

OCD-HOBBS

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

ATS-07-752

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- 066884A CR 9-20-07	
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 THOMPSON, J. CLEO		7. If Unit or CA Agreement, Name and No.	
3a. Address P.O. BOX 12577 ODESSA, TX 79768		8. Lease Name and Well No. JCT FEDERAL 13 336801	
3b. Phone No (include area code) (432)550-8887		9. API Well No. 30-025- 38597 55290	
4. Location of Well (Report location clearly and in accordance with any State requirements *) At surface 2252.7' FNL & 1550.8' FWL, UL: F At proposed prod zone UNORTHODOX LOCATION		10. Field and Pool, or Exploratory WILDCAT Sawyer Devonian	
11. Sec., T. R. M. or Blk. and Survey or Area SEC. 13, T9S, R37E		12. County or Parish LEA	
13. State NM		14. Distance in miles and direction from nearest town or post office 23 MILES NE OF TATUM, NM	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1550.8'		16. No. of acres in lease 40	
17. Spacing Unit dedicated to this well 40		18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. NONE	
19. Proposed Depth 12,000		20. BLM/BIA Bond No. on file NM 0348 CR 9-20-07	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3986' winds? GL		22. Approximate date work will start* 11/01/2007	
23. Estimated duration 30 DAYS		24. Attachments	

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

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

25. Signature <i>Douglas K. Stevens</i>	Name (Printed/Typed) JIM STEVENS	Date 09/14/2007
Title OPERATIONS MANAGER		
Approved by (Signature) <i>/s/ James Stovall</i>	Name (Printed/Typed) <i>/s/ James Stovall</i>	Date OCT 22 2007
Title FIELD MANAGER		
Office BLM-CARLSBAD FIELD OFFICE		

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.

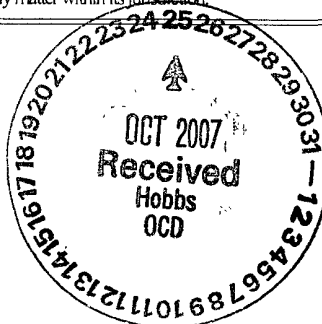
Conditions of approval, if any, are attached

APPROVAL FOR TWO YEARS

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.

*(Instructions on page 2)

Lea County Controlled Water Basin



Conditions of Approval -- Approval for Drilling only Cannot produce until Non-Standard location is approved by the OCD Santa Fe office.

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

CR

DISTRICT I
1625 N French Dr., Hobbs, NM 88240

DISTRICT II
1301 W. Grand Ave., Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Francis Drive
Santa Fe, NM 87505

