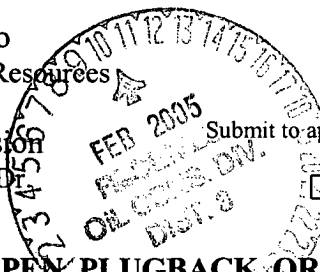


District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-101
May 27, 2004

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505



APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

Operator Name and Address Thompson Engineering and Production Corp. 7415 E. Main St., Farmington, NM 87402		GRID Number 30-45-32881
Property Code 34179	Property Name Johnston	Well No. 1E
Proposed Pool 1 Basin Dakota		Proposed Pool 2

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	28	30N	12W		905'	South	1585'	West	San Juan

Proposed 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

Additional Well Information

Work Type Code N	Well Type Code G	Cable/Rotary R	Lease Type Code P	Ground Level Elevation 5436'
Multiple N	Proposed Depth 6300'	Formation Dakota	Contractor	Spud Date
Depth to Groundwater 6'		Distance from nearest fresh water well GT 1000'		Distance from nearest surface water 350'
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 mils thick Clay <input type="checkbox"/> Pit Volume: 6500 bbls Drilling Method: Closed-Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12-1/4"	8-5/8"	24.0#	350'	245 sx (289 cu.ft.)	Surface
7-7/8"	4-1/2"	10.5#	6300'	600sx & 100sx	Surface
				2 nd stg 665 sx	Surface

Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Thompson Engineering and Production Corp. proposes to drill a vertical well at the above listed location and test the Dakota formation. A 12-1/4" surface hole will be drilled to approx. 350' with spud mud. 8-5/8", 24# casing will be set and cemented to surface with 245 sx (289 cu.ft.) of CI "B" with 3% CaCl₂ and 1/4#/sk CF. A double ram, 2000 psi rated BOP will be installed and pressure tested to 1500 psi. A 7-7/8" hole will be drilled using a fresh water - polymer mud system to approx. 6300'. 4-1/2", 10.5# casing will be set and cemented to surface in two stages with the DV tool at 3100'. The 1st stage will be 600 sx (1082 cu.ft.) of CI "B" 65/35 poz with 6% gel, 1% CaCl₂, and 1/4#/sk CF and 4% phenoseal and 100sx (146 cu.ft.) CI "B" 50/50 poz with 0.15% dispersant, 1% CaCl₂, and 1/4#/sk CF. The 2nd stage will be 665 sx (1109 cu.ft.) of CI "B" 65/35 poz with 6% gel, 1% CaCl₂, and 1/4#/sk CF. Cement volumes will be adjusted to be 10% greater than the open hole log volume. Open hole DIL and FDC/CNL/GR/SP logs will be run. Surveys will be run every 500'. The S/2 of Section 28 (320 acres) is dedicated to this well.. Formation tops: Kirtland - Surface, FT -1243', PC - 1562', CH - 3134', Men - 3258', PL - 3990', Gal - 5219', Grm - 5963', Gra - 6023', Dk - 6045'.

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOC guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Printed name: Paul C. Thompson, P.E.

Title: President

E-mail Address: paul@walsheng.net

Date: 2/8/05

Phone: (505) 327-4892

OIL CONSERVATION DIVISION

Approved by:

Approval Date:

Expiration Date:

Conditions of Approval Attached ☐

to be used in this well

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

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised February 21, 1994

District II
PO Drawer DD, Artesia, NM 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, NM 87410

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30.045-32881		*Pool Code 71599	*Pool Name BASIN DAKOTA
*Property Code 34179	*Property Name JOHNSTON		*Well Number 1E
*OGRID No. 37581	*Operator Name THOMPSON ENGINEERING & PRODUCTION CORPORATION		*Elevation 5436'

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
N	28	30N	12W		905	SOUTH	1585	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 320.0 Acres - S/2					¹³ Joint or Infill Y		¹⁴ Consolidation Code		¹⁵ Order No.

