

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED  
OMB No. 1004-0136  
Expires November 30, 2000

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. <b>14-20-603-323</b>
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" 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 <b>NAVAJO ALLOTMENT</b>
2. Name of Operator <b>ELM RIDGE RESOURCES, INC.</b>		7. If Unit or CA Agreement, Name and No. <b>N/A</b>
3a. Address <b>P. O. BOX 189 FARMINGTON, NM 87499</b>	3b. Phone No. (include area code) <b>(505) 632-3476</b>	8. Lease Name and Well No. <b>BISTI COAL 5 COM 1-T</b>
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface <b>2220' FSL &amp; 835' FEL</b> At proposed prod. zone <b>SAME</b>		9. API Well No. <b>30-045- 32329</b>
14. Distance in miles and direction from nearest town or post office* <b>22 AIR MILES SOUTHWEST OF BLOOMFIELD</b>		10. Field and Pool, or Exploratory <b>BASIN FRUITLAND COAL</b>
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) <b>835**</b>	16. No. of Acres in lease <b>160</b>	11. Sec., T., R., M., or Blk. and Survey or Area <b>5-25n-12w NMPM</b>
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. <b>1,026***</b>	19. Proposed Depth <b>1,350'</b>	12. County or Parish <input checked="" type="checkbox"/> SAN JUAN 13. State <b>NM</b>
21. Elevations (Show whether DF, KDB, RT, GL, etc.) <b>6,148' GL</b>	22. Approximate date work will start* <b>UPON APPROVAL</b>	17. Spacing Unit dedicated to this well <b>E2 = <del>320</del> ACRES 19.92</b>
23. Estimated duration <b>2 WEEKS</b>		20. BLM/BIA Bond No. on file <b>#886441C (BIA - NATION WIDE)</b>
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.  | 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 shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

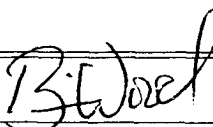
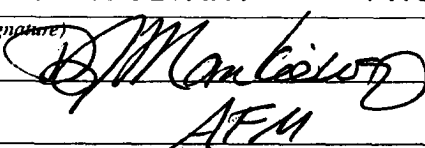
Comments

\*835' to exterior of communitization area & 420' to lease line  
\*\*1,026' to Elm Ridge's Central Bisti Unit 84 (a Gallup well)

On site inspectors: Bryce Barlan and James Miles

Well number changed from 1-S on Notice of Staking to 1-T.

ER Well #: 3652

25. Signature 		cc:BLM (FIMO & OCD), Elm (D & F)	
Name (Printed/Typed) <b>BRIAN WOOD</b>		Date <b>4-22-04</b>	
Title <b>CONSULTANT</b>		PHONE: 505 466-8120 FAX: 505 466-9682	
Approved by (Signature) 		Name (Printed/Typed) <b>AFM</b>	
Title <b>AFM</b>		Office <b>FFD</b>	
		Date <b>9/6-04</b>	

Application approval does not warrant or certify the 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.

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

NMOCD

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

State of New Mexico  
Energy, Minerals & Mining Resources Department  
OIL CONSERVATION DIVISION  
2040 South Pacheco  
Santa Fe, NM 87505