Form C-1021
Revised October 12, 2005

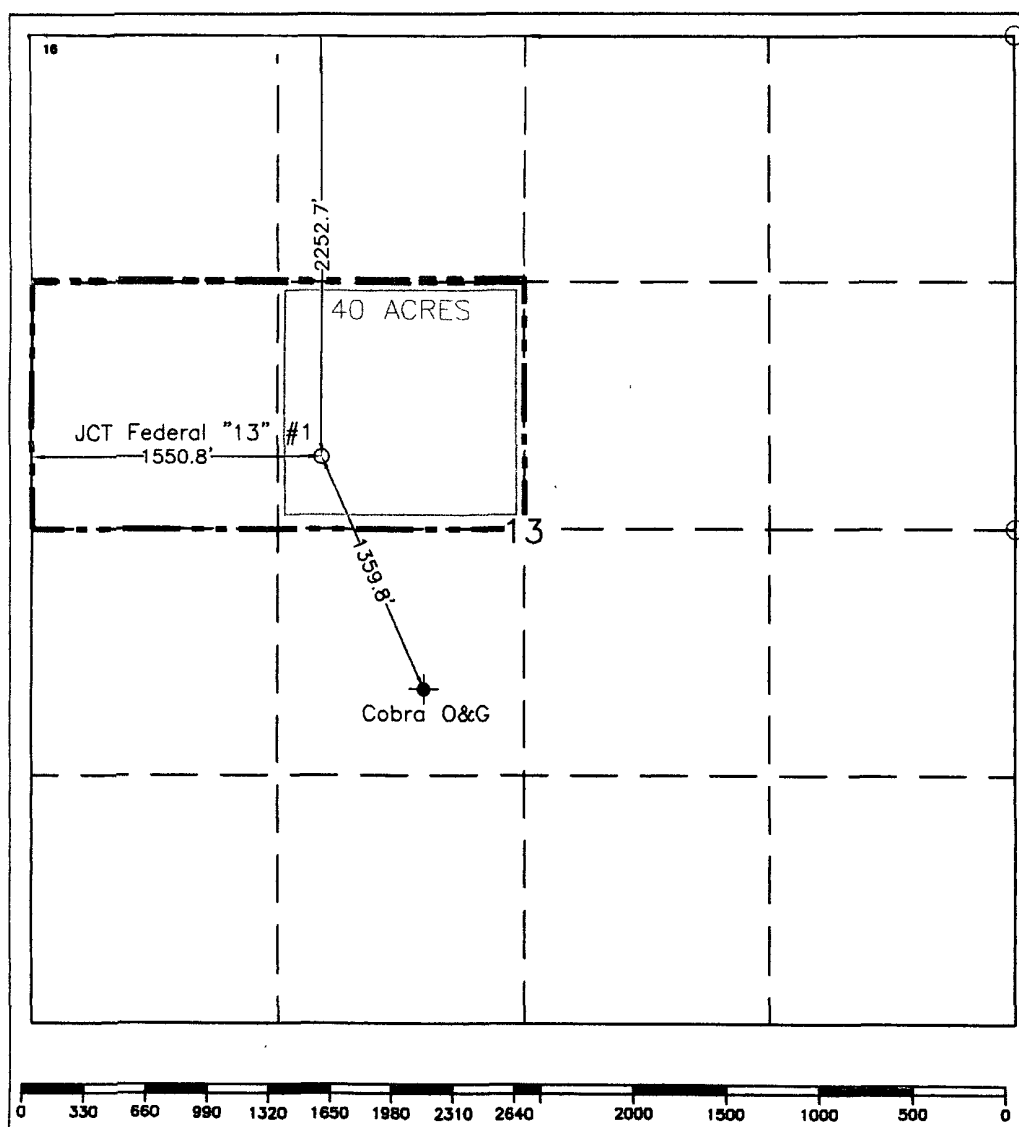
Submit to Appropriate District Office
State Lease-4 copies
Fee Lease-3 copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-38597		² Pool Code 55290		³ Pool Name Sawyer Devonian					
⁴ Property Code 36801		⁵ Property Name JCT FEDERAL "13"				⁶ Well Number 1			
⁷ GRID No. 11181		⁸ Operator Name J. CLEO THOMPSON & JAMES CLEO THOMPSON, JR.				⁹ Elevation 3986'			
¹⁰ Surface Location									
UL or lot no. F	Section 13	Township 9-S	Range 37-E	Lot Idn	Feet from the 2252.7'	North/South line North	Feet from the 1550.8'	East/West line West	⁷ County Lea
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	⁷ County
¹² Dedicated Acres 40		¹³ Joint or Infill		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.

	<p>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</p> <p><i>Jim Stevens</i> 9-17-07 Signature Date</p> <p>Jim Stevens Printed Name</p>
	<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 knowledge and belief.</p> <p>8/13/07 Date of Survey</p> <p>Signature & Seal of Professional Surveyor.</p> <p><i>[Signature]</i></p>
	<p>Certificate No. 7254</p>

○ = Staked Location • = Producing Well ● = Injection Well ◇ = Water Supply Well ◆ = Plugged & Abandon Well
⊙ = Found Section Corner, 2 or 3" Iron Pipe & GLO B.C. ○ = Found 1/4 Section Corner, 1" Iron Pipe & GLO B.C.

DRILLING PROGRAM
J. Cleo Thompson & James Cleo Thompson, Jr., L.P.
JCT Federal 13, Well #1
2252.7' FNL & 1550.0' FWL, Section 13, T9S, R37E
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:

Rustler:	2,324'
Yates:	2,869'
Seven Rivers:	3,067'
Queen:	3,591'
San Andres:	4,149'
Glorieta	5,554'
Tubb:	6,889'
ABO:	7,624'
Wolfcamp:	8,812'
Base Three Brothers	9,321'
Cisco:	9,392'
Bough C:	9,466'
Canyon:	9,874'
Strawn:	10,424'
Atoka:	11,154'
Mississippi	11,362'
Woodford:	11,504'
Silurian:	11,606'
TD:	12,000'

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

Water: Surface water between 0' – 400'

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:

