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Form 3160-3
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Bureau of Land Management
Farmington Field Office

FORM APPROVED
OMB No. 1004-0137
Expires July 31, 2010

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM 201001-02 NM NM 124215	
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input 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 CBM Partners Corporation		7. If Unit or CA Agreement, Name and No.	
3a. Address c/o Walsh Engineering 7415 East Main Street, Farmington, NM 87402		8. Lease Name and Well No. Smyslov H #1	
3b. Phone No. (include area code) 505-327-4892		9. API No. Pending 30-043-21105	
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 660' FNL & 660' FEL, Section 21, T20N, R3W At proposed prod. zone Same		10. Field and Pool, or Exploratory Rio Puerco Mancos	
11. Sec., T. R. M. or Blk. and Survey or Area Section 21, T20N, R3W		12. County or Parish Sandoval	
14. Distance in miles and direction from nearest town or post office* 12 Miles west of Cuba, NM		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 640 +/-	17. Spacing Unit dedicated to this well N/2 320 acres	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 2920'	19. Proposed Depth 4000' +/-	20. BLM/BIA Bond No. on file On File NMB000698	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6775' GR	22. Approximate date work will start* 07/01/2010	23. Estimated duration 2 weeks	

24. Attachments

RCUD AUG 24 '10

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, must be attached to this form:

OIL CONS. DIV.

- | | |
|--|---|
| 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 must be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the BLM. |

DIST. 3

25. Signature <i>Paul C. Thompson</i>	Name (Printed/Typed) Paul C. Thompson	Date 05/18/2010
Title Agent		
Approved by (Signature) <i>D. Monticor</i>	Name (Printed/Typed)	Date <i>8/23/2010</i>
Title <i>AFM</i>	Office <i>FFU</i>	

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.

(Continued on page 2)

*(Instructions on page 2)

NOTIFY AZTEC OCD 24 HRS. PRIOR TO CASING & CEMENT
APPROVAL OR ACCEPTANCE OF THIS ACTION DOES NOT RELIEVE THE LESSEE AND APPLICANT FROM OBTAINING ANY OTHER AUTHORIZATION REQUIRED FOR OPERATIONS ON FEDERAL AND INDIAN LANDS

AUG 27 2010

NMOCD

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-043-21105	*Pool Code 52260	*Pool Name RIO PUERCO MANCOS
*Property Code 38294	*Property Name SMYSLOV H	*Well Number 1
*OGRID No. 271017	*Operator Name CBM PARTNERS CORPORATION	*Elevation 6775'

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	21	20N	3W		660	NORTH	660	EAST	SANDOVAL

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 - 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	5280.00'	660'	660'	LAT: 35°57.2716'N LONG: 107°09.0241'W DATUM: NAD1927	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 <u>Paul C. Thompson</u> Date <u>5/18/10</u> Printed Name <u>PAUL C. THOMPSON</u>
	LEASE NM 201001-21				
5280.00'	21	5280.00'			
	5280.00'				

CBM Partners Corporation
OPERATIONS PLAN
Smyslov H #1

I. Location: 660' FNL & 660' FEL
Sec 21 T20N R3W
Sandoval County, NM

Date: May 18, 2010

Field: Rio Puerco Mancos
Surface: BLM
Minerals: BLM NM 201001-21

Elev: GL 6775'

II. Geology: Surface formation _ Nacimiento

A. Formation Tops	Depths
Ojo Alamo	439'
Fruitland	959'
Pictured Cliffs	1204'
Huerfano Bentonite	1494'
Chacra	2022'
Menefee	2677'
Point Lookout	2887'
Mancos	3060'
Gallup	3612'
Total Depth	4000'

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

Water and gas - 2677', 2887', and oil at 3612'.

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: CBM Partners Rig #1

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 9.0 ppg.

C. Minimum Blowout Control Specifications:

Double ram type or annular type 2000 psi working pressure BOP with a rotating head. See the attached Exhibit #1 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
12-1/4"	250'	9-5/8"	36.0# J-55
8-3/4"	4000'	7"	20.0# J-55

B. Float Equipment:

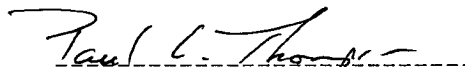
a) Surface Casing: 9-5/8" casing: Saw tooth collar on bottom, insert fiberglass baffle on top of the 1st joint, and three centralizers placed on the bottom three collars.

b) Production Casing: 7" 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: 9-5/8" - Use 135 sx (159 cu. ft.) of Type 5 with 2% CaCl₂ and ¼ #/sk celloflake (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 and BOP to 250 psi (low) and 1,500 psi (high) for 30 min.

Production Casing: 7" - Before cementing circulate hole with at least 1-1/2 hole volumes of mud. Precede cement with 30 bbls of fresh water. Lead: 405 sx (846 cu.ft.) of class "Premium Lite" 65/35, Type 5/Poz with 8% gel and 1/4# cello-flake/sk (Yield = 2.09 cu.ft./sk, Weight = 12.1 #/gal.). Tail: 150 sx (209 cu.ft.) of Type 5 with 1/4# cello-flake/sk (Yield = 1.39 cu.ft./sk, Weight = 14.5#/gal.). 75% excess in lead and tail to circulate to surface. Total volume = 1055 cu.ft. WOC 12 hours. Run a temperature survey after 8 hours if cement is not circulated.


Paul C. Thompson, P.E.

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 20, 2001

By: John Thompson (Walsh E&P)