Form C - 102

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

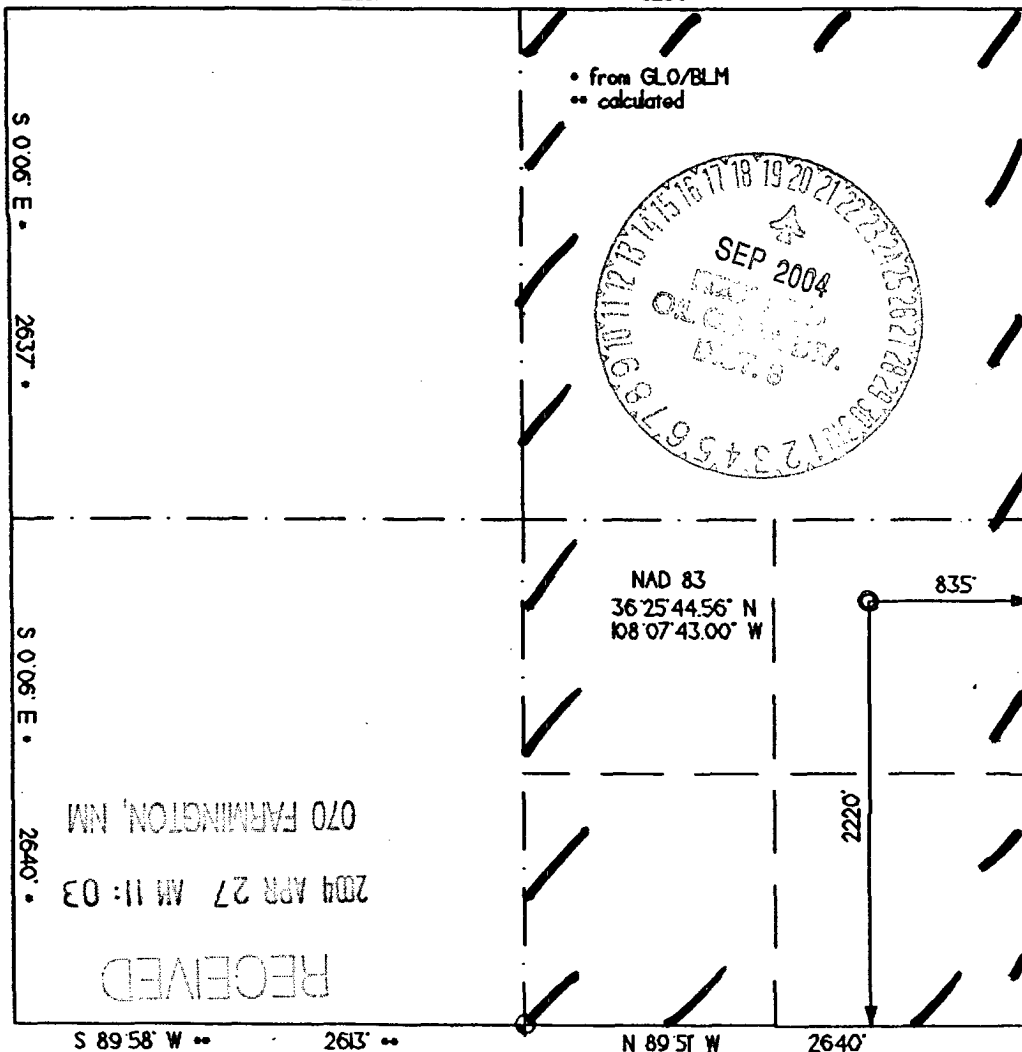
APA Number <b>30-045-32329</b>	Pool Code <b>71629</b>	Pool Name <b>BASIN FRUITLAND COAL</b>
Property Code <b>27200</b>	Property Name <b>BISTI COAL 5 COM</b>	Well Number <b>IT</b>
OGRD No. <b>149052</b>	Operator Name <b>ELM RIDGE RESOURCES</b>	Elevation <b>6148'</b>

Surface Location									
UL or Lot	Sec.	Twp.	Rge.	Lot Lth.	Feet from	North/South	Feet from	East/West	County
<b>1</b>	<b>5</b>	<b>25 N.</b>	<b>12 W.</b>		<b>2220'</b>	<b>SOUTH</b>	<b>835'</b>	<b>EAST</b>	<b>SAN JUAN</b>

Bottom Hole Location if Different From Surface									
UL or Lot	Sec.	Twp.	Rge.	Lot Lth.	Feet from	North/South	Feet from	East/West	County