<u>Hole Size</u>	<u>Setting Depth</u>	<u>Csg Size & Wgt</u>	<u>Class</u>	<u>Grade/Jt</u>
17 ½"	0' to 500'	13 3/8", 48 #/ft	New	H-40/ST&C
12 ¼"	0' to 3,700'	9 5/8", 40 #/ft	New	J-55/ST&C
12 ¼"	3,700' to 5,100'	9 5/8", 40 #/ft	New	HCK 55/ST&C
8 ¾"	0' to 1,000'	5 ½", 17#/ft	New	P-110/ LTC
8 ¾"	1,000' to 10,000'	5 ½", 17#/ft	New	N-80/LTC
8 ¾"	10,000' to 12000'	5 ½", 17 #/ft	New	P-110/LTC

Design Factors: Collapse: 1.175 Burst: 1.2 Tension: 1.8

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2252.7' FNL & 1550.8' FWL, Section 13, T9S, R37E
Lea County, New Mexico

4. Pressure Control Equipment:

The pressure control equipment for the 12 ¼" hole will consist of a 13 3/8" x 2,000 psi annular preventer. A diagram is attached. The blowout preventer equipment (BOP) for the 8 ¼" hole will be a 12", 5,000 psi working pressure stack with both blind and pipe rams. In addition, an annular preventer rated to 5,000 psi will be installed on top of the stack. A diagram of the BOP 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 ¼" hole and tested weekly.

5. Proposed Mud Program:

<u>Mud Program</u>		<u>Mud Weight</u>	<u>Viscosity</u>	<u>Waterloss</u>
see COA	0' to 500'	Fresh Wtr	8.6 to 9.2 ppg	34 to 36
	500' to 2,100'	Fresh Wtr	8.4 to 8.5 ppg	28 to 29
	2,100' to 9,600'	Cut Brine	9.4 to 9.7 ppg	28 to 29
	9,600' to 12,000'	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. Yield: 1.97 cu.ft./sx.
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. Yield: 2.45 cu.ft./sx.
TOC at surface.

5 ½" Prod: Two stage cement job w/ DV tool at +/- 7,000' TOC: 4,000'
1st stage - Pump 725 sxs 15-61-11 "H" + 6% FL 52 + 5% Salt + 3# LCM.
Cement yield: 1.48 cu.ft./sack
2nd stage - pump 800 sxs 35:65:6 + 3% FL-52 + 3% SMS + 2% KCL + ¼
Cello Flake. Cement yield: 2.0 cu.ft./sack
Tail Cement pump 750 sxs C + 1% FL-62 + 3% CD-32 + .2% SMS.
Cement yield: 1.32 cu.ft./sack

7. Auxiliary Equipment:

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

DRILLING PROGRAM
J. Cleo Thompson & James Cleo Thompson, Jr., L.P.
JCT Federal 13, Well #1
2252.7' FNL & 1550.9' FWL, Section 13, T9S, R37E
Lea County, New Mexico