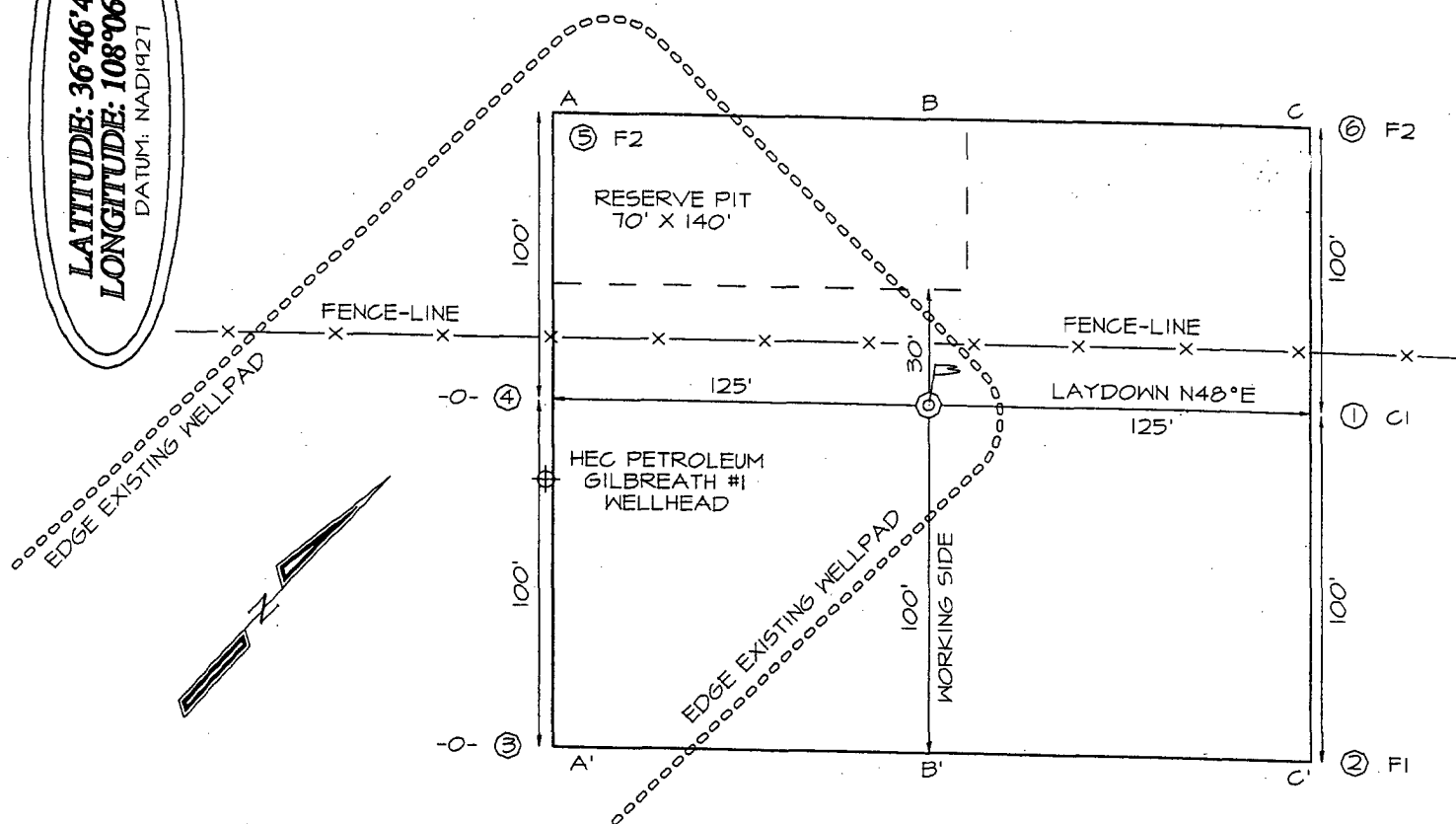
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<div><p>¹⁶</p><p>LAT: 36°46.7538' N LONG: 108°06.3662' W DATUM: NAD27</p></div>	<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 PRESIDENT Title 2/8/05 Date</p></div>
	<div><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>Survey Date: DECEMBER 30, 2004</p><p>Signature and Seal of Professional Surveyor</p><div><p>JASON C. EDWARDS Certificate Number 15269</p></div></div>

905' PL & 1585' FWL, SECTION 28, 10N, R12W, NMPM
 SAN JUAN COUNTY, NEW MEXICO GROUND ELEVATION: 5436'

LATITUDE: 36°46'45"
 LONGITUDE: 108°06'22"

DATUM: NAD1927



A-A'						
5446'						
5436'						
5426'						
B-B'						
5446'						
5436'						
5426'						
C-C'						
5446'						
5436'						
5426'						