

RCVD JAN 10 07
OIL CONS. DIV.
DIST. 3

Form 3160-3
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
RECEIVED
DEC 15 PM 2 39

APPLICATION FOR PERMIT TO DRILL OR REENTER

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

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. SF 080956
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. NMNM 73266
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. Martin #3Y
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 1500' FNL and 660' FEL At proposed prod. Zone		9. API Well No. 30-045-34116
10. Field and Pool, or Exploratory Aztec Pictured Cliffs		11. Sec., T., R., M., or Blk. and Survey or Area H Sec. 3, T29N, R11W
14. Distance in miles and direction from nearest town or post office* 2.5 miles north of Bloomfield, 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) 660'	16. No. of Acres in lease 160 +	17. Spacing Unit dedicated to this well NE/4 145.49
18. Distance from proposed* location to nearest well, drilling, completed, applied for, on this lease, ft. 650'	19. Proposed Depth 2200' +/-	20. BLM/BIA Bond No. on file
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5756' GR	22. Approximate date work will start* January 15, 2007	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 12/13/2006
Title President		
Approved by (Signature) <i>[Signature]</i>	Name (Printed/Typed)	Date 1/9/07
Title AEM		
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.

*(Instructions on reverse)

3/2
HOLD C104 FOR Change of Status to Martin #3R

NMOCD B 1/11/07

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

Form C-102
Revised October 12, 2005
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

2006 DEC 15 PM 2 39 AMENDED REPORT

RECEIVED
OIL CONSERVATION DIVISION
DIST. 3

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-34116	*Pool Code 71280	*Pool Name AZTEC PICTURED CLIFFS
*Property Code 301333	*Property Name MARTIN	*Well Number 3Y
*GRID No. 37581	*Operator Name THOMPSON ENGINEERING & PRODUCTION CORPORATION	*Elevation 5756'

10 Surface Location

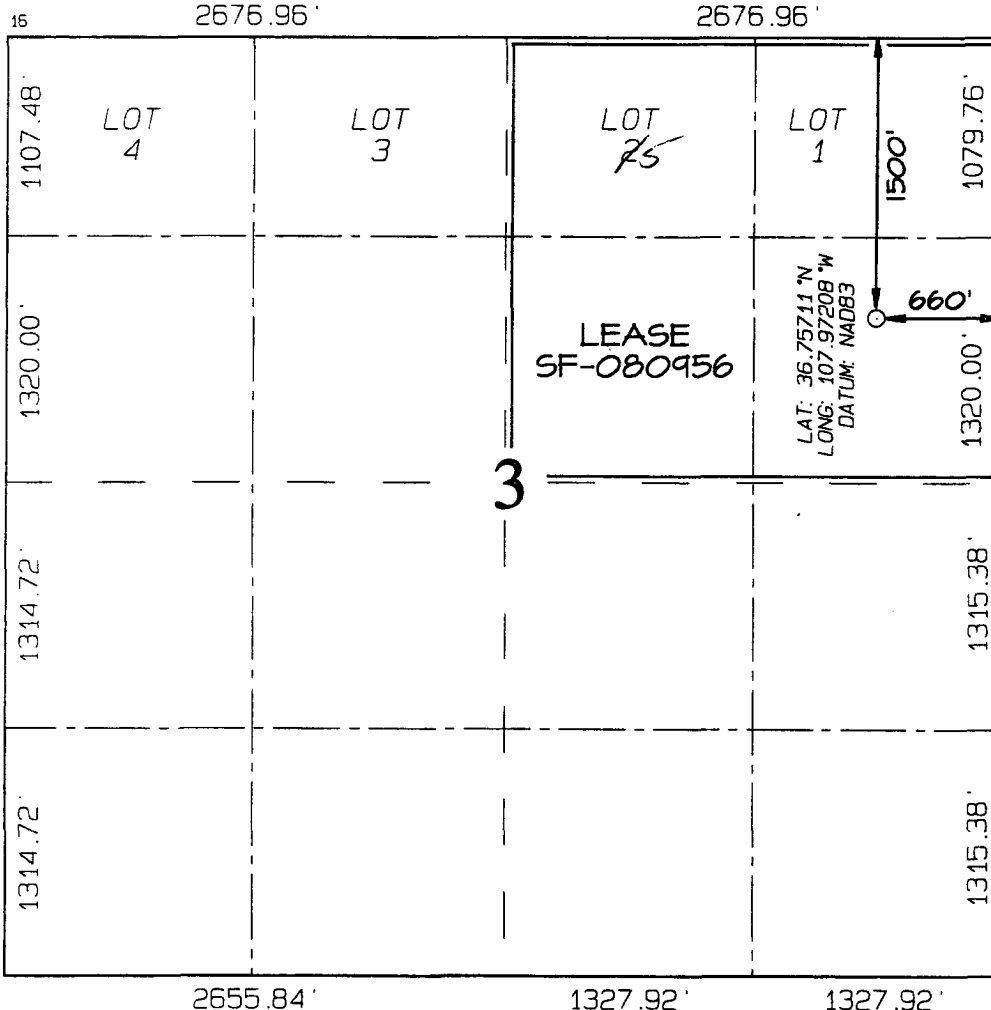
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	3	29N	11W		1500	NORTH	660	EAST	SAN JUAN

