

RECEIVED

JUN 09 2010

Bureau of Land Management
Farmington Field Office

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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 301001-21 NMNM-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 #2 H	
3b. Phone No. (include area code) 505-327-4892		9. API Well No. Pending 30-043-21106	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 1700' FSL & 660' FEL, Section 21, T20N, R3W At proposed prod. zone 731' FSL & 693' FWL, Section 21, T20N, R3W		10. Field and Pool, or Exploratory Rio Puerco Mancos	
14. Distance in miles and direction from nearest town or post office* 12 miles west of Cuba, NM		11. Sec., T. R. M. or Blk. and Survey or Area Section 21, T20N, R3W	
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 S/2 320 Acres	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 2920'	19. Proposed Depth 7775' MD/ 3929 +/- TVD	20. BLM/BIA Bond No. on file On File NMB000698	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6856' GR	22. Approximate date work will start* 07/15/2010	23. Estimated duration 2 Weeks	

24. Attachments

RCVD 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.
DIST. 3

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification
- Such other site specific information and/or plans as may be required by the BLM.

25. Signature <i>Paul C. Thompson</i>	Name (Printed/Typed) Paul C. Thompson	Date 05/18/2010
---------------------------------------	--	--------------------

Title

Agent

Approved by (Signature) <i>[Signature]</i>	Name (Printed/Typed) AFM	Date 8/23/2010
--	-----------------------------	-------------------

Title

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.

(Continued on page 2)

Hold C104

*(Instructions on page 2)

for Directional Survey
and "As Drilled" plat

BLM'S APPROVAL OR ACCEPTANCE OF THIS ACTION DOES NOT RELIEVE THE LESSEE AND OPERATOR FROM OBTAINING ANY OTHER AUTHORIZATION REQUIRED FOR OPERATIONS ON FEDERAL AND INDIAN LANDS

NOTIFY AZTEC OGD 24 HRS.
PRIOR TO CASING & CEMENT

AUG 27 2010

NMOCD

This action is subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4

DRILLING OPERATIONS AUTHORIZED ARE SUBJECT TO COMPLIANCE WITH ATTACHED "GENERAL REQUIREMENTS".

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 30043-21106		*Pool Code 52260	*Pool Name RIO PUERCO MANCOS
*Property Code 38294	*Property Name SMYSLOV H		*Well Number 2
*GRID No. 271017	*Operator Name CBM PARTNERS CORPORATION		*Elevation 6756'

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
I	21	20N	3W		1700	SOUTH	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
M	21	20N	3W		700 731m	SOUTH	700 693m	WEST	SANDOVAL

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

¹⁶ BOTTOM-HOLE LAT: 35°56.6252'N LONG: 107°09.8180'W DATUM: NAD1927 LAT: 35.94377°N LONG 107.16423°W DATUM: NAD1983	 5280.00' 21 LEASE NM 201001-21 5280.00'	 SURFACE LOCATION LAT: 35°56.7909'N LONG: 107°09.0239'W DATUM: NAD1927 LAT: 35.94653°N LONG: 107.15100°W DATUM: NAD1983	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. <i>Paul C. Thompson</i> 5/18/10 Signature Date <i>Paul C. Thompson</i> Printed Name
<p>5280.00' 660' 1700' 5280.00' 576°08.4'W 4044.8'</p>			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 Date of Survey: APRIL 9, 2010 Signature and Seal of Professional Surveyor JASON C. EDWARDS Certificate Number 15269

CBM Partners Corporation
OPERATIONS PLAN
Smyslov H #2

I. Location: 1700' FSL & 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 6756'

II. Geology: Surface formation _ Nacimiento

A. Formation Tops	TVD Depths	MD Depth
Ojo Alamo	315'	
Fruitland	476'	
Pictured Cliffs	485'	
Huerfano Bentonite	791'	
Chacra	1274'	
Menefee	2002'	
Point Lookout	2732'	2782'
Mancos	2927'	2927'
Gallup	3487'	3518'
Total Depth	4110'	7775'

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

Water and gas - 2002', 2732', and oil at 3487'.

