

# RECEIVED

Form 3160-3  
(April 2004)

JAN 20 2011

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

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		7. If Unit or CA Agreement, Name and No.
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		8. Lease Name and Well No. Nutrius Prospect #1
2. Name of Operator Blue Dolphin Production LLC		9. API Well No. 30-039-31018
3a. Address C/O Walsh Engineering & Production Corp 7415 E. Main Street, Farmington, NM 87402	3b. Phone No. (include area code) 505-327-4892	10. Field and Pool, or Exploratory Exploratory Wildcat Entrada
4. Location of Well (Report location clearly and in accordance with any State requirements *) At surface 500' FNL X 335' FEL At proposed prod zone SAME		11. Sec, T, R. M. or Blk. and Survey or Area A Section 35, T27N-R2E
14. Distance in miles and direction from nearest town or post office* 3 3/4 miles West of Cebolla, NM		12. County or Parish Rio Arriba County
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 335'		13. State NM
16. No. of acres in lease 1,720.84	17. Spacing Unit dedicated to this well 40 Acres	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. NA	19. Proposed Depth 3,800'	20. BLM/BIA Bond No. on file NMB000106
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 7,222' GL	22. Approximate date work will start* 05/01/2011	23. Estimated duration 30 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.

- 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 shall 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 authorized officer.

25. Signature 	Name (Printed/Typed) S.M. Libby	Date 01/19/2011
Title Agent for Blue Dolphin Production LLC		
Approved by (Signature) 	Name (Printed/Typed) AFM	Date 8/3/11
Title 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 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 AZFEC 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 3165.3 and appeal pursuant to 43 CFR 3165.4

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

AUG 22 2011

**NMOCD**

DISTRICT I  
1625 N. French Dr., Hobbs, N.M. 88240

DISTRICT II  
1301 W. Grand Avenue, Artesia, N.M. 88210

DISTRICT III  
1000 Rio Brazos Rd., Aztec, N.M. 87410

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

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 October 15, 2009  
Submit one copy to appropriate  
District Office

☐ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

*API Number <b>30.039-31018</b>		*Pool Code <b>97874</b>	*Pool Name <b>WILDCAT ENTRADA</b>
*Property Code <b>38741</b>	*Property Name <b>NUTRIAS PROSPECT</b>		*Well Number <b>#1</b>
*OCRID No. <b>226829</b>	*Operator Name <b>BLUE DOLPHIN PRODUCTION, LLC</b>		*Elevation <b>7222</b>

**10 Surface Location**

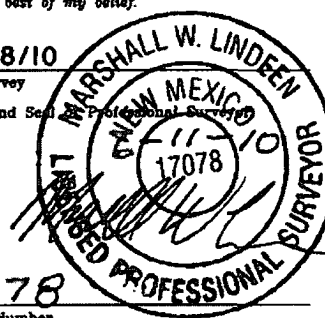
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>A</b>	<b>35</b>	<b>27 N</b>	<b>2 E</b>		<b>500</b>	<b>NORTH</b>	<b>335</b>	<b>EAST</b>	<b>RIO ARriba</b>

