

State of New Mexico  
Energy, Minerals and Natural Resources Department

Susana Martinez  
Governor

David Martin  
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.  
Deputy Cabinet Secretary

Jami Bailey, Division Director  
Oil Conservation Division



New Mexico Oil Conservation Division approval and conditions listed below are made in accordance with OCD Rule 19.15.7.11 and are in addition to the actions approved by BLM on the following 3160-3 APD form.

Operator Signature Date: 8/31/12


Well information;

Operator Elm Ridge, Well Name and Number Jicarilla Apache F 20

API# 30-039-31144, Section 16, Township 25 NS, Range 5 EW

Conditions of Approval:  
(See the below checked and handwritten conditions)

- ☒ Notify Aztec OCD 24hrs prior to casing & cement.
- ☐ Hold C-104 for directional survey & "As Drilled" Plat
- ☐ Hold C-104 for NSL, NSP, DHC
- ☐ Spacing rule violation. Operator must follow up with change of status notification on other well to be shut in or abandoned
- ☒ Regarding the use of a pit, closed loop system or below grade tank, the operator must comply with the following as applicable:
  - A pit requires a complete C-144 be submitted and approved prior to the construction or use of the pit, pursuant to 19.15.17.8.A
  - A closed loop system requires notification prior to use, pursuant to 19.15.17.9.A
  - A below grade tank requires a registration be filed prior to the construction or use of the below grade tank, pursuant to 19.15.17.8.C
- ☐ Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string
- ☐ Oil base muds are not to be used until fresh water zones are cased and cemented providing isolation from the oil or diesel. This includes synthetic oils

  
NMOCD Approved by Signature

8-13-2013  
Date ca

# RECEIVED

Form 3160-3  
(August 2007)

SEP 10 2012

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

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

Armington Field Office  
Bureau of Land Management

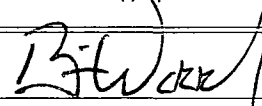
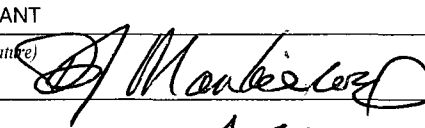
## APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. BIA 149 Jicarilla Contract 149
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name JICARILLA APACHE NATION
2. Name of Operator ELM RIDGE EXPLORATION COMPANY, LLC		7. If Unit or CA Agreement, Name and No.
3a. Address P. O. BOX 156 BLOOMFIELD, NM 87413	3b. Phone No. (include area code) 505 632 3476	8. Lease Name and Well No. JICARILLA APACHE F 20
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 1746' FSL & 877' FWL At proposed prod. zone SAME		9. API Well No. 30-039- 31144
14. Distance in miles and direction from nearest town or post office* 13 AIR MILES NE OF COUNSELOR, NM		10. Field and Pool, or Exploratory LINDRITH GALLUP-DAKOTA, WEST
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1,953'	16. No. of acres in lease 2,559.40	11. Sec., T. R. M. or Blk. and Survey or Area NWSW (L) 16-25N-5W NMPM
17. Spacing Unit dedicated to this well SW4 (= 160 acres) RCVD AUG 9 '13 OIL CONS. DIV.	18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 2,364' (F 8)	19. Proposed Depth 7,500'
20. BLM/BIA Bond No. on file BIA nationwide OKC 606114	21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6,675' GRADED	22. Approximate date work will start* 10/15/2012
23. Estimated duration 5 WEEKS		

### 24. Attachments

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

- 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 	Name (Printed/Typed) BRIAN WOOD (505 466-8120)	Date 08/31/2012
Title CONSULTANT (FAX 505 466-9682)		
Approved by (Signature) 	Name (Printed/Typed) AFM	Date 8/7/13
Title Office PFD		

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)

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

NMOC

PR

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

This action is subject to technical and procedural review pursuant to 43 CFR 316 and appeal pursuant to 43 CFR 3165.4

DISTRICT I  
1625 N. French Dr., Hobbs, N.M. 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720