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 intermediate and production holes 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"	3030'	7"	20.0# J-55
6-1/4"	3929' TVD	4-1/2"	10.5# J-55
	2930' - 7626' MD		

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) Intermediate 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.

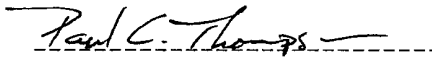
c) Production Liner: 4-1/2" cement nosed guide shoe on bottom and 4-1/2" X 7" liner hanger on top with at least 100' of overlap into the 7" casing.

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.

Intermediate 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: 285 sx (596 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.

Production Liner: 4-1/2" - The production liner will be set using an uncemented liner hanger. The liner may be tied back to surface during completion operations.

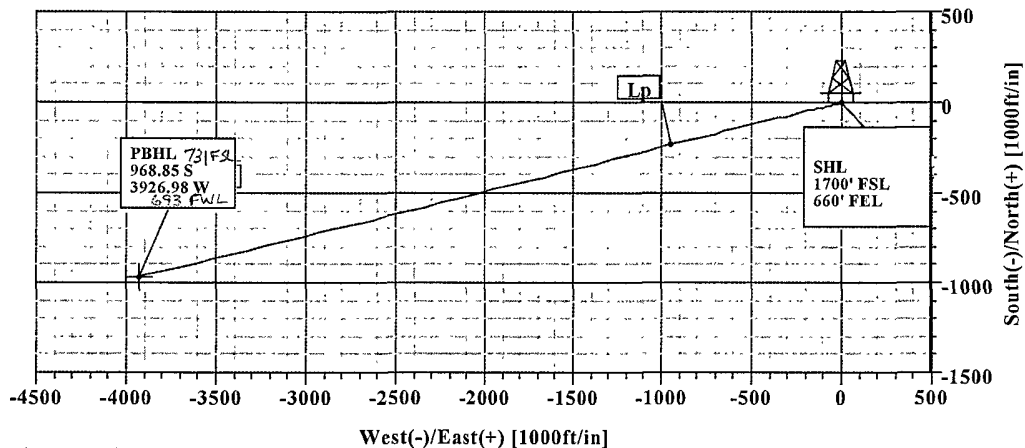
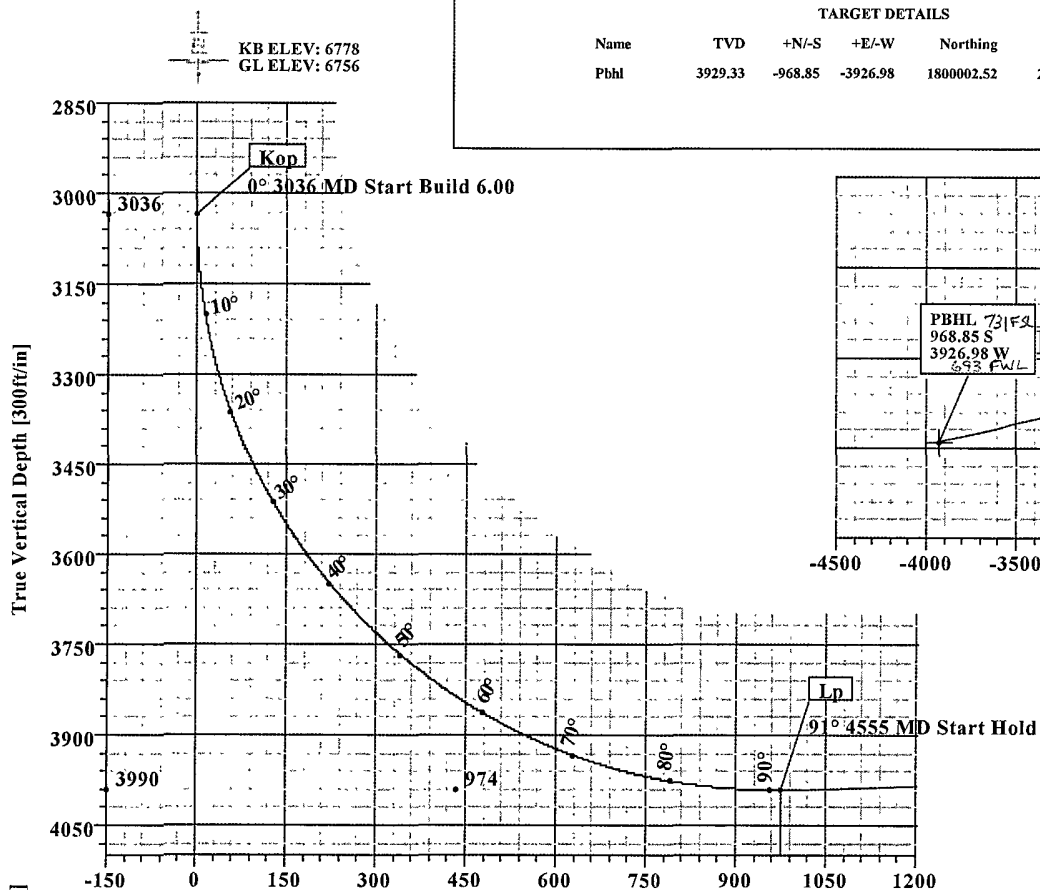