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 145.47 Acres - (NE/4)	13 Joint or Infill	14 Consolidation Code	15 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



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: *Paul C. Thompson* Date: 12/13/06
Printed Name: Paul C. Thompson

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.

Survey Date: OCTOBER 31, 2006
Signature and Seal of Professional Surveyor

JASON C. EDWARDS
NEW MEXICO
REGISTERED PROFESSIONAL SURVEYOR
15269

JASON C. EDWARDS
Certificate Number 15269

Submit 3 Copies To Appropriate District
Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., 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 and Natural Resources

Form C-103
May 27, 2004

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO. 30-045- 34116
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. Federal SF 080956
7. Lease Name or Unit Agreement Name Martin
8. Well Number 3Y
9. OGRID Number 37581
10. Pool name or Wildcat Aztec Pictured Cliffs

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)	
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other	
2. Name of Operator Thompson Engineering and Production Corp.	
3. Address of Operator c/o Walsh Engineering 7415 East Main Street, Farmington, NM 87402	
4. Well Location Unit Letter <u>H</u> : <u>1500</u> feet from the <u>North</u> line and <u>660</u> feet from the <u>East</u> line Section <u>3</u> Township <u>29N</u> Range <u>11W</u> NMPM County <u>San Juan</u>	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) <u>5756' GR</u>	
Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/>	
Pit type <u>Drilling</u> Depth to Groundwater <u>>100'</u> Distance from nearest fresh water well <u>>1000'</u> Distance from nearest surface water <u>>1000'</u>	
Pit Liner Thickness: <u>12</u> mil Below-Grade Tank: Volume <u>1500</u> bbls; Construction Material	

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: Pit application <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Thompson Engineering and Production Corp. request permission to construct a below grade reserve pit.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒ a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Paul C. Thompson TITLE President DATE 12/13/06

Type or print name Paul C. Thompson, P.E. E-mail address: paul@walsheng.net Telephone No. 505-327-4892

