp.
Canada Ojitos Unit #46
Unit P, Sec 27, T25N, R1W
Rio Arriba, NM



Choke Manifold
Class 1 (2M) Normal Pressure
Exhibit B

Benson-Montin-Greer Drilling Corp.
Canada Ojitos Unit #46
Unit P, Sec 27, T25N, R1W
Rio Arriba, NM

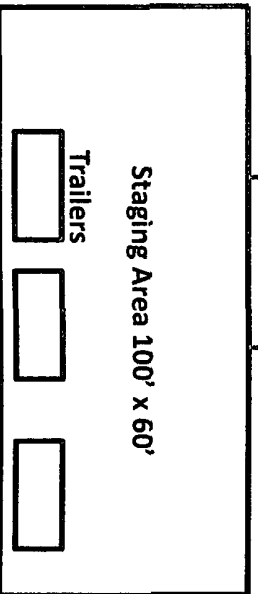
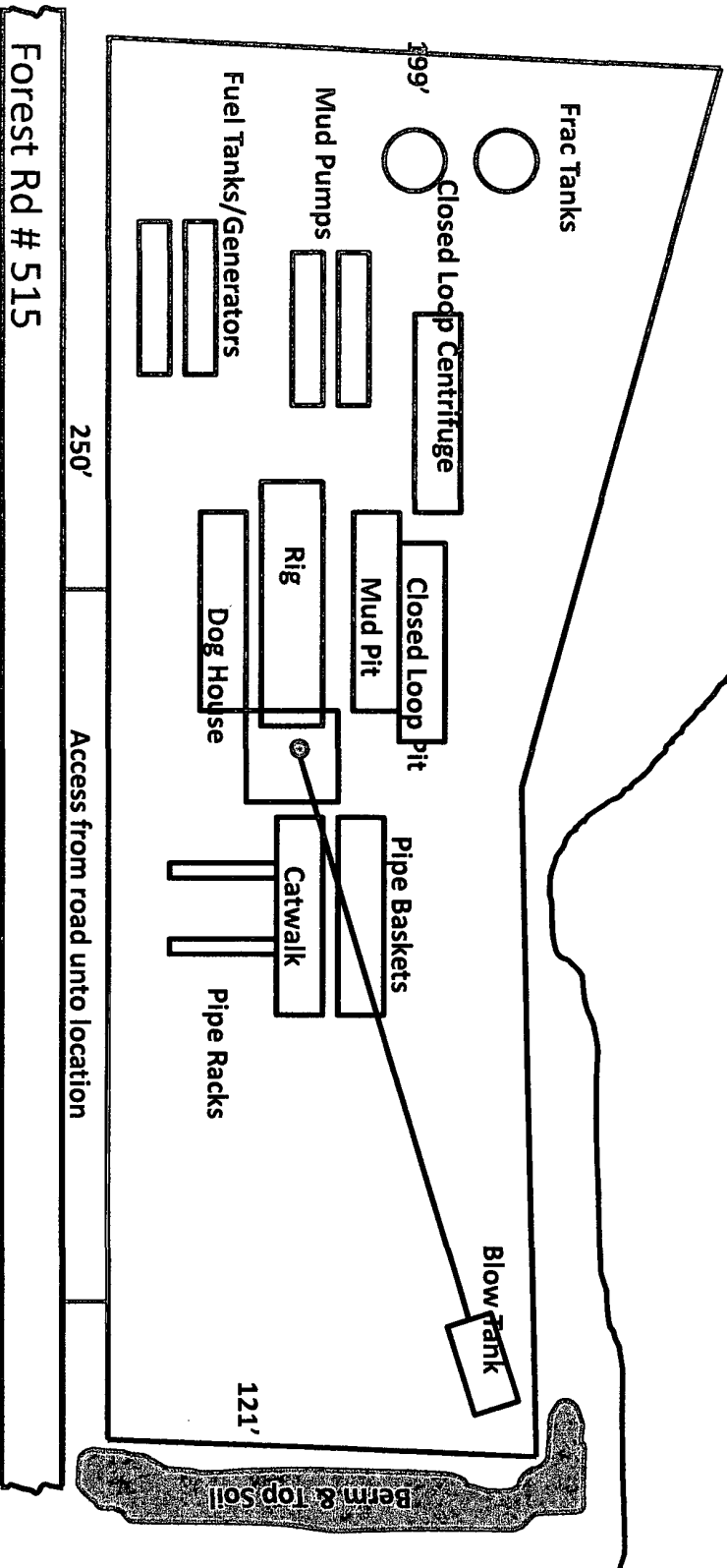




Benson-Montin-Greer
COU # 46
Idealized Location Diagram/ Drilling

Edge of Gurule Wash

Figure 3

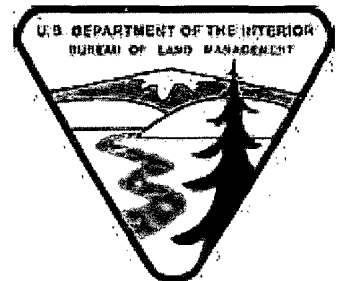


DRILLING CONDITIONS OF APPROVAL

Operator: BMG Corporation
Lease No.: NMNM-070361
Well Name: Canada Ojitos Unit #46
Well Location: Sec.27, T25N, R1W; 424' FSL & 281' FEL

Refer to Onshore Order 2 III.

- 1) Two (2) adjustable chokes are required on the choke manifold for a 2M BOPE system. Refer to attachment I-1 in Onshore Order #2
- 2) Pressure test the surface casing to a minimum of 600 psi for 30 minutes.
- 3) Pressure test the intermediate casing to a minimum of 1500 psi for 30 minutes



After hour contact: Troy Salyers 505-360-9815

NMOCD