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OIL CONS. DIV.

DIST. 3

AUG 29 2012

Farmington Field Office
Bureau of Land Management

Form 3160-3
(August 1999)

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No: NMNM 109403

6. If Indian, Allottee or Tribe Name:

1a Type of Work. [X] DRILL [ ] REENTER

7. If Unit or CA Agreement, Name and No:

b Type of Well [ ] Oil Well [X] Gas Well [ ] Other [X] Single Zone [ ] Multiple Zone

8. Lease Name and Well No: Juniper South 15 #23

2 Name of Operator: Thompson Engineering and Production Corp.

9 API Well No: 30-045-35411

3A Address c/o Walsh Engineering: 7415 E. Main, Farmington, NM 87402

3b. Phone No. *(include area code)*: (505) 327-4892

10 Field and Pool, or Exploratory: Basin Fruitland Coal

4 Location of Well *(Report location clearly and in accordance with any State requirements *)*

At surface: 1600' FSL and 1500' FWL

At proposed prod Zone: Same

11. Sec , T., R., M , or Blk, and Survey or Area: Sec. 15, T23N, R10W

14 Distance in miles and direction from nearest town or post office*: 11 miles southwest of Blanco Trading Post, NM

12 County or Parish: San Juan

13 State: NM

15 Distance from proposed* location to nearest property or lease line, ft (Also to nearest drig unit line, if any): 1500'

16. No. of Acres in lease: 1,760

17 Spacing Unit dedicated to this well: S/2 320 acres

18 Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft: NA

19. Proposed Depth: 1,080 +/-

20. BLM/BIA Bond No. on file: Bond #MS2-65-42-42-15

21 Elevations (Show whether DF, KDB, RT, GL, etc.): 6,638' GL

22. Approximate date work will start*: October 1, 2012

23. Estimated duration: 1 week

This action is subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 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, shall be attached to this form:

1 Well plat certified by a registered surveyor

2 A Drilling Plan.

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.

4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).

5. Operator certification

6 Such other site specific information and/or plans as may be required by the authorized office.

25 Signature	Name *(Printed/Typed)*	Date
Paul C. Thompson	Paul C. Thompson, P.E.	8/29/2012
Title: President		
Approved by *(Signature)*: /s/ Maurice Ellis	Name *(Printed/Typed)*	Date: 10/29/12
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 1001and 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

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

NOV 0 8 2012

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Farmington Field Office
Bureau of Land Management

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

Form C-102
Revised August 1, 2011
Submit one copy to appropriate District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code	3 Pool Name
30-045-35411	71629	Basin Fruitland Coal