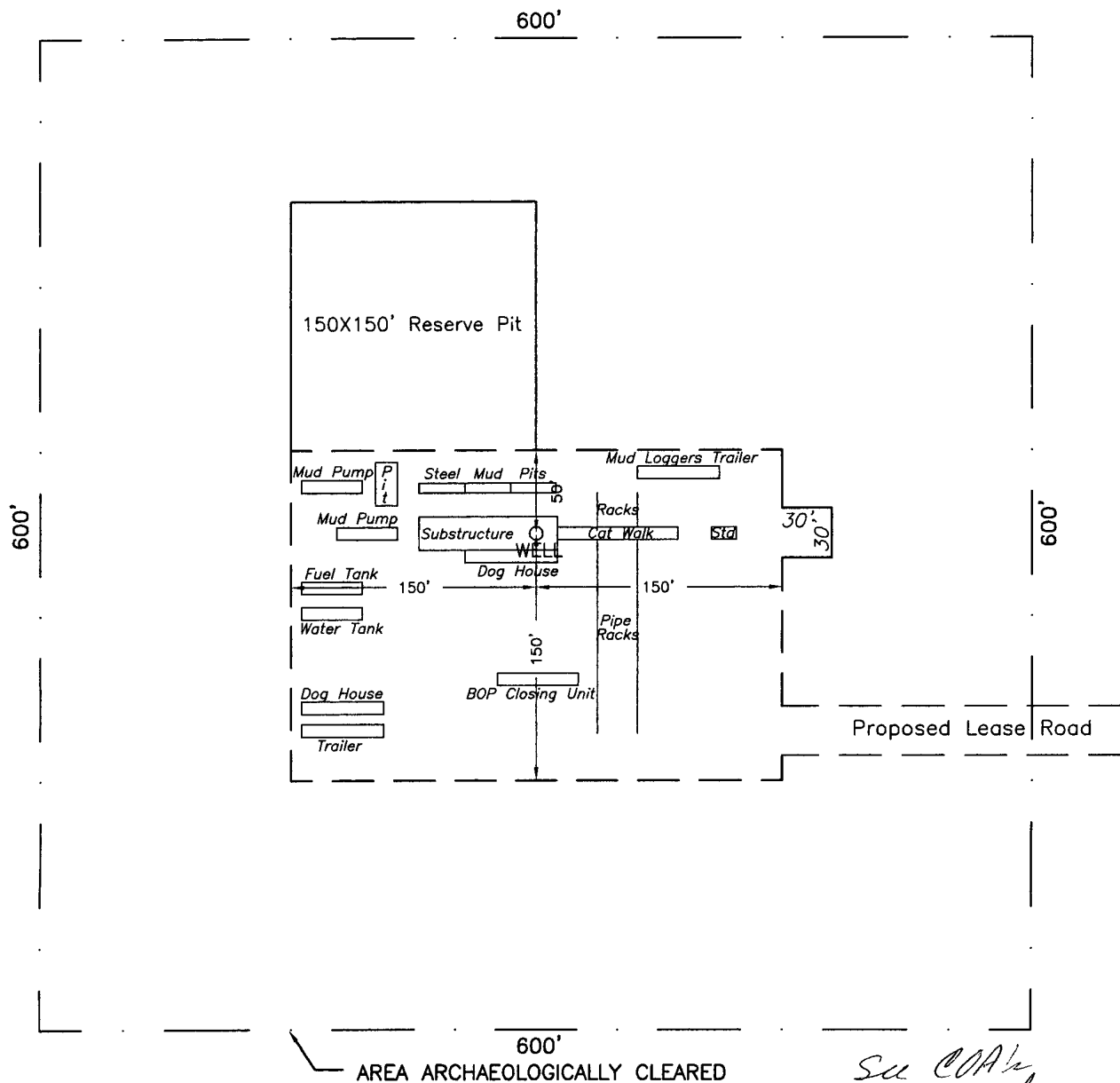
8. Testing, Logging and Coring Program:

Drill Stem Tests:	As deemed necessary in the Devonian
Logging:	Platform Express TD to Intermediate Casing (Possible FMI & Repeat Formation Tester)
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: November 1, 2007
Anticipated Drilling Time: Approximately 30 to 40 days



*See COA's
Pete North*



EXHIBIT "B"	
DRILLING RIG LAYOUT	
J. CLEO THOMPSON	
JCT FEDERAL "13" No. 1 Located 2252.7' FNL & 1550.8' FWL, Section 13, T-9-S, R-37-E, NMPM, Lea County, NM	
Drawn by: Gene M. Rodriguez	Scale: 1" = 100'
Date: August 15, 2007	Jim Stevens
Checked by: J.S. Piper	Sheet 1 of 1