For State Use Only

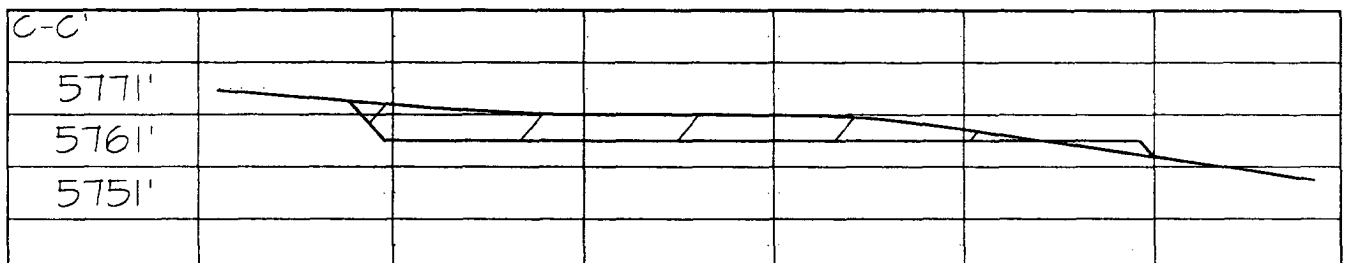
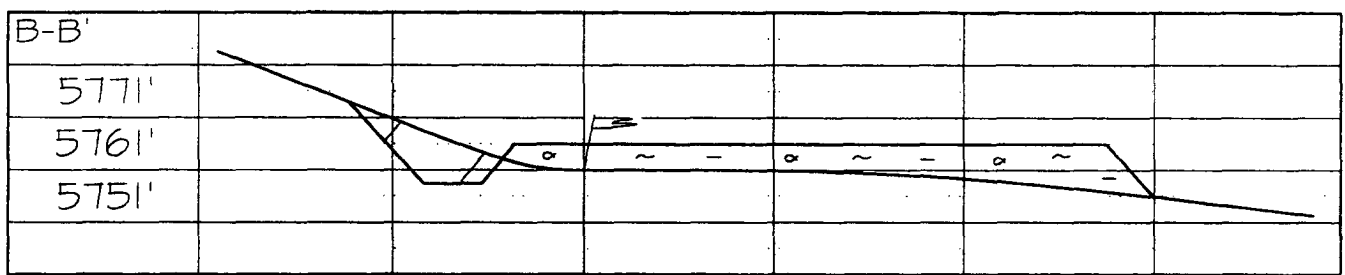
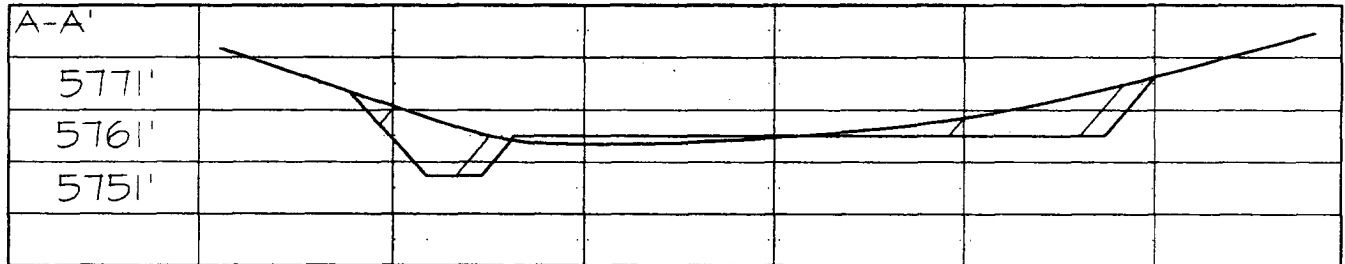
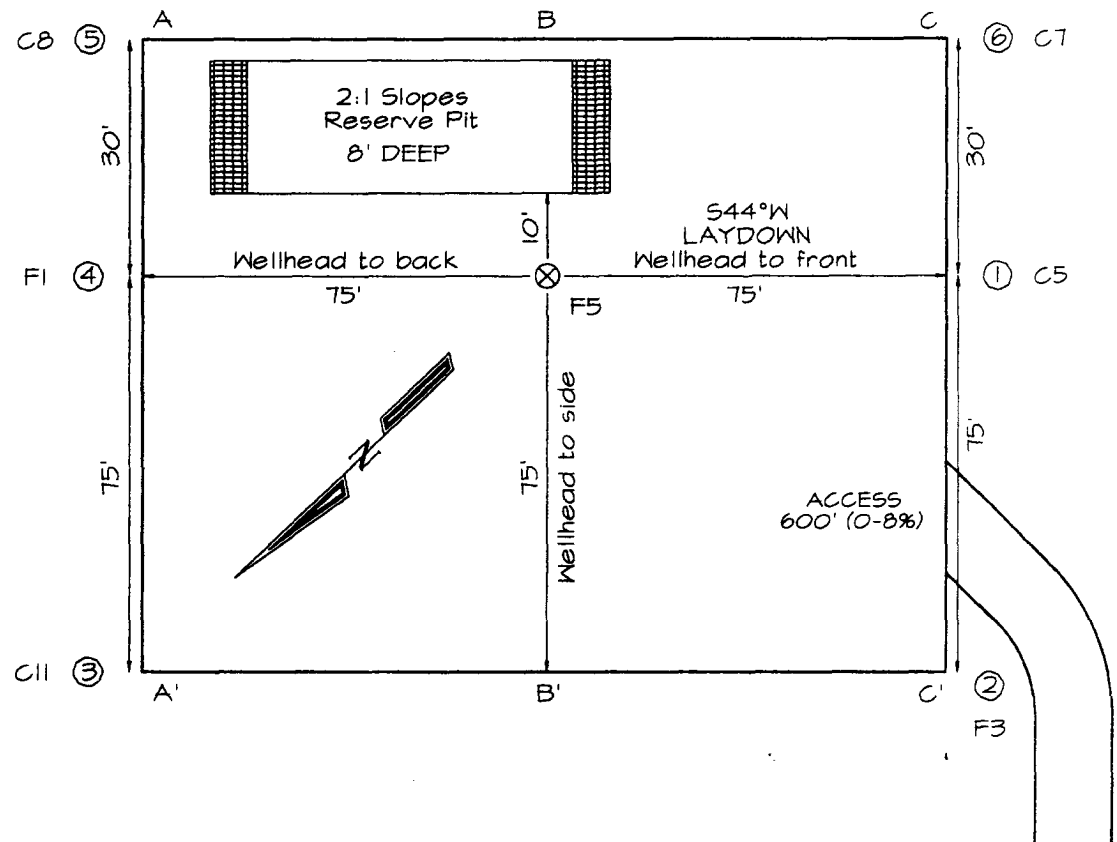
APPROVED BY: [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #3 DATE JAN 11 2007
Conditions of Approval (if any):

