	,		AD-07	-55
Førm 3160-3 (Åpril 2004) UNITED STATE	S OCD HOR	BS	FORM APP OMB No. 10 Expires Marc	04-0137
DEPARTMENT OF THE	INTERIOR 6	- 13 ja ja	5. Lease Serial No.	
BUREAU OF LAND MA	NAGEMENT -	3	NMLC-068035	
APPLICATION FOR PERMIT TO		ا _0	on IfIndian, Allotee o	
la. Type of work: X DRILL REENT			JIf Unit or CA Agree	6
lb. Type of Well: X Oil Well Gas Well Other		ple Zone	JCT_FEDERAL 18/	
2. Name of Operator	152565		9. API Well No.	n E. M
THOMPSON, J. CLEO	$\leq l \mid 0 \rangle$	1-1	30-015- 023 -	20175
3a. Address P.O. BOX 12577 ODESSA, TX 79768-2577	3b. Phone No( <i>include aréa coo</i> (432)550-8887	ie)	10. Field and Pool, or E SAWYER (DEVON	· ///
4. Location of Well (Report location clearly and in accorda At surface 542' FNL & 2100' FWL		*) ~	11. Sec., T. R. M. or BI SEC. 18, T9S, R38E	k. and Survey or Area
At surface 542 FNL & 2100 FWL Atproposed prod. zone	18-1-6			
14. Distance in miles and direction from nearest town or po	ost office*	_	12. County or Parish	13. State
23 MILES NE OF TATUM			LEA	NM
15. Distance from proposed* 542' location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	16. No. of acres in lease 160	17. Spac 80	ing Unit dedicated to thi	s well
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	<sup>19.</sup> Proposed Depth 12,000	1	BIA Bond No. on file N 0348	,
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3977'	2.2. Approximate date work v 11/10/2006	will start*	2.3. Estimated duration 30 DAYS	
	24. Attachments			
The following, completed in accordance with the requirement	ents of Onshore Oil and Gas O	Order No.1	, shall be attached to this	form:
<ol> <li>Well plat certified by a registered surveyor.</li> <li>A Drilling Plan.</li> </ol>	4. Bondto cover Item 20 above	the operati	ons unless covered by an o	existing bond on file (se
3. A Surface Use Plan (if the location is on National Forest System Lat SUPO shall be filed with the appropriate Forest Service Office		te specific in	nformation and/or plans as a	may be required by the
25. Signature & Stemm	Name(Printed/Typed) JIM STEVENS		Date	20/2006
Title			10/2	.0/2000
OPERATIONS MANAGER	Name(Printed/Typed)		Date	
Approved by Signature)	Ivalle( <i>Fritten</i> /Typen)		Date	07/06
Title FIELD MANAGER	Office	CARL	SBAD FIELD OI	Pér DP
Application approval does not warrant or certify that the applicant holds conduct operations thereon. Conditions of approval, if any, are attached.	s legal or equitable title to those righ	ts in the subj	ect lease which would entitle AL FOR 1 YEA	the applicant to
Fitle18U.S.C.         Section 1001 and Title 43 U.S.C.         Section 1212, mak           States any false, fictitious or fraudulent statements or representations as to any mail         States and false, fictitious or fraudulent statements or representations as to any mail	te it a crime for any person knowing atter within its jurisdiction.	ly and willful	lly to make to any department	or agency of the Untied

\*(Instructions on page 2)

Witness Surface Casing

SEE ATTACHED FOR CONDITIONS OF APPROVAL APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED



¥.,

Jan U1 - 00:51

#### SELF-CERTIFICATION STATEMENT FROM LESSEE/OPERATOR

#### SURFACE OWNER IDENTIFICATION

Federal or Indian Lesse No. NMLC- 068035

Fa:

4323000743

I hereby certify to the Authorized Officer of the Bureau of Land Management that I have reached one of the following agreements with the Surface Owner; or after failure of my good-faith effort to come to an agreement of any kind with the Surface Owner, have provided a bond and will provide evidence of service of such bond to the Surface Owner:

1) I have signed access agreement to enter the leased lands.

2) I have a signed waiver from the surface owner.

3) X I have entered into an agreement regarding compensation to the surface owner for damages for loss of crops and tangible improvements.