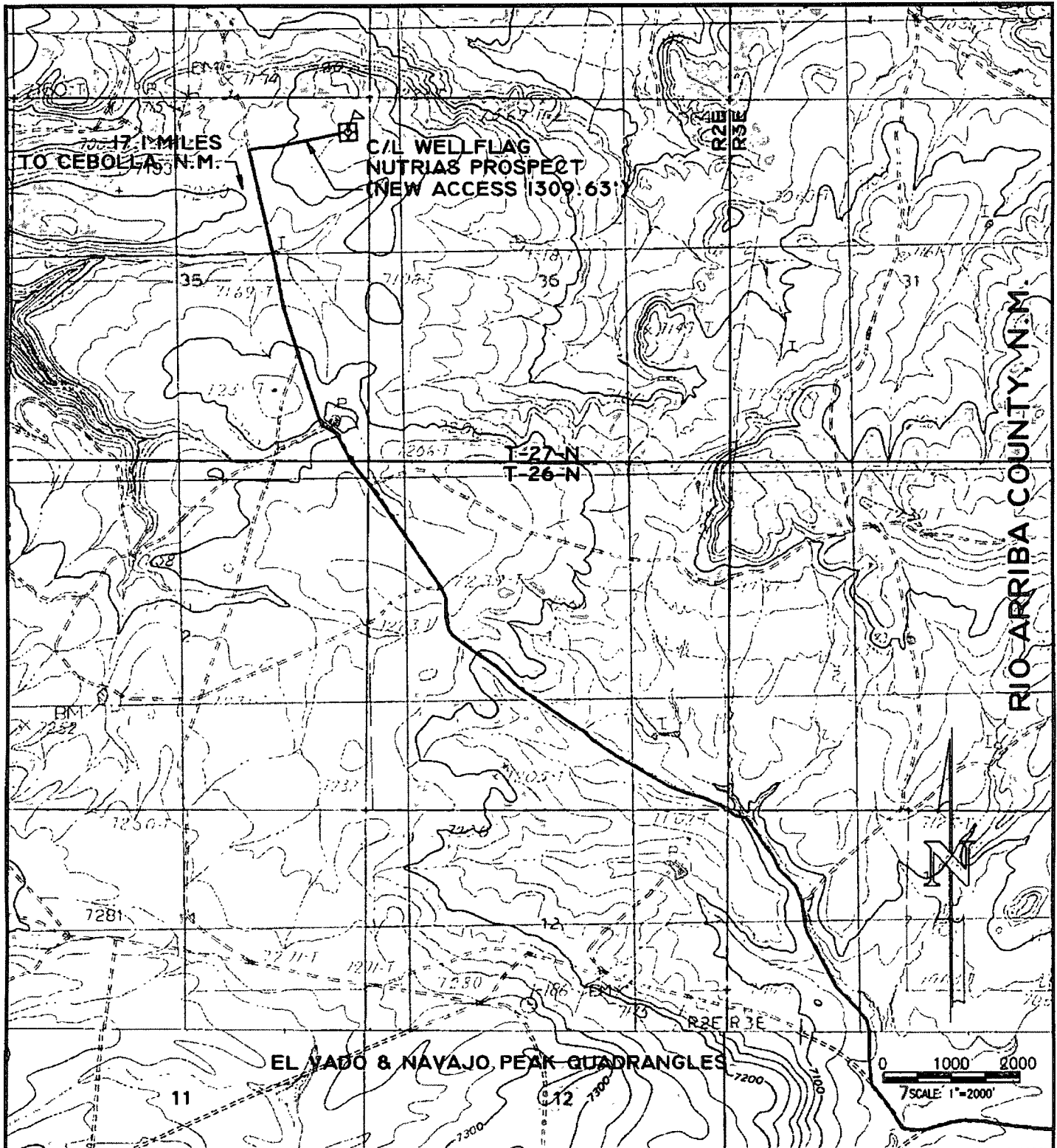
**11 Bottom Hole Location If Different From Surface**

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

*Dedicated Acres <b>40</b>	*Joint or Infill	*Consolidation Code	*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 N 89°58'10" W 2641.23' (M)	2650.22' (M) WEST (R)	N 89°38'12" W 80.10 CH. (R)	2647.69' (M) 500' 335' 2651.19' (M)	<b>17 OPERATOR CERTIFICATION</b> 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>[Signature]</i> Date: <b>01-19-2011</b> Printed Name: <b>S.M. L. 664</b>
N 0°18'08" E 80 CH. (R)	SECTION 35			
2662.06' (M) N 0°1' W (R)			N 0°1' W (R) 2652.89' (M)	
N 0°00'13" E	NOTE: BEARINGS & DISTANCES SHOWN ARE REFERENCED TO THE NEW MEXICO COORDINATE SYSTEM, CENTRAL ZONE, NAD 83.	WEST (R) 2642.12' (M)	80 CH. (R) N 89°42'11" W 2636.72' (M)	<b>18 SURVEYOR CERTIFICATION</b> 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: <b>06/08/10</b> Signature and Seal: <i>[Signature]</i>  Certificate Number: <b>17078</b>