BOP Schematic for
12 1/4" Hole

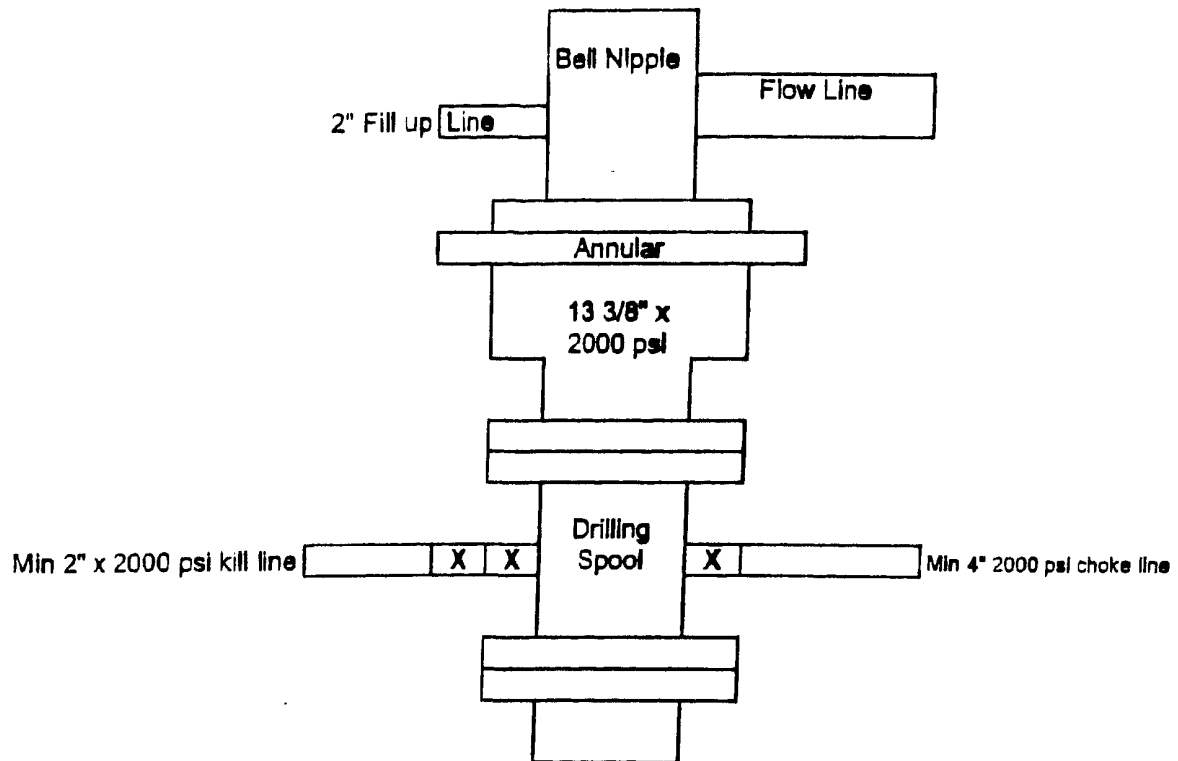