4) because I have been unable to reach 1), 2), or 3) with the surface owner, I have obtained a bond to cover loss of crops and damages to tangible improvements and served the surface owner with a copy of the bond.

Surface owner information: (if available after diligent effort)

Surface Owner Name: David Bilbrey

Surface Owner Address: HC 65 Box 55, Gardined, NM 88114

Surface Owner Phone Number: (505)369-5599, (505)398-6226 (4)

Signed this 10 Th day of OCTOBER 200 6

J. Cleo Thompson, operator

(Name) of lessee/operator) J.E. STEVENS TANS MANASER

I (Surface Owner) accept \_\_\_\_\_ do not accept \_\_\_\_\_ the leases or operator -s Surface Owner Agreement under 1, 2, or 3 above.

day of DeroBel 200 6 Signed this illu

(Signature of Surface Owner if an Agreement has been reached)

Attachment 1-1

				-			
District L 1625 N. French Dr., Hobbs NM 8	38240		State of	of New Mexico		678910777	Form C-102 Revised June 10, 2003 prograte District Office State Lease - 4 Copies
District II		Energy	, Minerals & N	atural Resources	Department	Submitte An	Revised June 10, 2003
1301 W. Grand Avenue, Artesia, 1 <u>District III</u>	NM 80210	0	1220 South	VALION DIVI	Dr /	MAN ARAA'	State lease - 4 Copies
1000 Rio Brazos Rd., Aztec, NM	87410			Fe, NM 87505		NOV 2006 Received	Feelease - 3 Copies
District_IV 1220 S. St. Francis Dr., Santa F	°e, NM 87505				3031	riodds 🕅	AMENDED REPORT
	WELL	LOCAT	TION AND	ACREAGE D	EDICATION	PLATCD	<u>A</u> 5/
1/4PI Number 30-025-381		55	29D	Sawner	DANDE	Pool Name	, VO
<sup>4</sup> Property Code	ICT B	7	<sup>5</sup> Pro	operty Name		Con yest	Well Number
36147 70GRID No.	Federal 15		80p	erator Name			f Elevation
11(6]	J. Cleo Tho	mpson	10				3977'
		1 7 4 71	Feet from the	e Location	Feet from the	1 10	
	ownship Range 9 S 38 E	Lot Idn	542'	North	2100'	East/West line West	County
UL or lot no. Section T		tom Ho	le Location	If Different F	rom Surfac Feet from the	C East/West line	County
UL OF 10t no. Section 1	ownship Range	LOC IGH	Feer Hom die	NOTUL/SOULI IIIe	FUEL HOLD LIE	Last, west line	county
<sup>12</sup> Dedicated Acres <sup>13</sup> Joint or Inf	fill <sup>14</sup> Consolidation	Code [150	rder No.				
40							
2100'	Péderal 18-1 Elev. 3977' NAD 27 NM East X= 878862 Y= 926221				00 	SURVEYOR Concerning the second	S Manager cleo.com , 2006 ERTIFICATION & location shown on this plat of actual surveys made by a and that the same is true
MilesNE			, N			Muhal File No.	A-3180. DWG

# DRILLING PROGRAM J. Cleo Thompson & James Cleo Thompson, Jr., L.P. JCT Federal 18, Well #1 542' FNL & 2100' FWL, Sec. 18, T9S, R38E Lea County, New Mexico

In accordance with form 3160 and our application to drill, please find the following items as included in the proposed drilling program.

**1.** Estimated tops of geological markers:

2,324'
2,869'
3,067'
3,591'
4,149'
5,554'
6,889'
7,624'
8,812'
9,321'
9,392'
9,466'
9,874'
10,424'
11,154'
11,362'
11,504'
11,606'
12,000



2. Estimated depths to water, oil, or gas formations.

Water: Surface water between 400' - 1400'

Oil: Possible in the Delaware below 5000'

- Gas: Possible in the San Andres below 4,500 & the Wolfcamp, Strawn, Atoka and Morrow.
- **3.** Proposed Casing Program:

Hole Size	Setting Depth	Csg Size & Weight	Grade/Joint
17 <sup>1</sup> /2" 12 <sup>1</sup> /4" 8 <sup>3</sup> /4" 8 <sup>3</sup> /4" 8 <sup>3</sup> /4"	0' to 500' 0' to 5100' 0' to 1,000' 1,000' to 10,000' 10,000' to 11,600'	13 3/8", 48# per foot 9 5/8", 42# per foot 40 <sup>#€</sup> 5 ½", 17# per foot 5 ½", 17# per foot 5 ½", 17# per foot 5 ½", 17# per foot	J-55/ ST&C J-55/ ST&C P-110/ LTC N-80/ LTC P-110/ LTC

## DRILLING PROGRAM J. Cleo Thompson & James Cleo Thompson, Jr., L.P. JCT Federal 18, Well #1

#### 4. Pressure Control Equipment:

NUV 2006 Received Hobbs OCD

The blowout preventer equipment (BOP) will be a 12", 5,000 psi working pressure stack with both blind and pipe rams. In addition a annular preventer rated to 5,000 psi will be installed on top of the stack. A diagram of the BOPE vz ELT stack and choke manifold is attached. All BOP and accessory equipment will be tested according to Onshore order #2 before drilling out with the 8 <sup>3</sup>/<sub>4</sub>" hole and tested weekly.

### 5. Proposed Mud Program:

Mud Program		Mud Weight	Viscosity	Waterloss
			:	
0' to 500'	Fresh Wtr	8.6 to 9.2 ppg	34 to 36	NC
500' to 2,100'	Fresh Wtr	8.4 to 8.5 ppg	28 to 29	NC
2,100' to 9,600'	Cut Brine	9.4 to 9.7 ppg	28 to 29	NC
9,600' to 11,600'	Brine	9.4 to 9.7 ppg	34 to 40	10 to 6 cc

### 6. Proposed Cementing Program:

13 3/8" Surface:	180 sxs "H" + 10% A10 + 10# LCM + ¼ # Celloflake + 1% CaCl Lead cement 228 sxs 35:65:6 "C" + 2% CaCl + ¼ # Cello + 5# LCM 1 Tail cement 200 sxs "C" + 2% CaCl. TOC at surface.
9 5/8" Int:	360 sxs H + 10% A-10 + 10# LCM-1 + 1% CaCl + ¼ # CelloFlake Lead Cement 800 sxs 50:50:10 + 5% Salt + 5# LCM-1 + ¼ # CelloFlake Tail Cement 200 sxs "C" + 2% CaCl. TOC at surface.
5 ½" Prod:	Two stage cement job w/ DV tool at +/- 7,000' $1^{st}$ stage - Pump 725 sxs 15-61-11 "H" + 6% FL 52 + 5% Salt + 3# LCM. $2^{nd}$ stage - pump 800 sxs 35:65:6 + 3% FL-52 + 3% SMS + 2% KCL + <sup>1</sup> / <sub>4</sub> # Cello Flake. Tail Cement pump 750 sxs C + 1% FL-62 + 3% CD-32 + .2% SMS.

# 7. Auxiliary Equipment:

Blowout preventer, gas detector, kelly cock and stabbing valve.

8. Testing, Logging and Coring Program:

Drill Stem Tests:	As deemed necessary in the Devonian
Logging:	Platform Express TD to Intermediate Csg
	(Possible FMI & Repeat Formation Tester)

### DRILLING PROGRAM J. Cleo Thompson & James Cleo Thompson, Jr., L.P. JCT Federal 18, Well #1

# Coring:

### No coring anticipated

- **9.** No abnormal pressures or temperatures are anticipated. In the event abnormal pressures are encountered the proposed mud program will be modified to safely handle the increased pressures. The estimated BHP is estimated to be 5100 psi with a temperature of 160 degrees.
- **10.** H2S: None expected

11. Anticipated Start Date: Anticipated Drilling Time: November 10, 2006 Approximately 30 to 40 days







PAGE 13





3 07:30

#### MULTI POINT SURFACE USE AND OPERATIONS PLAN

# J. CLEO THOMPSON & JAMES CLEO THOMPSON, JR., L.P. JCT Federal 18, Well No. 1 542' FNL & 2100' FWL, Sec. 18-T9S-R38E Lea County, New Mexico Lease No.: LC-068035

This plan is submitted with the Application for Permit to drill the above described well. The purpose of the plan is to describe the location of the proposed well; the proposed construction activities and operations plan to be followed in rehabilitating the surface and environmental effects associated with the operations.

