

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

2006 APR 28 PM 9 40

RECEIVED

FARMINGTON NM

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

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: ☒ DRILL

☐ REENTER

b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone

2. Name of Operator

Running Horse Production Company

3A. Address

c/o Walsh Engineering, 7415 E. Main, Farmington, NM 87402

3b. Phone No. (include area code)

(505) 327-4892

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

At surface 900' FNL and 2335' FEL

At proposed prod. Zone

14. Distance in miles and direction from nearest town or post office*

17 miles South of Farmington, NM

15. Distance from proposed*

location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)

990'

16. No. of Acres in lease

160

17. Spacing Unit dedicated to this well

314.28
N/2-320 acres

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

1000'

19. Proposed Depth

1500' +/-

20. BLM/BIA Bond No. on file

NM 2446

21. Elevations (Show whether DF, KDB, RT, GL, etc.)

5997' GR

22. Approximate date work will start*

July 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.

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

Title

Approved by (Signature)

Name (Printed/Typed)

Date

Title

Office

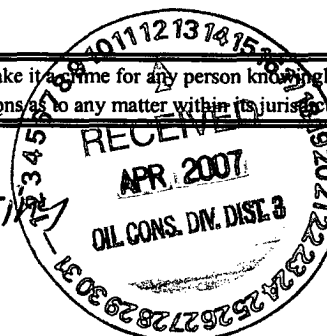
Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

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)

Apply for pit permit on NM OGD
Form C-103 prior to construction
Location



NOTIFY AZTEC OGD 24 HRS.
PRIOR TO CASING & CEMENT

NMOCD

4/16/07

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
PO Drawer DD, Artesia, NM 88211-0719

District III
1000 Rio Brazos Rd., Aztec, NM 87410

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

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 2 Copies
Fee Lease - 3 Copies

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☐ AMENDED REPORT

RECEIVED

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-33723	*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 32365	*Property Name COWSAROUND 1	*Well Number 2
*GRID No. 217680	*Operator Name RUNNING HORSE PRODUCTION COMPANY	*Elevation 5997'

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	1	26N	12W	2	900	NORTH	2335	EAST	SAN JUAN