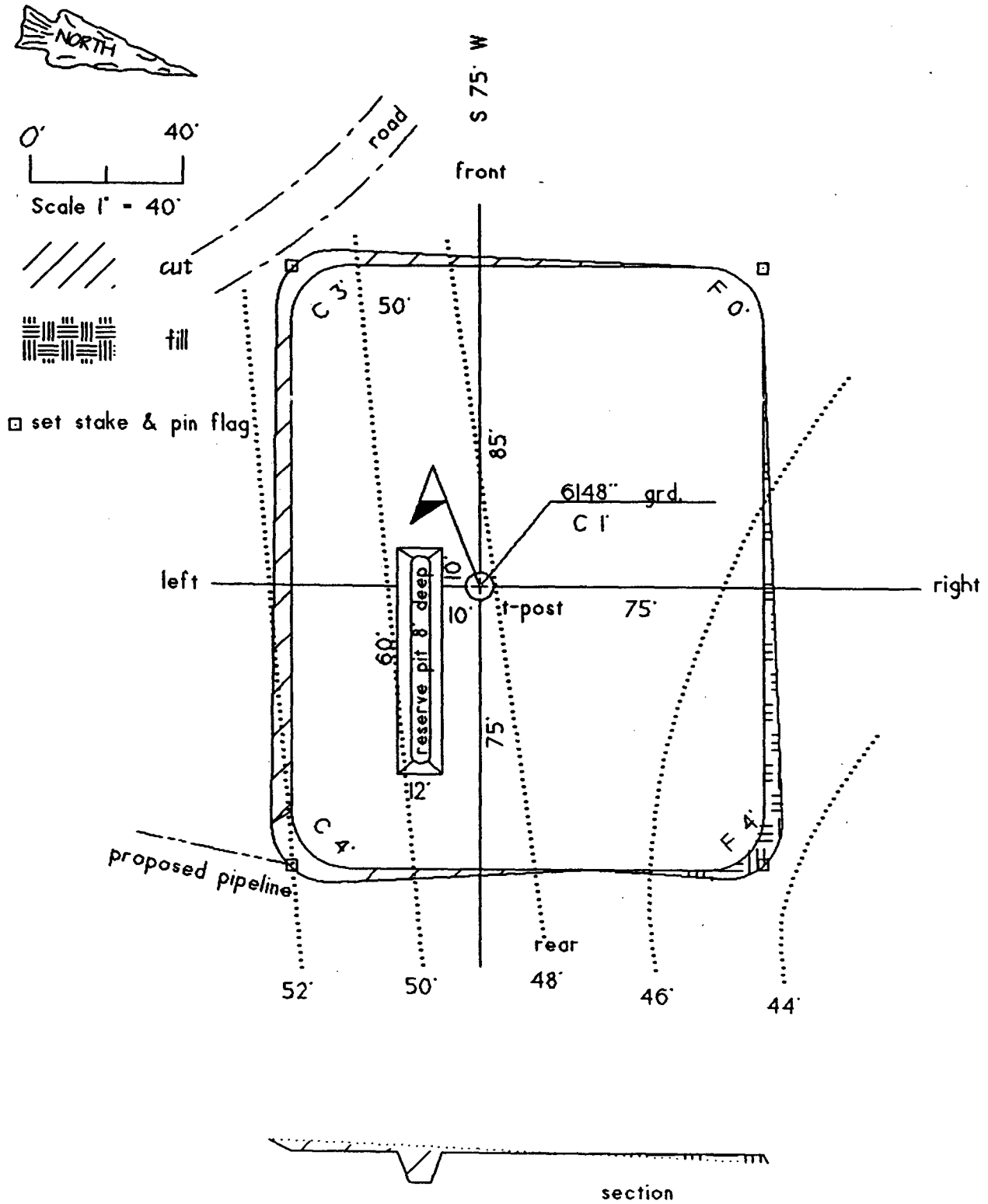
Dedication <b>320</b>	Joint ? <b>.</b>	Consolidation <b>C</b>	Order No. <b>.</b>
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**319.92** NO ALLOWABLE WILL ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



<b>OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature <i>Brian Wood</i>	
Printed Name	<b>BRIAN WOOD</b>
Title	<b>CONSULTANT</b>
Date	<b>APR. 22, 2004</b>
<b>SURVEYOR CERTIFICATION</b> I hereby certify that the well location 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	
Signature of Registered Professional Surveyor	<i>GERALD A. COLESTON</i>