4 Property Code	5 Property Name	6 Well Number
39537	JUNIPER SOUTH 15	23

7 OGRID No	8 Operator Name	9 Elevation
37581	THOMPSON ENGINEERING & PRODUCTION CORP.	6638

10 Surface Location

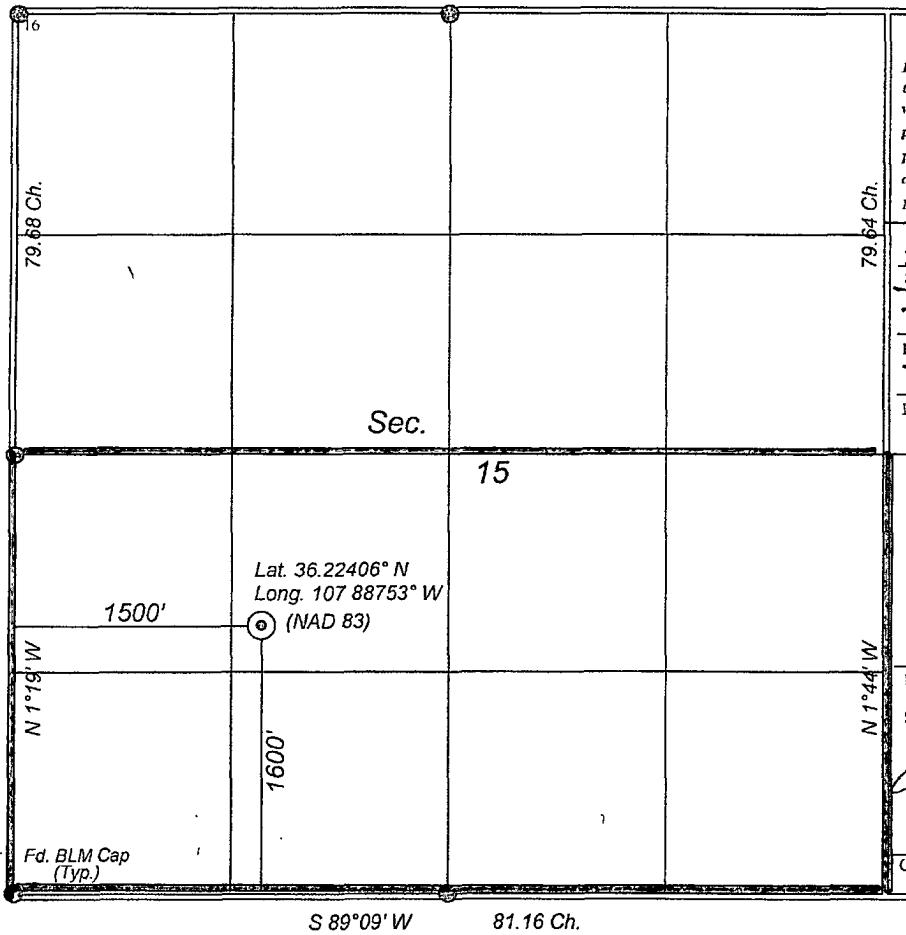
UL or Lot No	Section	Township	Range	Lot Idn	Feet from the	North/South Line	Feet from the	East/West Line	County
K	15	23 N	10 W		1600	South	1500	West	San Juan

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	13 Joint or Infill	14 Consolidation Code	15 Order No.
S/2 320			

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.



Bearings from GLO PLat

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

Paul C. Thomp 8/29/12
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 belief.

04 May 2012
Date of Survey

Signature and Seal of Professional Surveyor

NEW MEXICO 9483 PROFESSIONAL LS

William E. Mahnke II
Certificate Number

Thompson Engineering and Production Corp.
OPERATIONS PLAN
Juniper South 15 #23

I. Location: 1600' FSL & 1500' FWL Date: August 29, 2012
Sec 15 T23N R10W
San Juan County, NM

Field: Basin Fruitland Coal Elev: GL 6638'
Surface: BLM
Minerals: NMNM 109403

II. Geology: Surface formation _ San Jose

A.

Formation Tops	Depths
Ojo Alamo	140'
Kirtland	195'
Fruitland	570'
Fruitland Coal	860'
Pictured Cliffs	930'
Total Depth	1080'

Estimated depths of anticipated water, oil, gas, and other mineral bearing formations which are expected to be encountered:
Water and gas - 860' and 930'.

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

C. No over pressured zones are expected in this well. No H_2S 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"	200'	8-5/8"	24# J-55
7-7/8"	1080'	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 140 sx (165.2 cu. ft.) of Cl "B" with ¼ #/sk celloflake and 2% $CaCl_2$ (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 120 sx (247 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 336 cu.ft. (80% excess to circulate cement to surface).

Paul C. Thompson

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.