PLAT #2

THOMPSON ENGINEERING & PRODUCTION MARTIN #3Y
 1500' FNL & 660' FEL, SECTION 3, T29N, R11W, NMPM
 SAN JUAN COUNTY, NEW MEXICO GROUND ELEVATION: 5756'

LATITUDE: 36.75711° N
 LONGITUDE: 107.97208° W
 DATUM: NAD1983

PLAT NOTE:
 SURFACE OWNER
 Bureau of Land
 Management



Note: Contractor should call One-Call for location of any marked or unmarked buried pipelines or cables on well pad and/or access road at least two (2) working days prior to construction

THOMPSON ENGINEERING
OPERATIONS PLAN
Martin #3Y

I. Location: 1500' FNL & 660' FEL
Sec 3 T29N R11W
San Juan County, NM

Date: December 5, 2006

Field: Aztec Pictured Cliffs
Surface: BLM
Minerals: BLM SF - 080956

Elev: 5756' GL

II. Geology: Surface formation _ Nacimiento

A. Formation Tops	Depths
Ojo Alamo	716'
Kirtland	880'
Fruitland Coal	1690'
Pictured Cliffs	2046'
Total Depth	2200'

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

Water and gas - 1690' and 2046'

B. Logging Program: FDC/CNL/GR/SP and DIL logs at TD.

C. No over pressured zones are anticipated. No H₂S zones will be penetrated in this well. Max. BHP = 300 psig.

III. Drilling

A. Contractor: Chihuahua Drilling

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 8.7 ppg.

C. Minimum Blowout Control Specifications:

Double ram type 2000 psi working pressure BOP or an annular preventer. See the attached Exhibit #1 and Exhibit #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.