Bisti Coal 5 COM # 1 T  
well pad and section



Elm Ridge Resources, Inc.  
Bisti Coal 5 Com 1-T  
2220' FSL & 835' FEL  
Sec. 5, T. 25 N., R. 12 W.  
San Juan County, New Mexico

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## Drilling Program

### 1. ESTIMATED FORMATION TOPS

<u>Formation Name</u>	<u>GL Depth</u>	<u>KB Depth</u>	<u>Sub Sea Elevatio</u>
Nacimiento	000'	5'	+6,148'
Kirtland shale	73'	78'	+6,075'
Fruitland	748'	753'	+5,400'
Pictured Cliffs	1,078'	1,083'	+5,070'
Total Depth (TD)*	1,350'	1,355'	+4,798'

\* all elevations reflect the ungraded ground level of 6,384'

### 2. NOTABLE ZONES

#### Oil & Gas Zones

Fruitland Coal

Pictured Cliffs

#### Water Zones

Nacimiento

#### Coal Zones

Fruitland

Water zones will be protected with casing, cement, and weighted mud. Fresh water encountered during drilling will be recorded by depth, cased, and cemented. Oil and gas shows will be tested for commercial potential based on the well site geologist's recommendations.

### 3. PRESSURE CONTROL

The exact drill rig and BOP model to be used are not yet known. (A typical 2,000 psi model is on PAGE 3.) BOP and choke manifold system will be installed and tested to 500 psi before drilling surface casing plug. It will remain in use until the well is completed or abandoned. A safety valve and sub with a full opening valve to fit the drill pipe and collars will be available on the rig floor in the open position at all times for use when kelly is not in use.

Elm Ridge Resources, Inc.  
Bisti Coal 5 Com 1-T  
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All BOP mechanical and pressure tests will be recorded on the driller's log. BOPs will be inspected and opened and closed at least daily to assure good mechanical working order. Inspections will be recorded on the daily drilling report. Pressure tests will be conducted before drilling out from under all casing strings which are set and cemented in place.

#### 4. CASING & CEMENT

<u>Hole Size</u>	<u>O. D.</u>	<u>Weight (lb/ft)</u>	<u>Grade</u>	<u>Type</u>	<u>Age</u>	<u>GL Setting Depth</u>
8-5/8"	7"	20	K-55	S T & C	New	120'
6-3/4"	4-1/2"	10.5	J-55	L T & C	New	1,350'

Surface casing will be cemented to the surface with  $\approx 35$  cubic feet ( $\approx 30$  sacks) Class B + 1/4 pound per sack cello flake + 2%  $\text{CaCl}_2$ . Yield = 1.18 cubic feet per sack. Weight = 15.2 pounds per gallon. Volume = 100% excess. Two centralizers will be run. Thread lock guide shoe and bottom of float collar.

Production casing hole will be cleaned of rock chips by circulating  $\geq 150\%$  of the hole volume with mud to the surface. Thirty-five barrels of fresh water will then be circulated. Lead with  $\approx 215$  cubic feet ( $\approx 105$  sacks) of Class B with 2% metasilicate (yield = 2.06 cubic feet per sack and weight = 12.5 pounds per gallon). Tail with  $\approx 125$  cubic feet ( $\approx 105$  sacks) of Class B with 2%  $\text{CaCl}_2$  (yield = 1.18 cubic feet per sack and weight = 15.2 pounds per gallon). Total cement volume is 240 cubic feet based on 75% excess and circulating to surface.