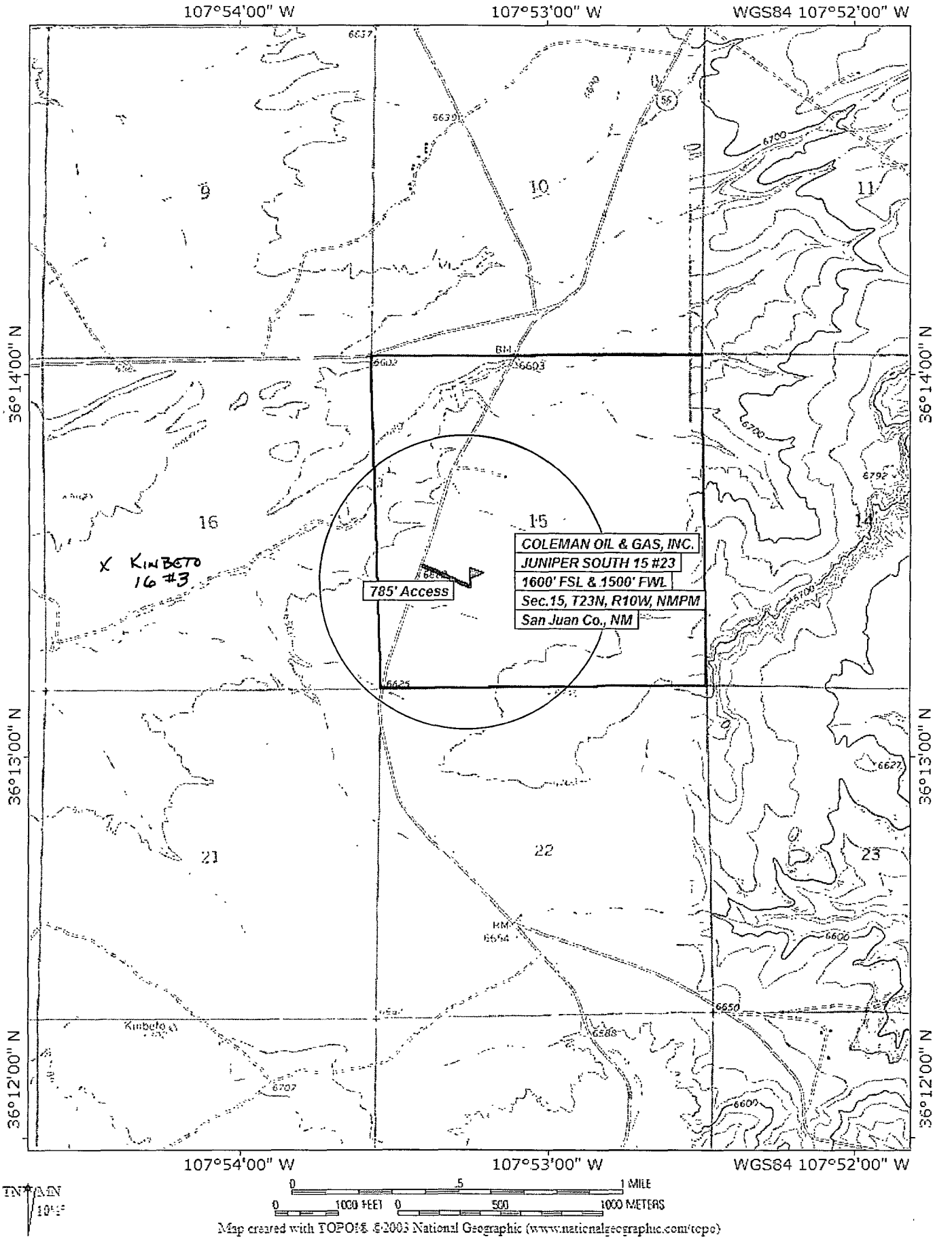
If the test is not successful, open the blind rams and install the test plug at the bottom of the bradenhead (the test plug seal is below the two valves on the bradenhead). Close the bradenhead valve to the choke manifold. Pressure test the blind rams and bradenhead to 250 psig low and 1,000 psig high. Open the bradenhead valve to the choke manifold and repeat the test. If theses test 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 and 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.

PLAT #1

Juniper South 15 #23



Map created with TOPO!® ©2003 National Geographic (www.nationalgeographic.com/topo)

"2M" BLOWOUT PREVENTER SYSTEM