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 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"	17# H-40
6-1/4"	2200'	4-1/2"	10.5# J-55

B. Float Equipment:

- a) Surface Casing: Notched collar and 3 centralizers on the bottom 3 collars.
- b) Production Casing: Production Casing: 4-1/2" cement guide shoe and self fill insert float collar. Place float one joint above shoe. Place five centralizers spaced every other joint above the shoe and five turbolizers every fifth joint across the Ojo Alamo formation.

Martin #3Y
Operations Plan
Pg. #3

V. Cementing:

Surface casing: 7" - Use 50 sx (59 cu. ft.) of Cl "B" with $\frac{1}{4}$ #/sk. celloflake and 3% CaCl_2 (Yield = 1.18 cu. ft./sk; slurry weight = 15.6 PPG). 100% excess to circulate cement to surface. WOC 12 hours. NU BOP and pressure test the 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 10 bbls of fresh water. Lead with 175 sx (361 cu.ft) of Type 5 with 2% SMS, $\frac{1}{4}$ #/sk. celloflake and 5 #/sk gilsonite. (Yield = 2.06 cu.ft./sk; slurry weight = 12.5 PPG). Tail with 75 sx (89 cu.ft.) of Type 5 with 2% CaCl_2 , 5 #/sk gilsonite and $\frac{1}{4}$ #/sk. celloflake/sk. (Yield = 1.18 cu. ft./sk; slurry weight = 15.6 PPG) Total cement volume is 346 cu.ft. (100% excess to circulate cement to surface.



Paul C. Thompson, P.E.