#### 1. EXISTING ROADS:

- A. Exhibit "A" is a portion of a Topo Map showing the location of the proposed well as staked. The well location is approximately 9 miles east of Crossroads, NM. There is an existing caliche road going to this location.
- B. Directions: Travel South from Bledsoe on NM 125 3 miles. Turn west on road 508 ½ mile to cattle guard on left (South). Travel 500 feet South to location.

### 2. PLANNED ACCESS ROAD

- A. Length and Width: The proposed access road will be approximately 500 feet long. The proposed existing roads are color coded on Exhibits "A" of which only 75' will be new road.
- B. Construction: The proposed and existing road will be constructed and repaired by grading and topping with compacted caliche. The surface will properly drained.
- C. Turnouts: None
- D. Culverts: None
- E. Cuts and Fills: None required.
- F. Gates, Cattle guards: Use existing cattle guard
- G. Off lease right of way: None required.

# **3. LOCATION OF EXISTING WELLS:**

A. Existing wells are shown on Exhibit "C".



#### 4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

- A. J. Cleo Thompson and James Cleo Thompson Jr., L.P. has no existing wells or facilities.
- B. If the well proves to be commercial, the necessary production facilities, gas separation-process equipment and tank battery, if required, will be installed on the drilling pad.

### 5. LOCATION AND TYPE OF WATER SUPPLY:

A. It is planned to drill the proposed well with fresh water that will be obtained from private or commercial sources and will be transported over the existing and proposed access roads.

### 6. SOURCE OF CONSTRUCTION MATERIALS:

A. Caliche for surfacing the proposed access road and well site pad will be obtained from the location, if available, or from a commercial site. No surface materials will be disturbed except those necessary for actual grading and leveling of the drill site and access road.

#### 7. METHODS OF HANDLING WASTE DISPOSAL:

- B. Drill cuttings will be disposed of in the reserve pits.
- C. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.
- D. All pits will be fenced with normal fencing materials to prevent livestock from entering the area.
- E. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or a separate disposal application will be submitted to the BLM for approval.
- F. Oil produced during operations will be stored in tanks until sold.
- G. Current laws and regulations pertaining to the disposal of human waste will be complied with.



H. Trash, waste paper, garbage and junk will be contained in trash bins to prevent scattering by the wind and will be removed for deposit in an approved sanitary landfill within 30 days after finishing drilling and/or completion operations.

### 8. ANCILLARY FACILITIES:

A. None Required

### 9. WELL SITE LAYOUT:

- A. Exhibit "D" shows the relative location and dimensions of the well pad, reserve pits, and major rig components. The pad and pit area has been staked, 400' X 400'.
- B. Mat size: 285' X 192', plus 150' X 125' reserve pits on the North.
- C. Cut and Fill: None required
- D. The surface will be topped with compacted caliche and the reserve pits will be plastic lined.

#### **10. PLANS FOR RESTORATION OF THE SURFACE:**

- A. After completion of drilling and /or completion operations, all equipment and other material not required for operations will be removed. Pits will be filled and the location cleaned of all trash and junk to leave the well site in an aesthetically pleasing a condition as possible.
- B. Any unguarded pits containing fluids will be fenced until are filled.
- C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management will be complied with and will be accomplished as expeditiously as possible. All pits will be filled and leveled as soon as they are dry enough to be worked.

#### **11. OTHER INFORMATION**

A. Topography: The proposed well site and access road are located on flat plains East of crossroads.



B. Soil: The topsoil at the well site is a moderately red dirt and caliche.

C. Flora and Fauna: The vegetation cover has a very sparse grass cover, with the primary cover beings plants of mesquite, yucca, broomweed, catclaw, creosote bush, cacti and miscellaneous weeds and wildflowers. The wildlife consists of rabbits, coyotes, antelope, deer, rattlesnakes, lizards, dove, quail, and other wildlife typical of the semi-arid desert land.

D. Ponds and Streams: None.

- E. Residences and Other Structures: None in the immediate vicinity.
- F. Land use: Cattle grazing (but not at the present time).
- G. Surface Ownership: The proposed well site and part of the access road is on fee surface with Federal minerals.
- H. There is no evidence of archaeological, historical or cultural sites in the staked area.

