

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS

AUG 07 2014

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE – Other instructions on reverse side

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
 Thompson Engineering and Production Corp.

3a. Address
 7415 E. Main, Farmington, NM, 87402

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

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
 1654' FSL & 815 FWL Section 3, T26N R11W

5. Lease Serial No.
 I-149-IND-9108

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
 Navajo #1R

9. API Well No.
 30-045-31373

10. Field and Pool, or Exploratory Area
 Basin Fruitland Coal & W. Kutz PC

11. County or Parish, State
 San Juan County, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Allocation Factor
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomple horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recomple in a new interval, a Form 3160-4 shall be filed once Testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Thompson Engineering proposes to change the allocation formula between the two zones to simplify the production accounting. The attached rate-time curves indicate the the decline from both formations has been relatively consistant at approximately 7.7% per year. Based on the attached production figures from 2013, it is proposed to allocate 64.3% of the gas production to the Basin Fruitland Coal and 35.7% to the West Kutz Pictured Cliffs. There are no liquid hydrocarbons. ConocoPhillips owns half of the Fruitland Coal formation and they are being notified of this proposal. Thompson Engineering owns the other half of the Fruitland Coal and all of the Pictured Cliffs formation.

OIL CONS. DIV DIST. 3

AUG 19 2014

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed) Paul C. Thompson, P.E.	Title President
Signature <i>Paul C. Thompson</i>	Date August 4, 2014

THIS SPACE FOR FEDERAL OR STATE USE

Approved by <i>Joe Hawitt</i>	Title Geo	Date 8-15-14
Conditions of approval, if any, are attached. Approval of this notice 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.		Office FFD

Title 18 U.S.C. Section 1001, 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.

Navajo #1

30-045-31373

	FTC	PC
2013	MCF/Mo.	MCF/Mo.
Jan	1,360	932
Feb	1,958	1,076
Mar	1,923	1,186
Apr	2,037	1,297
May	1,698	1,088
Jun	2,162	1,125
Jly	2,308	1,133
Aug	2,203	1,127
Sept	1,842	986
Oct	2,228	1,028
Nov	2,082	1,062
Dec	1,802	1,064
Average	1,967	1,092
% of Total	64.30	35.70

Rate/Time Graph

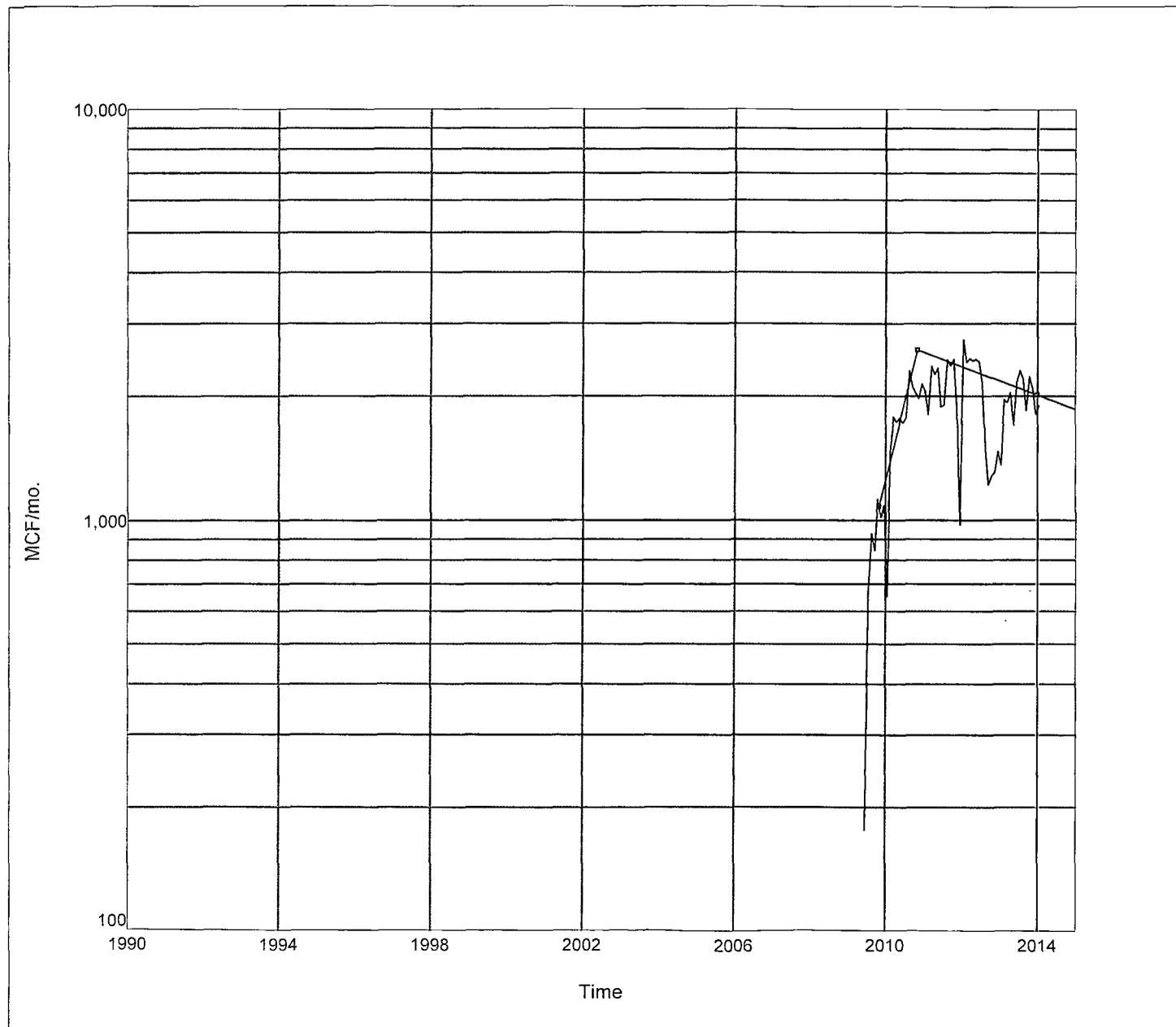
Project: C:\Users\Paul\Documents\IHS\PowerTools\Projects v9.3\Peak2014.mdb