LEASE: NUTRIAS PROSPECT

FOOTAGE: 500' FNL, 335' FEL

SEC. 35 TWN. 27 N RNG. 2 E N.M.P.M.

LAT: N 36.5361322° LONG: W 106.6899876° (NAD 83)

ELEVATION: 7222

BLUE DOLPHIN PRODUCTION, LLC

SURVEYED: 06/08/10

REV. DATE:

CHECKED BY: A.D.

DRAWN BY: C.B.

DATE DRAWN: 06/09/10

FILE NAME: 9630T02



P.O. BOX 3651  
FARMINGTON, NM 87499  
OFFICE: (505) 334-0408

BLUE DOLPHIN PRODUCTION, LLC  
OPERATIONS PLAN  
NUTRIAS PROSPECT #1

I. Location: Date: October 16, 2010  
500' FNL & 335' FEL  
A Section 35, T27N, R2E  
Rio Arriba, County, NM  
  
Field: Wildcat Entrada Elev: 7222' GL  
Surface: BLM  
Minerals: Federal NMNM116554  
API:

II. Geology: Surface formation \_ Mancos Shale

A. Formation Tops	Depth
Todilto	1250'
Entrada	1350'
Total Depth	3800'

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

Water, oil, and gas - 1350'.

B. Logging Program: Neutron/Density & Induction/GR at TD

C. No over pressured zones are expected in this well. No H<sub>2</sub>S zones will be penetrated in this well.

III. Drilling

- A. Contractor:
- B. Mud Program:

The surface and production holes will be drilled with a fresh water mud.

C. Minimum Blowout Control Specifications:

Double ram 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.

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
8-3/4"	250'	7"	20# J-55
6-1/4"	3800'	4-1/2"	10.5# J-55

B. Float Equipment:

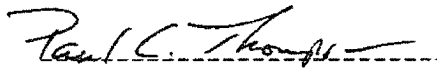
a) Surface Casing: One centralizers on each collar.

b) Production Casing: 4-1/2" cement guide shoe and self fill insert float collar. Place float one joint above shoe. Five centralizers spaced every other joint above shoe.

V. Cementing:

**Surface casing:** 7" - Use 60 sx (81 cu. ft.) of Type III with 2%  $\text{CaCl}_2$  and  $\frac{1}{4}$  #/sk celloflake (Yield = 1.35 cu. ft./sk; slurry weight = 14.8 PPG). 100% excess to circulate cement to surface. WOC 12 hours. Pressure test surface casing to 1000 psi for 30 min.

**Production Casing:** 4-1/2" - Before cementing circulate hole with at least 1-1/2 hole volumes of mud. Precede cement with 20 bbls of fresh water. **Lead** with 315 sx (649 cu.ft) of Type III with 2% sodium metasilicate, 5 #/sk gilsonite, and  $\frac{1}{4}$  #/sk. celloflake. (Yield = 2.06 cu.ft./sk; slurry weight = 12.5 PPG). **Tail** with 100 sx (135 cu.ft.) of Type III with  $\frac{1}{4}$  #/sk. celloflake. (Yield = 1.35 cu. ft./sk; slurry weight = 14.8 PPG). Total cement volume is 784 cu.ft. (100% excess to circulate cement to surface).



Paul C. Thompson, P.E.

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JAN 21 2011

# "2M" BLOWOUT PREVENTER SYSTEM

Bureau of Land Management  
Farmington Field Office

"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 ~~can~~ 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.