11 Bottom Hole Location If Different From Surface

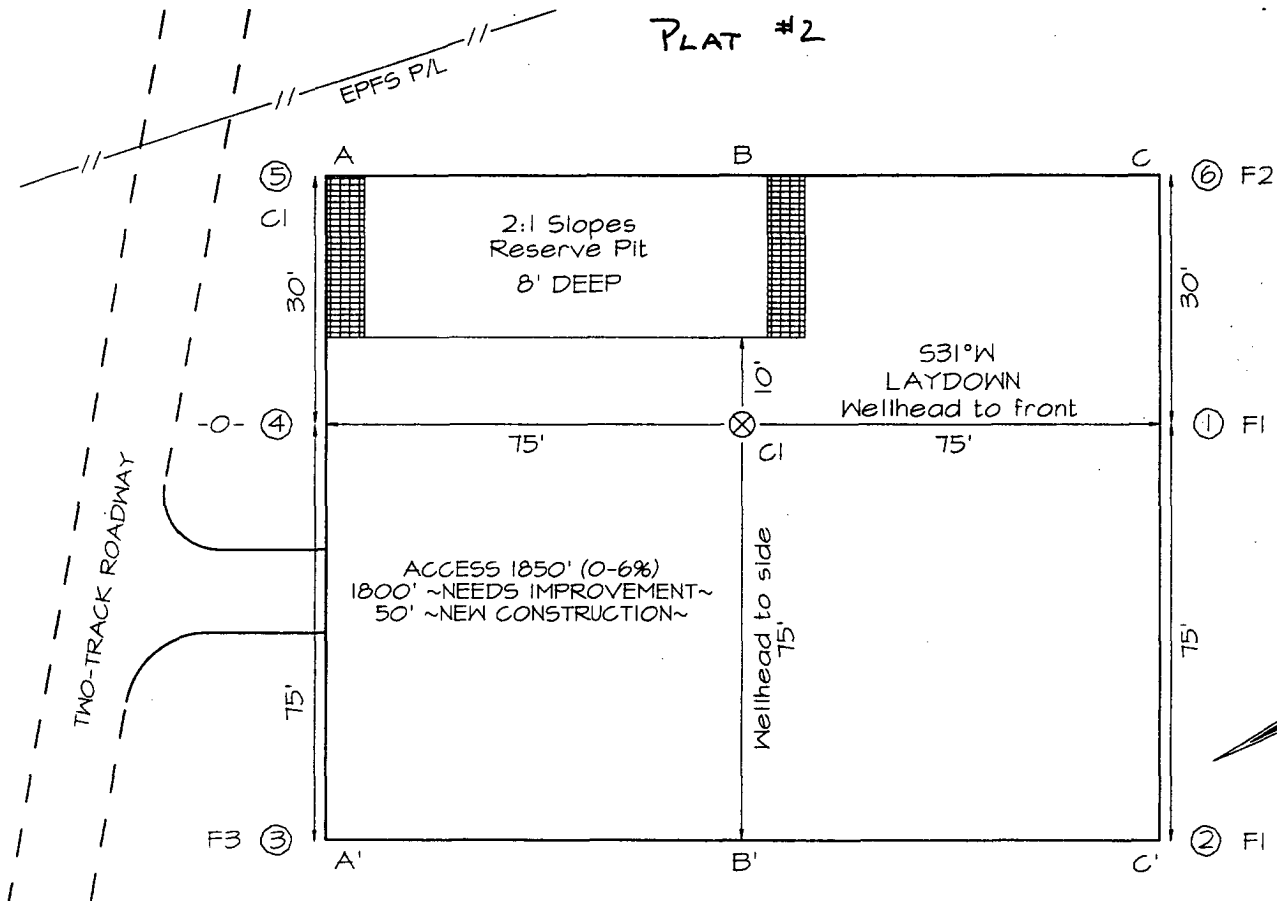
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acres 319.28 Acres - N/2					13 Joint or Infill Y		14 Consolidation Code		15 Order No.

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	2640.00'	1308.12'	LOT 4	LOT 3	1320.00'	1	2640.00'	1320.00'	17 OPERATOR CERTIFICATION
LEASE NM-16470							LEASE NO-G-0203-1559	1320.00'	I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief <i>Paul C. Thompson</i> Signature <i>Paul C. Thompson</i> Printed Name AGENT Title 3/6/06 Date
LAT: 36°31'34.55"N LONG: 108°03'58.17"W DATUM: NAD27							18 SURVEYOR CERTIFICATION		
5283.96'							RECEIVED APR 2007 OIL CONS. DIV. DIST. 2	2640.00'	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 19, 2005 Signature and Seal of Professional Surveyor JASON C. EDWARDS NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR 15269 JASON C. EDWARDS Certificate Number 15269

RUNNING HORSE PRODUCTION COWS AROUND 1 #2
900' FI & 2335' FEL, SECTION 1, T26N 12W
NMPM, SAN JUAN COUNTY, NEW MEXICO
ELEVATION: 5997' DATE: OCTOBER 19, 2005

PLAT #2



LATITUDE: 36°31'19"
 LONGITUDE: 108°03'41"
 DATUM: NAD1927

A-A'						
6006'						
5996'						
5986'						
B-B'						
6006'						
5996'						
5986'						
C-C'						
6006'						
5996'						
5986'						

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

Running Horse Production Company
OPERATIONS PLAN
Cowsaround 1 #2

I. Location: 900' FNL & 2335' FEL
Sec 1 T26N R12W
San Juan County, NM

Date: March 3, 2006

Field: Basin Fruitland Coal
Surface: Navajo - NAPI
Minerals: Navajo No-G-0203-1559

Elev: GL 5997'

II. Geology: Surface formation _ Nacimiento

<u>A. Formation Tops</u>	<u>Depths</u>
Ojo Alamo	209'
Kirtland	344'
Fruitland	1055'
Pictured Cliffs	1350'
Total Depth	1500'

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

Water and gas - 1055' and 1350'.