Paul C. Thompson, P.E.

CBM Partners
Smyslov #2H
Sandoval Co, NM

SECTION DETAILS										
Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSec	Target
1	0.00	0.00	256.14	0.00	0.00	0.00	0.00	0.00	0.00	
2	3035.69	0.00	256.14	3035.69	0.00	0.00	0.00	0.00	0.00	
3	4554.69	91.14	256.14	3990.43	-233.29	-945.57	6.00	256.14	973.93	
4	7626.10	91.14	256.14	3929.33	-968.85	-3926.98	0.00	0.00	4044.73	Pbhl



TARGET DETAILS						
Name	TVD	+N/-S	+E/-W	Northing	Easting	Shape
Pbhl	3929.33	-968.85	-3926.98	1800002.52	229561.52	Point

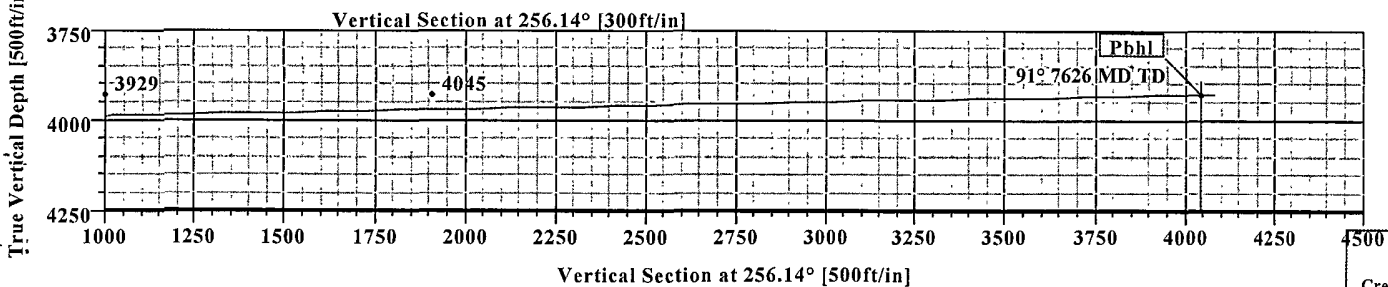
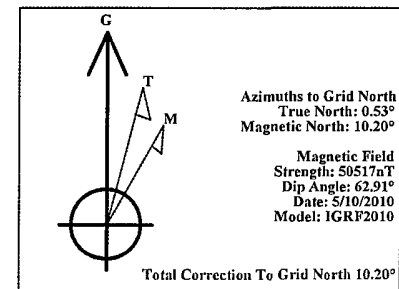


SITE DETAILS

Smyslov #2H

Site Centre Latitude: 35°56'47.454N
Longitude: 107°09'01.434W

Ground Level: 6756.00
Positional Uncertainty: 0.00
Convergence: -0.53



Plan: Plan #3 (Smyslov #2H/1)

Created By: Russell W Joyner

Date: 5/10/2010