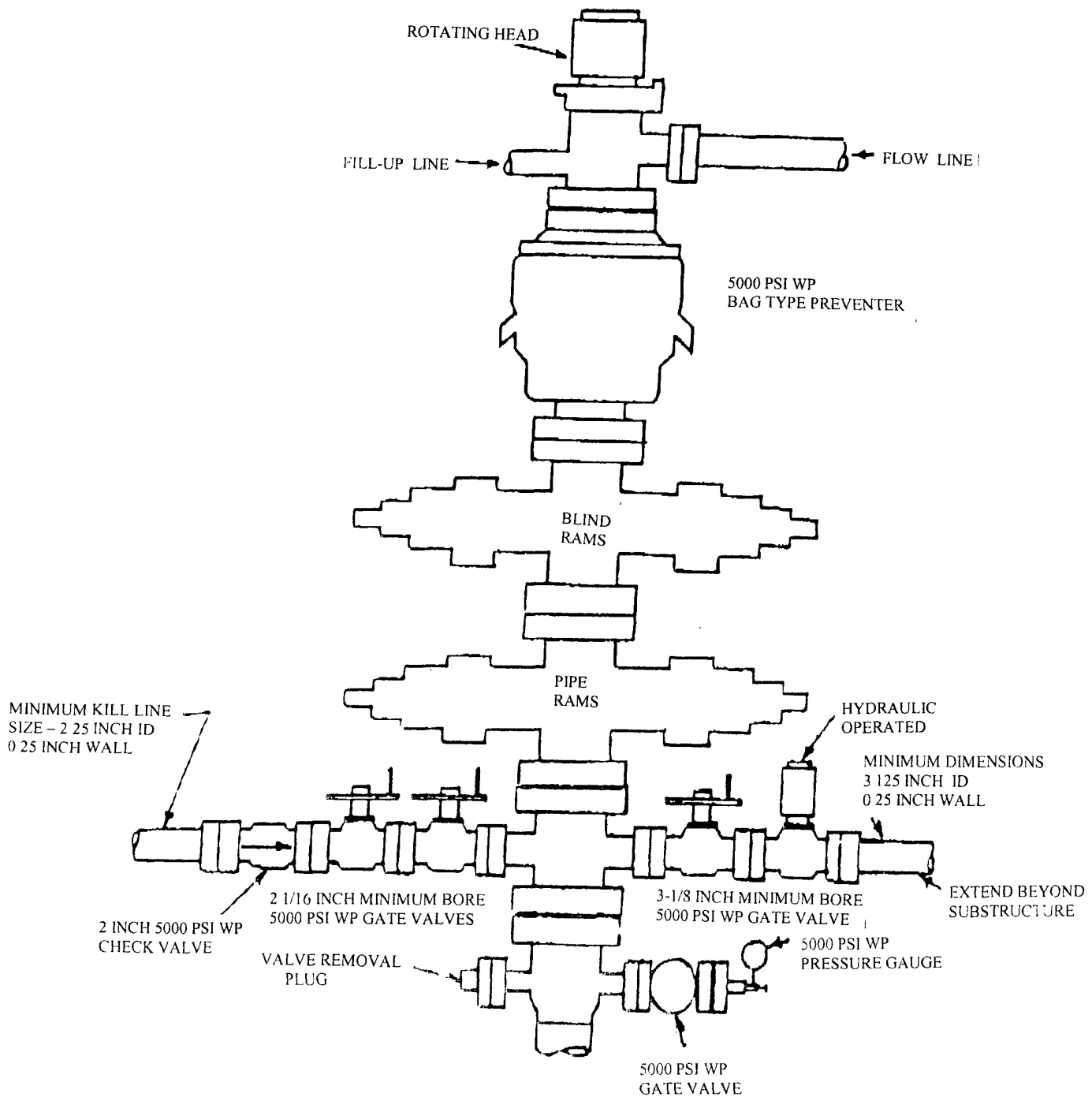
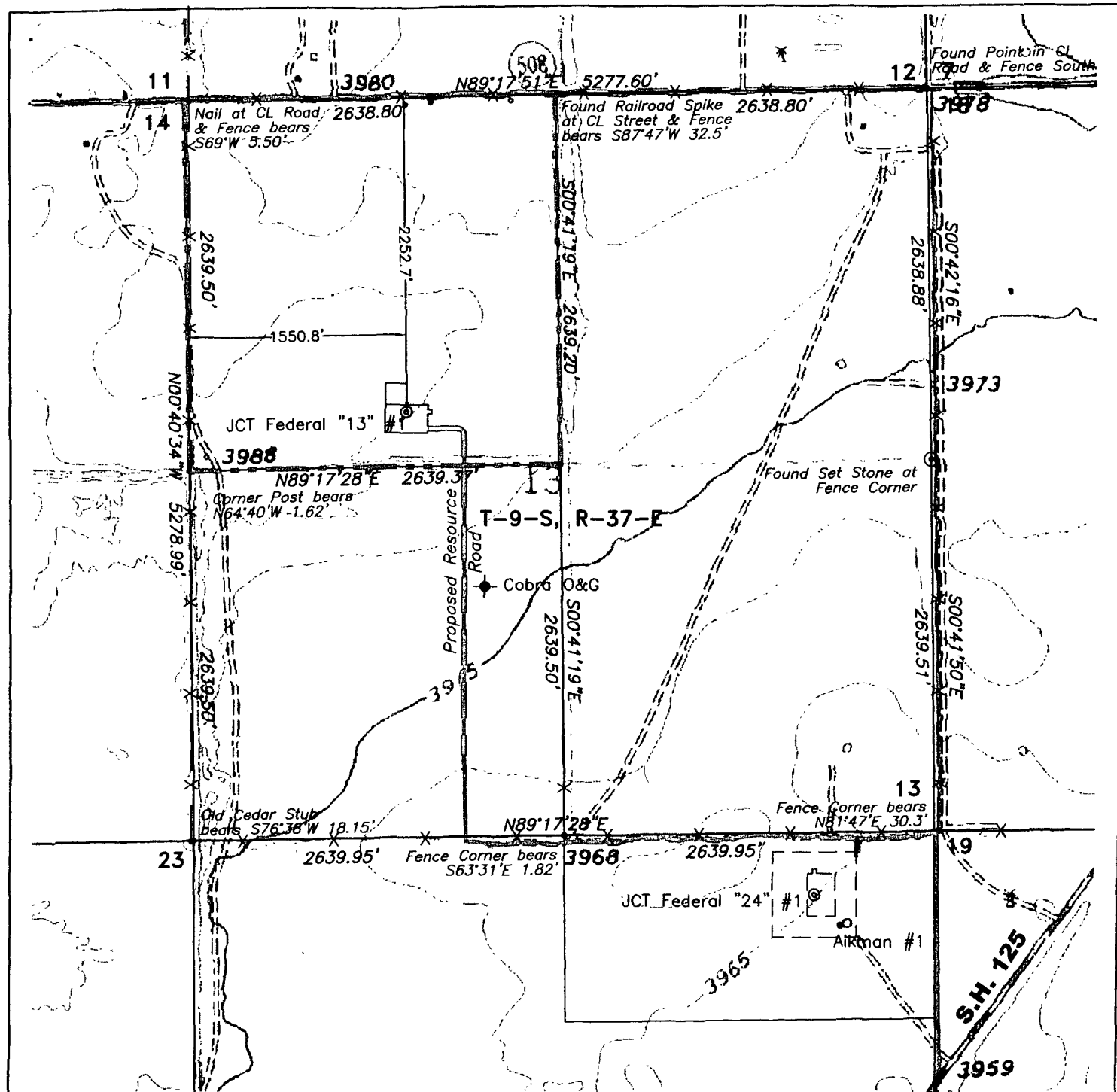


