



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

2005 MAY 30 PM 12:30

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

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. SF 078138
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 Manana Gas, Inc.		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. Bonnie #2
3b. Phone No. (include area code) (505) 327-4892		9. API Well No. 30-045-33767
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 869' FNL and 1133' FEL At proposed prod. Zone		10. Field and Pool, or Exploratory Basin Fruitland Coal
14. Distance in miles and direction from nearest town or post office* Inside the City Limits of Aztec, NM		11. Sec., T., R., M., or Blk. and Survey or Area A Sec. 7, T30N, R11W
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 869'	16. No. of Acres in lease 80 +/-	17. Spacing Unit dedicated to this well E/2 320 acres
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1000'	19. Proposed Depth 2285' +/-	20. BLM/BIA Bond No. on file
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5693" GR	22. Approximate date work will start* August 1, 2006	23. Estimated duration 2 weeks

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 5/22/2006
Title		
Agent		
Approved by (Signature) <i>[Signature]</i>	Name (Printed/Typed)	Date 7/24/06
Title AFM		Office PFO

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)

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

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

NMOC

DISTRICT I
P.O. Box 1980, Hobbs, N.M. 88241-1980

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised February 21, 1994

DISTRICT II
P.O. Drawer DD, Artesia, N.M. 88211-0719

Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

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

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, NM 87504-2088

☐ AMENDED REPORT

DISTRICT IV
PO Box 2088, Santa Fe, NM 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-33767	² Pool Code 71629	³ Pool Name Basin Fruitland Coal
⁴ Property Code 34648	⁵ Property Name BONNIE	⁶ Well Number 2
⁷ OGRID No. 13931	⁸ Operator Name MANANA GAS, INC.	⁹ Elevation 5693.01

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
A	7	30N	11W		868.82	NORTH	1132.94	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 320.00 1/2	¹³ Joint or Infill Y	¹⁴ Consolidation Code C	¹⁵ Order No. (APPLIED FOR) (communication agmt)
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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				<div><p>¹⁷ OPERATOR CERTIFICATION</p><p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p><p><i>Paul C. Thompson</i> Signature PAUL C. THOMPSON Printed Name AGENT Title 5/22/06 Date</p><p>¹⁸ SURVEYOR CERTIFICATION</p><p>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.</p><p>NOVEMBER 3, 2005 Date of Survey Signature and Seal of Professional Surveyor <i>[Signature]</i> Certificate Number N.M. PLS #9673</p></div>

MANANA Gas, Inc.
OPERATIONS PLAN
Bonnie #2

I. Location: 869' FNL & 1133' FEL
Sec 7 T30N R11W
San Juan County, NM

Date: May 22, 2006

Field: Basin Fruitland Coal
Surface: BLM
Minerals: BLM SF 078138

Elev: GL 5693'

II. Geology: Surface formation _ Nacimiento

<u>Formation Tops</u>	<u>Depths</u>
Ojo Alamo	585'
Kirtland	750'
Fruitland	1765'
Pictured Cliffs	2085'
Total Depth	2285'

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

Water and gas - 1765' and 2085'.

B. Logging Program: Induction/GR and neutron/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 = 500 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 exhibits (#1 and #2) 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
8-3/4"	120'	7"	20# K-55
6-1/4"	2285'	4-1/2"	10.5# K-55

B. Float Equipment:

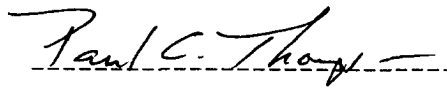
a) Surface Casing: None

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 and five turbolizers every fifth joint from the top of the well.