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.

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"	1500'	4-1/2"	10.5# K-55

B. Float Equipment:

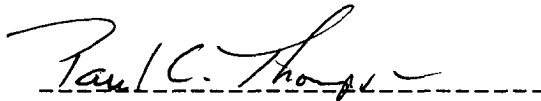
a) Surface Casing: None

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 fourth joint from the top of the well.

V. Cementing:

Surface casing: 7" - Use 30 sx (36 cu. ft.) of Cl "B" with 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: 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 100 sx (206 cu.ft) of Cl "B" with 2% SMS, 1/4#/sk. celloflake. (Yield = 2.06 cu.ft./sk; slurry weight = 12.5 PPG). Tail with 100 sx (118 cu.ft.) of Cl "B" with 2% CaCl_2 , and 1/4#/sk. celloflake/sk. (Yield = 1.18 cu. ft./sk; slurry weight = 15.6 PPG) Total cement volume is 324 cu.ft. (100% excess to circulate cement to surface).

A handwritten signature in cursive script, reading "Paul C. Thompson", is written over a horizontal dashed line.

Paul C. Thompson, P.E.

Well Control Equipment Schematic for 2M Service

Attachment to Drilling Technical Program

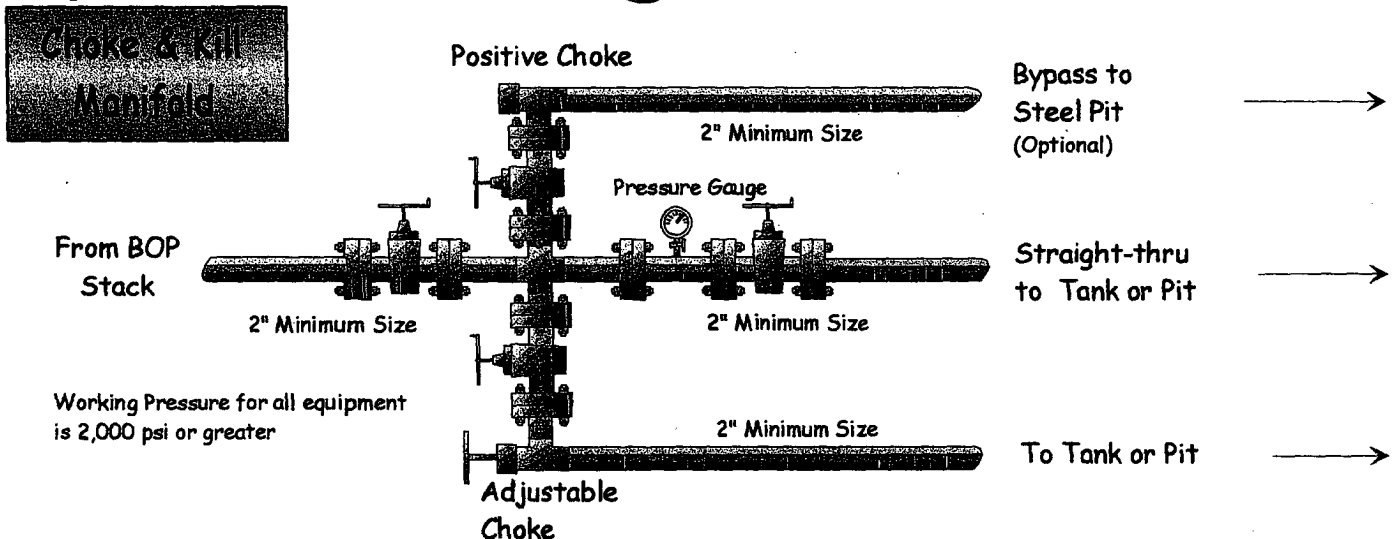
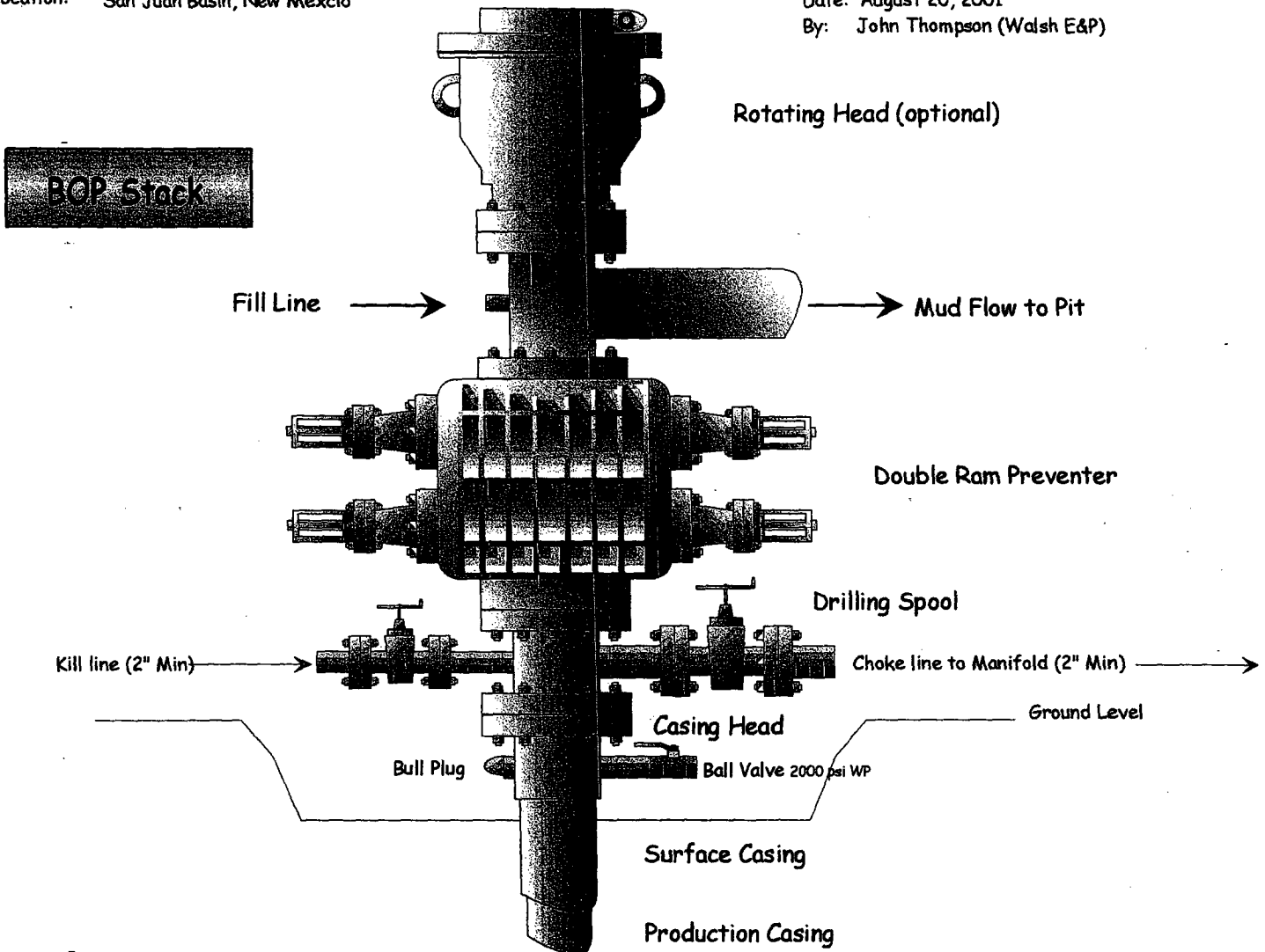
Typical BOP setup