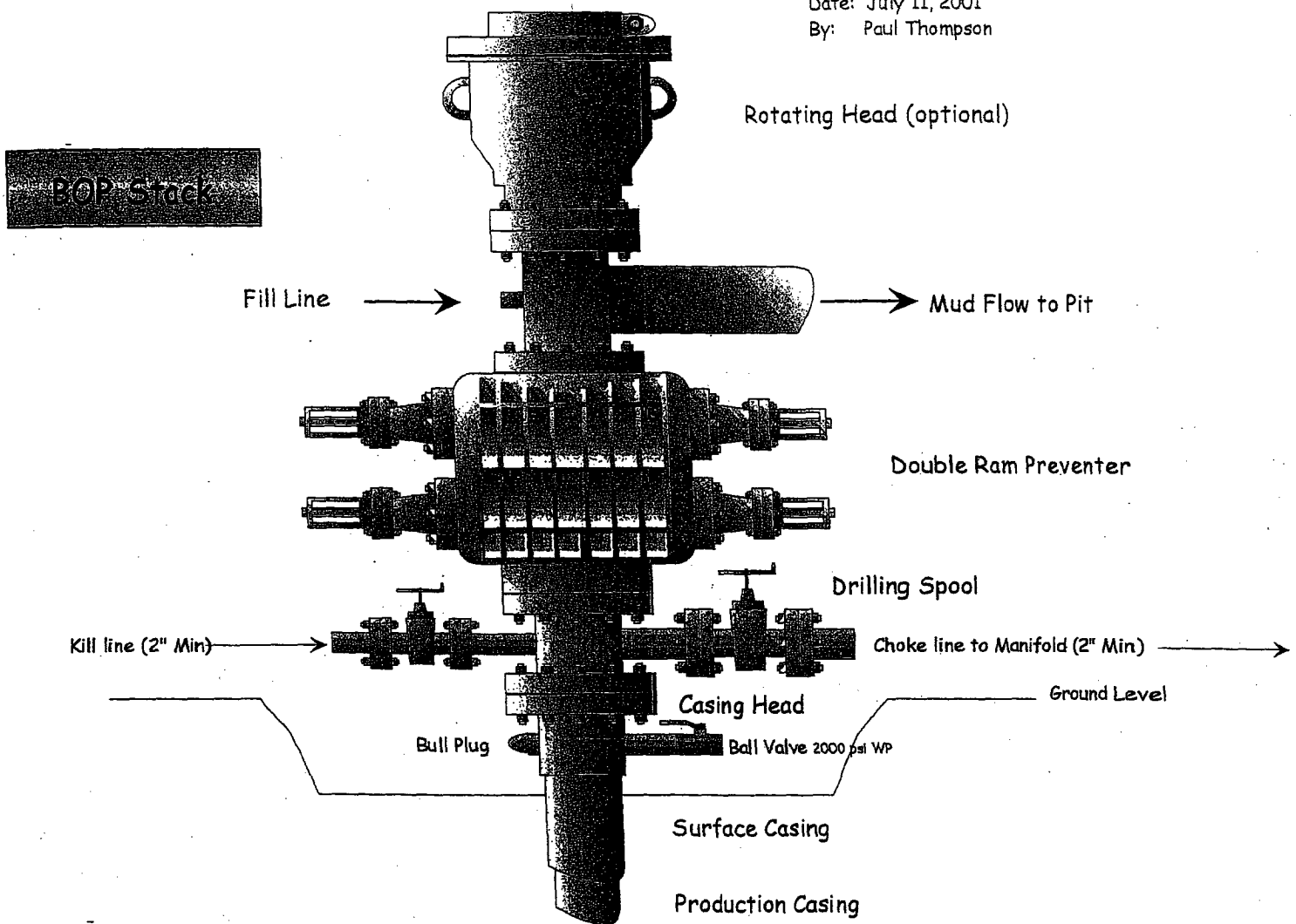
Calone Natural Gas Company

Well Control Equipment Schematic for 2M Service

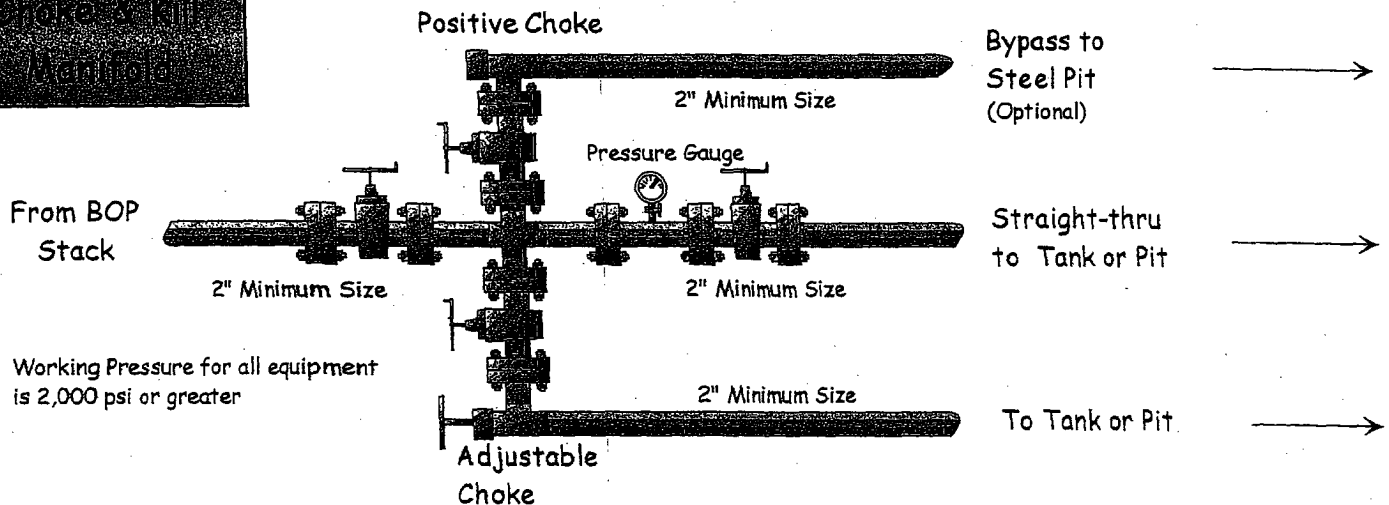
EXHIBIT #1

Date: July 11, 2001

By: Paul Thompson



Choke & Kill
Manifold



ANNULAR PREVENTER