#### **12. OPERATOR'S REPRESENTATIVE**

A. The field representative for assuring compliance with the approved use and operations plan is as follows:

Jim Stevens J. Cleo Thompson & James Cleo Thompson, Jr., L.P. P.O. Box 12577 Odessa, Tx 79768 Office Phone: (432) 550-8887 Cell Phone: (432) 664-2917



#### **13. CERTIFICATION:**

I hereby certify that I have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in the plan are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by J. Cleo Thompson and James Cleo Thompson, Jr., L.P. and its contractors and sub contractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C 1001 for the filing of a false statement.

00 Date:

Jim Stevens, Operations Manager for J. Cleo Thompson







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1023 P4, French LA., 110005, Non 88240	tate of New Mexico inerals and Natural Resources	Form C-14 June 1, 200
1301 W. Orand Avenue, Artesia, NM 88210		
1000 Rio Brazos Road Arter NE4 87410	ConservationDivision	For drilling and production facilities, submit a appropriate NMOCD District Office. For downstreamfacilities, submit to Santa Fe
12200 OL 17	0 South St. Francis Dr. anta Fe, NM 87505	For downstreamfacilities, submit to Santa Fe office
Pit or Below-Gra	ade Tank Registration or (	Closure
Is pit or below-grade tan Type of action: Registrationof a pit of	nk covered by a "general plan"? Yes or below-gradetank [X] Closure of a pit or I	s 🛄 No 🔀 below-gradetank 🗌
perator: THOMPSON, J. CLEO Telephor		
Idress:         P.O. BOX 12577 ODESSA, TX 79768-2577           cilityor well name:         JCT FEDERAL 18 #1	725-38178	4.0 5.0 207 <sup>3</sup>
cility or well name: JC1 FEDERAL 18 #1 API#: 30-04.	2- U/lar Q#/Qtr_C_Sec_	18 T95 R38E
ounty: LEA Lattinde Longitude	NAD: 1927 [_] 1983 [_] S	Surface Owner Federal [] State [] Private [X] Indian []
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pc: Drilling [X] Production[] Disposal[]	Volume:bbl Type of fluid:	
Workover Emergency	Construction material:	
ined [X] Unlined []	Double-walled, with leak detection? Yes	
iner type: Synthetic [3] Thickness 12 mil Clay		
t Volume		nin Belgen kaj para juga kaj para kaj polinika ang pola kaj polinika en pagen kaj polinika na pagen nen ang pol
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epth to ground water (vertical distance from bottom of pit to seasonal high	50 feet or more, but less than 100 feet	(10 points)
ater elevation of ground water.)	TOO feet or more	(Opoints)
<mark></mark>		, 
/ellheadprotectionarea: (Less than 200 feet from a private domestic	Yes	(20 points)
ater source, or less than 1000 feet from all other water sources.) $\zeta$	L NO	( Opcints)
istance to surface water: (horizontal distance to all wetlands, playas,	Less than 200 feet	(20 points)
rigation canals, ditches, and perennial and ophemeral watercourses.)	200 feet or more, but less than 1000 feet	(10 points)
	T000 feet at more	( Opoints)
	RankingScore (Total Points)	
If this is a pit closure: (1) attacha diagramol' the facility showing the pit's		(2) In diasta dias and locations (also also have mailed how if
your are burying in place) onsite 🗌 offsite 🗌 If offsite, name of facility		
remediationstart date and end date. (4) Groundwaterencountered: No 🗌		rlaceit.and attach sample results. (5)
Attachsoil sample results and a diagram of sample locations and excavation	75s. 	
AdditionalComments:		าหลางกันการของประสิทธิสามารถการของออกเหล่านการที่สุดไหว การการการของสามารถการขณะที่สามารถการของการของการของการ
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I hereby certify that the informationabove is true and complete to the best o	of my knowledge and helief. I further carti	fy that the above dewribed nit or below gradatants I
been/will be constructed or closed according to NMOCD guidelines[2], Date: <u>11/22/2006</u>	a general permit or an (attached) alu	ernativeOCD-approvedplan
rinted Name/Title JIM STEVENS OPERATIONS MANAGE	ER Signature / Jan Sch	and the second s
Your certification and NMOCD approval of this application/closuradoes no otherwise endanger public health or the environment. Nor does it relieve the regulations.		
Approval:		
Printed Name/Title CHRIS WILLIAMS / DIST. SUPU	) Signature Chris Und	lims Date: 11/21/06
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