Date: 7/23/2014

Time: 3:28 PM

Lease Name: NAVAJO (1R)
County, ST: SAN JUAN, NM
Location: 3L 26N 11W SE NW SW

Operator: THOMPSON ENGINEERING & PRODUCTION CORP
Field Name: BASIN



Gas Curve:

Segment 1: 11/1/2009 - 11/1/2010

Start Rate: 1,079 mcf

End Rate: 2,588 mcf

Decline: -139.8232

Hyp Exponent: 0.000000

Goodness of Fit: 1.000000

Fit Grade: 1

Segment 2: 11/1/2010 - 1/1/2014

Start Rate: 2,588 mcf

End Rate: 2,008 mcf

Decline: 7.7000

Hyp Exponent: 0.000000

Goodness of Fit: 1.000000

Fit Grade: 1

Rate/Time Graph

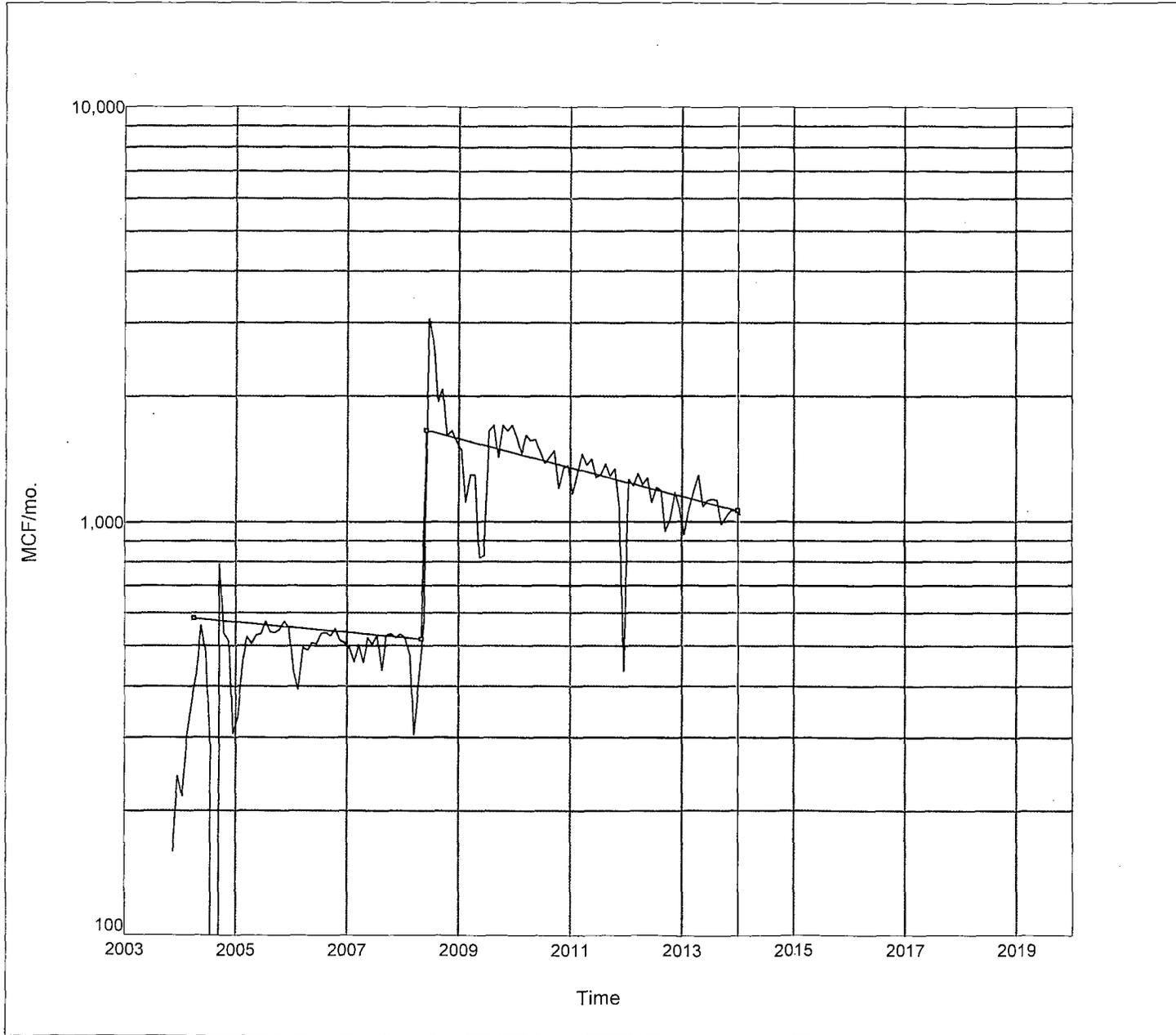
Project: C:\Users\Paul\Documents\IHS\PowerTools\Projects v9.3\Peak2014.mdb

Date: 7/17/2014

Time: 5:01 PM

Lease Name: NAVAJO (1R)
County, ST: SAN JUAN, NM
Location: 3L 26N 11W SE NW SW

Operator: THOMPSON ENGINEERING & PRODUCTION CORP
Field Name: KUTZ WEST



Gas Curve:

Segment 1: 4/1/2004 - 5/1/2008	
Start Rate:	581 mcf
End Rate:	517 mcf
Decline:	2.7986
Hyp Exponent:	0.000000
Goodness of Fit:	1.000000
Fit Grade:	1
Segment 2: 5/1/2008 - 6/1/2008	
Start Rate:	517 mcf
End Rate:	1,659 mcf
Decline:	< -1000.0000
Hyp Exponent:	0.000000
Goodness of Fit:	1.000000
Fit Grade:	1
Segment 3: 6/1/2008 - 1/1/2014	
Start Rate:	1,659 mcf