Exhibit #2

DRILLING PROGRAM
J. Cleo Thompson & James Cleo Thompson, Jr., L.P.
JCT Federal 13, Well #1
2252.7' FNL & 1550.9' FWL, Section 13, T9S, R37E
Lea County, New Mexico

5000 PSI WORKING PRESSURE BLOWOUT PREVENTER STACK





LEGEND OF SYMBOLS

- = Access Road
- = Resource Road on Lease
- = Resource Road on State Land
- = Resource Road on Private Land
- = Resource Road on Federal Land
- = Proposed Resource Road
- E- = Proposed Electric Line
- P- = Proposed Production Flow Line
- o = Staked Well Location
- = Producing Well Location
- ⦿ = Water Injection Well
- = Found 1" Iron Pipe with Brass Cap
- = Found 2" or 3" Iron Pipe with Brass Cap
- = Unit or Lease Boundary

EXHIBIT "A" ACCESS ROAD AND FACILITIES MAP

J. CLEO THOMPSON

JCT FEDERAL "13" No. 1
Located 2252.7' FNL & 1550.8' FWL, Section 13,
T-9-S, R-37-E, NMPM, Lea County, NM

Drawn by: Gene M. Rodriguez

Scale: 1" = 1000'

Date: August 2, 2007

Jim Stevens

Checked by: J.S. Piper

Sheet 1 of 1

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-144
June 1, 2004

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

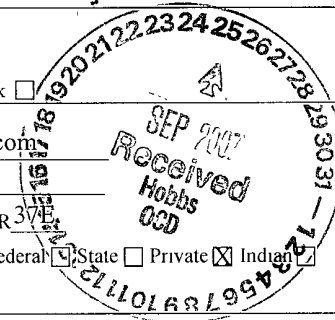
For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☐ No ☒

Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

Operator: THOMPSON, J. CLEO Telephone: (432) 550-8887 e-mail address: jstevens@jcleo.com
Address: P.O. BOX 12577 ODESSA, TX 79768
Facility or well name: JCT FEDERAL 13, #1 API#: 30-025-38597 U/I or Qtr/Qtr: F Sec 13 T 9S R 37E
County: LEA Latitude: Longitude: NAD: 1927 ☐ 1983 ☐ Surface Owner: Federal ☐ State ☐ Private ☒ Indian ☐



Pit	Below-grade tank	
Type: Drilling <input checked="" type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input checked="" type="checkbox"/> Unlined <input type="checkbox"/> Liner type: Synthetic <input type="checkbox"/> Thickness: 12 mil Clay <input type="checkbox"/> Pit Volume: 9000 bbl	Volume: _____ bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes <input type="checkbox"/> If not, explain why not: _____	
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)	Less than 50 feet	(20 points)
	50 feet or more, but less than 100 feet	(10 points)
	100 feet or more	(0 points) 0
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources)	Yes	(20 points)
	No	(0 points) 0
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral water courses)	Less than 200 feet	(20 points)
	200 feet or more, but less than 1000 feet	(10 points)
	1000 feet or more	(0 points) 0
Ranking Score (Total Points)		0

If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: (check the onsite box if you are burying in place) onsite ☐ offsite ☐ If offsite, name of facility: _____ (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface: _____ ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

Additional Comments:

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Date: 09/14/2007

Printed Name/Title: DOUG DIETRICH, PETROLEUM ENGINEER

Signature: *Douglas Dietrich*

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval:

Printed Name/Title: CHRIS WILLIAMS, DIST. SUPERVISOR

Signature: *Chris Williams*

Date: 10/26/07