EXHIBIT #1

Location: San Juan Basin, New Mexico

Date: August 20, 2001

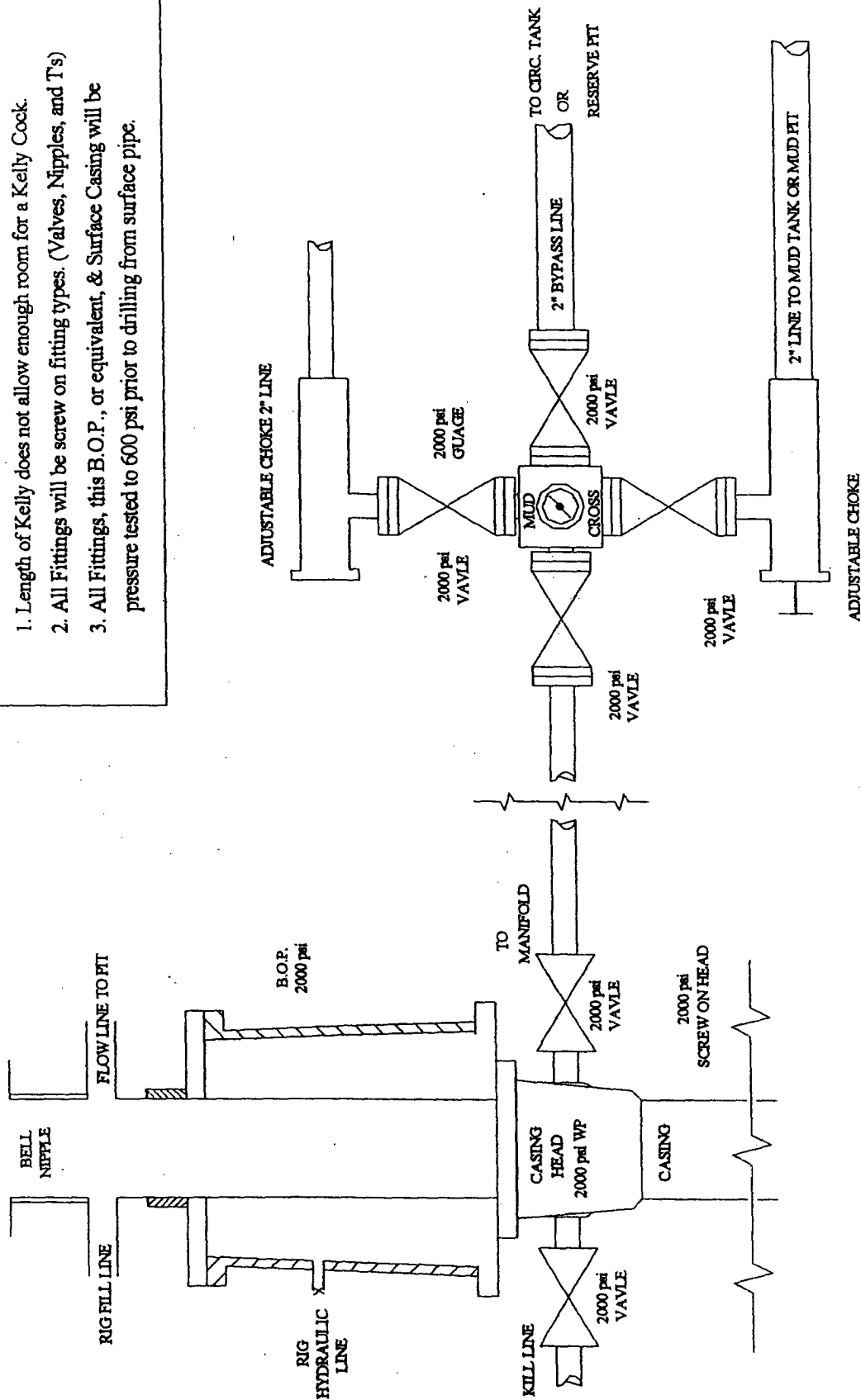
By: John Thompson (Walsh E&P)



BLOW OUT PREVENTER (B.O.P.)

Notes:

1. Length of Kelly does not allow enough room for a Kelly Cock.
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.