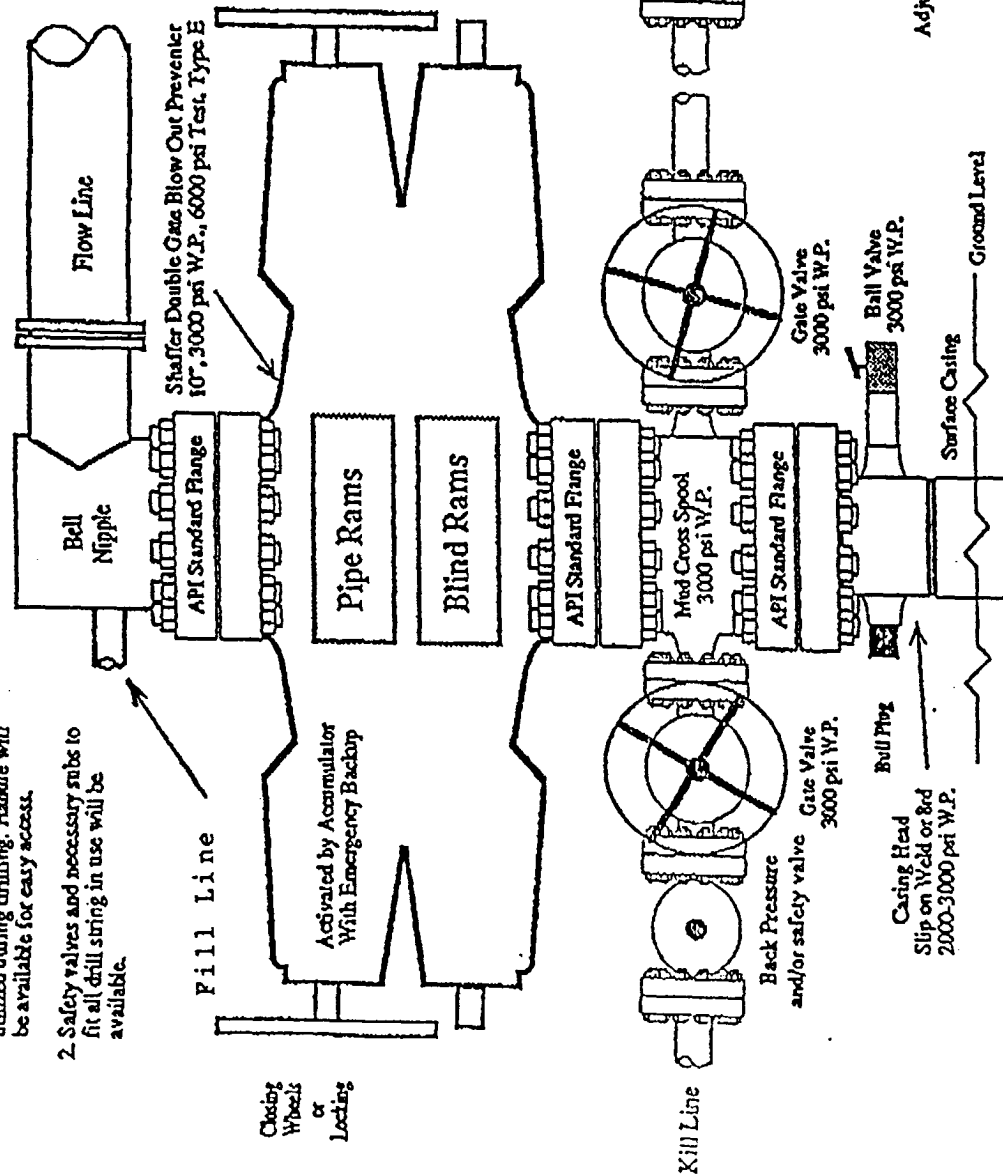
#### 5. MUD PROGRAM

A 9 pound polymer and fresh water mud system with a viscosity of  $\approx 35$  will be used. Sufficient material to maintain mud properties, control lost circulation, and contain a blowout will be available at the well while drilling.

# Pressure Control Equipment

Note: 1. An upper Kelly cock valve will be utilized during drilling. Handle will be available for easy access.

2. Safety valves and necessary snbs to fit all drill string in use will be available.



Note: This equipment is designed to meet requirements for a 2-M rating standard per 43 CFR part 3160 (amended). Proper operation and testing of equipment will be carried out per standard. 2,000 psi equipment can be substituted in the drawing to meet minimum requirements per standard.

Minimum 2" Choke Line.  
Minimum 2" Kill Line.  
At Least One 2" Minimum Kill Line Valve.