V. Cementing:

Surface casing: 7" - Use 30 sx (36 cu. ft.) of Cl "B" with 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: 4-1/2" - Before cementing circulate hole with at least 1-1/2 hole volumes of mud. Precede cement with 30 bbls of fresh water. Lead with ~~300~~ 500 sx (354 cu.ft) of Cl "B" with 2% SMS, 1/4#/sk. celloflake and 5 #/sk gilsonite. (Yield = 2.06 cu.ft./sk; slurry weight = 12.5 PPG). Tail with 100 sx (118 cu.ft.) of Cl "B" with 2% CaCl₂, 5 #/sk gilsonite and 1/4#/sk. celloflake/sk. (Yield = 1.18 cu. ft./sk; slurry weight = 15.6 PPG) Total cement volume is 472 cu.ft. (150% excess to circulate cement to surface).


Paul C. Thompson, P.E.

N nana Gas, Inc.

Well Control Equipment Schematic for 2M Service

Attachment to Drilling Technical Program

Exhibit #1 Typical BOP setup

Location: San Juan Basin, New Mexico

Date: August 24, 2004

By: John Thompson (Walsh E&P)

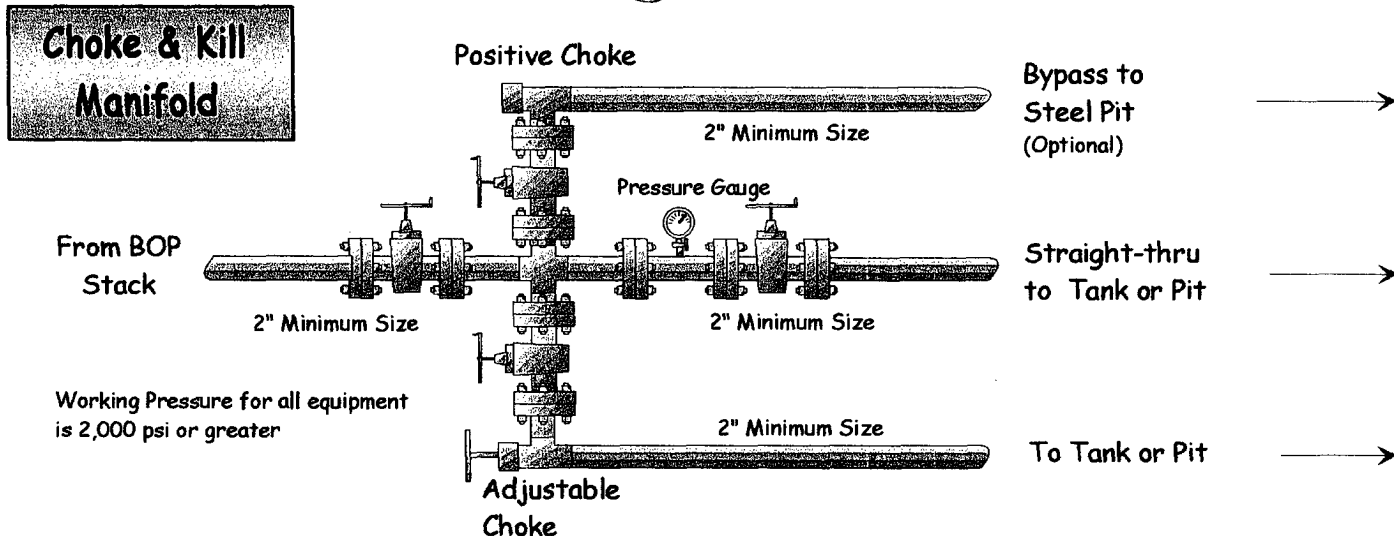
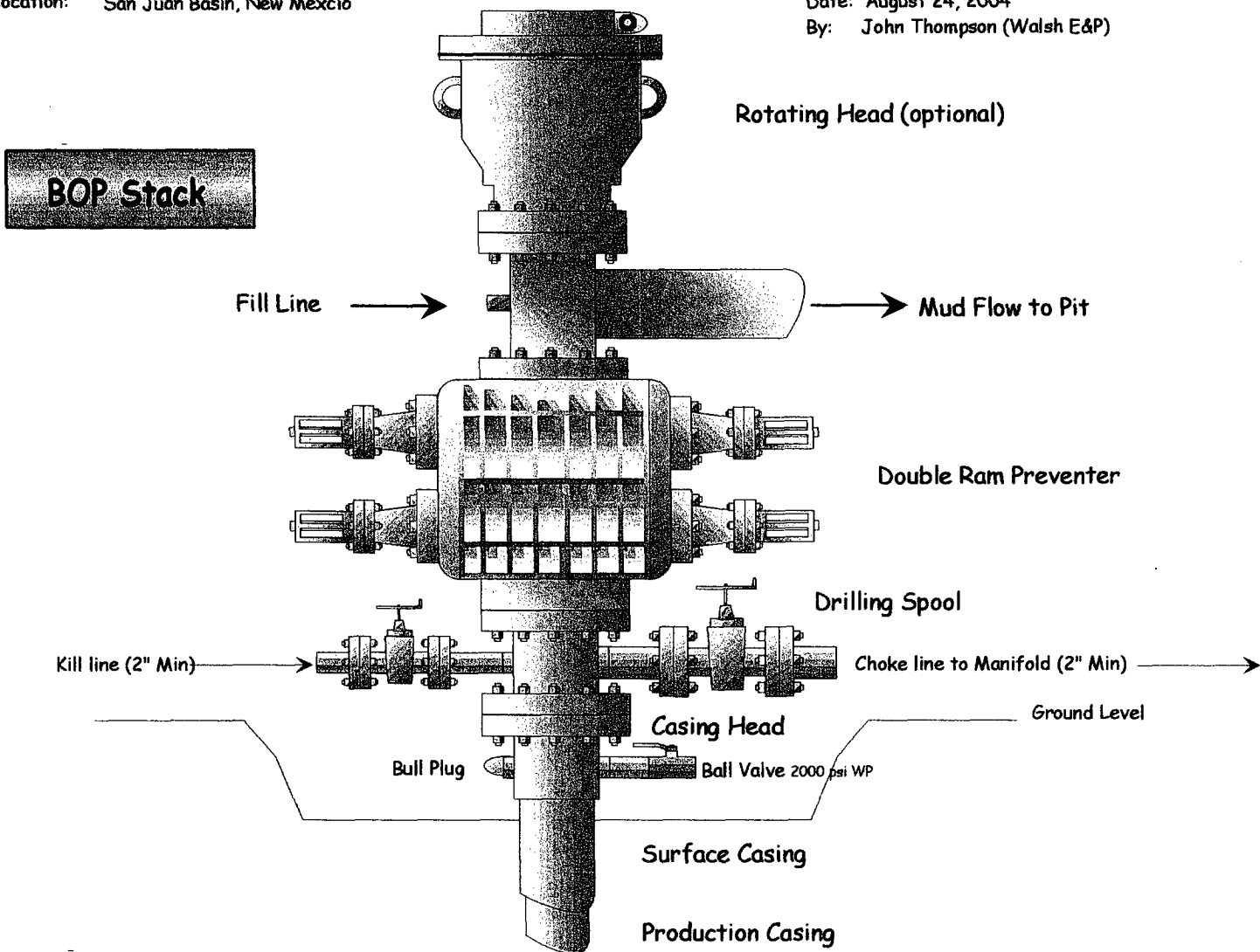
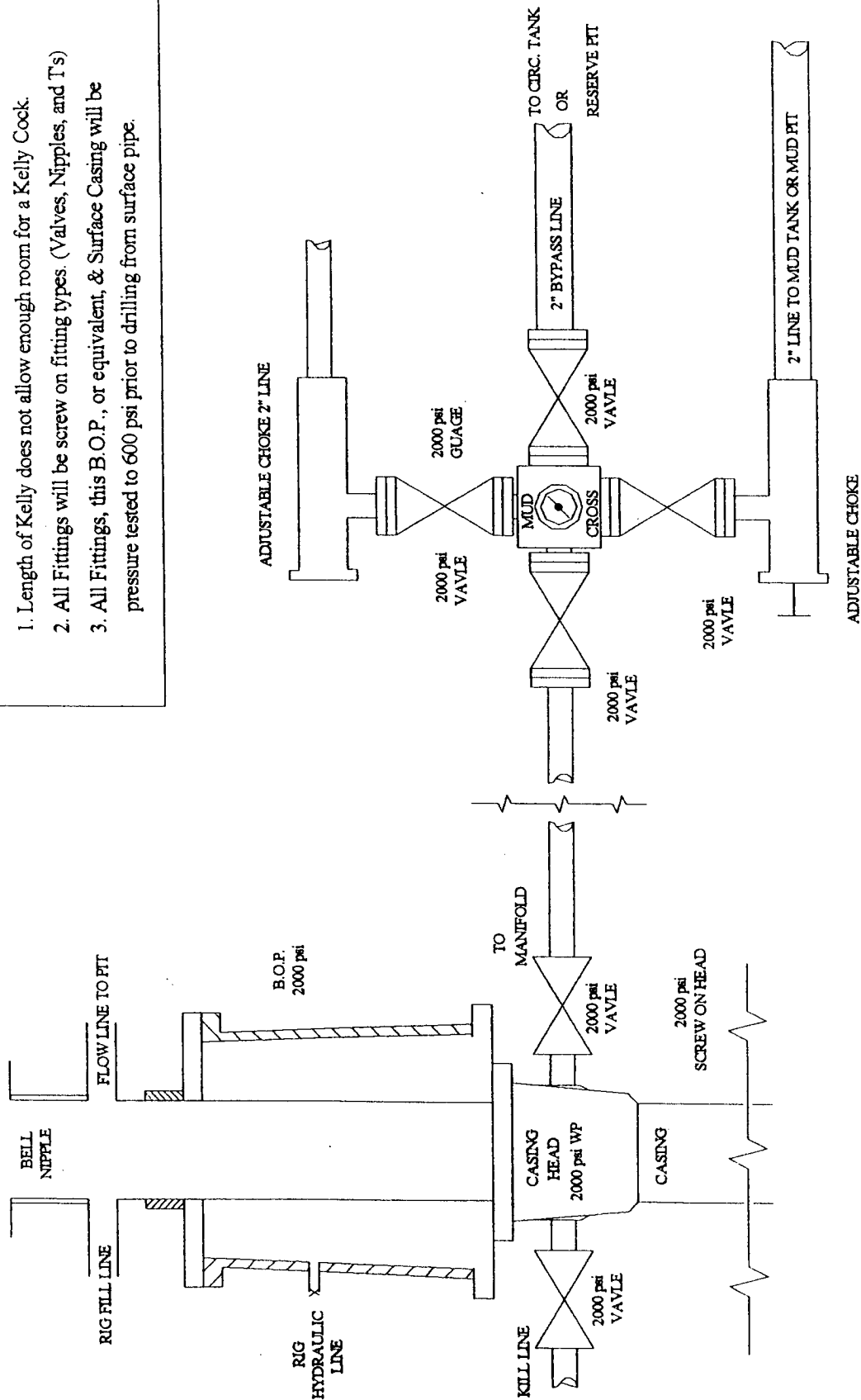


EXHIBIT #2

BLOW OUT PREVENTER (B.O.P.)

Notes:

1. Length of Kelly does not allow enough room for a Kelly Cook.
2. All Fittings will be screw on fitting types. (Valves, Nipples, and T's)
3. All Fittings, this B.O.P., or equivalent, & Surface Casing will be pressure tested to 600 psi prior to drilling from surface pipe.



** 2000 psi Rubber hose will be used from Well Head to Manifold
& from Well Head to Kill Line.



OPERATOR

WELL NAME and NUMBER

FOOTAGES

7	30N	11W
SEC.	TWP.	RGE.

San Juan,	New Mexico
COUNTY	STATE

DATE _____

Horiz. 1" = 50'
Vert. 1" = 30'

A

[illegible]

5693

B

[illegible]

5693

C

[illegible]

5693