End Rate:	1,063 mcf
Decline:	7.6635
Hyp Exponent:	0.000000
Goodness of Fit:	1.000000
Fit Grade:	1

Water Curve:

Segment 1: 11/1/2003 - 8/1/2004	
Start Rate:	132 bbl
End Rate:	283 bbl
Decline:	-175.2586
Hyp Exponent:	0.000000
Goodness of Fit:	0.751868
Fit Grade:	4



THOMPSON ENGINEERING &
PRODUCTION CORP

Petroleum Engineering Consulting
Lease Management
Contract Pumping

7415 East Main
Farmington, New Mexico 87402
(505) 327-4892 • Fax: (505) 327-9834

August 4, 2014

ConocoPhillips
Attn: Mr. Rich Corcoran
3401 E. 30th Street
Farmington, NM 87402

Re: Thompson Engineering and Production
Navajo #1R
Basin Fruitland Coal & West Kutz Pictured Cliffs

Dear Mr. Corcoran,

Please be advised that Thompson Engineering & Production Company has applied to the BLM to alter the allocation formula to simplify the production accounting. ConocoPhillips owns half of the Fruitland Coal formation. If you have no objection to this proposal, no action is required on your part. If you would like to make comments, please address them to Mr. Joe Hewitt at the BLM and please copy me at the letterhead address. Please let me know if you need additional information.

Sincerely,

Paul C. Thompson, P.E.
President