DISTRICT II  
811 S. First St., Artesia, N.M. 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720

DISTRICT III  
1000 Rio Brazos Rd., Aztec, N.M. 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV  
1220 S. St. Francis Dr., Santa Fe, N.M. 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department

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Form C-102

Revised August 1, 2011

Submit one copy to appropriate

District Office

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.  
Santa Fe, N.M. 87505

Farmington Field Office  
Bureau of Land Management

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-039-31144	<sup>2</sup> Pool Code 39189	<sup>3</sup> Pool Name LINDRITH GALLUP-DAKOTA, WEST
<sup>4</sup> Property Code 19029	<sup>5</sup> Property Name JICARILLA APACHE F	<sup>6</sup> Well Number 20
<sup>7</sup> OGRID No. 149052	<sup>8</sup> Operator Name ELM RIDGE EXPLORATION COMPANY, LLC	<sup>9</sup> Elevation 6675

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	16	25 N	5 W		1746	SOUTH	877	WEST	RIO ARriba

<sup>11</sup> 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
<sup>12</sup> Dedicated Acres 160		<sup>13</sup> Joint or Infill		<sup>14</sup> Consolidation Code		<sup>15</sup> 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	N 89°18'50" W WEST	5317.58' (CALC.) 79.85 CHAINS (R)	
LEGEND: ○ = SURFACE LOCATION ⊙ = FOUND 5/8" REBAR WITH STONE MOUND ▨ = D.P. SECTION CORNER			
5271.08' (CALC.) 80 CHAINS (R)			5314.04' (CALC.) 80 CHAINS (R)
SECTION 16			
N 00°04'12" E NORTH	LAT: 36.3977163° N LONG: 107.3713411° W NAD 83 LAT: 36°23.86229' N LONG: 107°22.24435' W NAD 27		N 00°23'05" E NORTH
877'			
	1746'		
	N 88°50'45" W WEST	5289.02' (CALC.) 79.90 CHAINS (R)	

<sup>17</sup> 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.

*Brian Wood* 8-31-12  
Signature Date  
BRIAN WOOD  
brian@permitswest.com  
E-mail Address

<sup>18</sup> SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes and that the same is true and correct to the best of my belief.

11/29/11  
Date of Survey  
Signature and Seal of Professional Surveyor  
14831 2-9-2012  
Certificate Number

Elm Ridge Exploration Company, LLC  
Jicarilla Apache F 20  
1746' FSL & 877' FWL  
Sec. 16, T. 25 N., R. 5 W.  
Rio Arriba County, New Mexico

PAGE 1

Drilling Program

1. ESTIMATED FORMATION TOPS

<u>Formation Name</u>	<u>GL Depth</u>	<u>KB Depth</u>	<u>Elevation</u>
San Jose	0'	10'	+6,675'
Fruitland	2,435'	2,445'	+4,240'
Pictured Cliffs Ss	2,800'	2,810'	+3,875'
Chacra Ss	3,660'	3,670'	+3,015'
Mesa Verde Ss	4,485'	4,495'	+2,190'
Mancos Shale	5,215'	5,225'	+1,460'
Gallup Ss	6,160'	6,170'	+515'
Graneros	6,985'	6,995'	-310'
Dakota Ss	7,165'	7,175'	-490'
Total Depth (TD)	7,500'	7,510'	-825'

2. NOTABLE ZONES

Oil & Gas Zones

Ojo Alamo  
Pictured Cliffs  
Chacra  
Gallup  
Dakota

Water Zones

San Jose  
Ojo Alamo  
Fruitland

Coal Zone

Fruitland

Water zones will be protected with casing, cement, and weighted mud. Fresh water 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.

Elm Ridge Exploration Company, LLC  
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PAGE 2

### 3. PRESSURE CONTROL

The drilling contract has not yet been awarded, thus the exact BOP model to be used is not yet known. A typical 3,000-psi model is on PAGE 3. The  $\geq 3,000$ -psi BOP and choke manifold system will be installed and tested to 2,000-psi before drilling the 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 the Kelly is not in use.

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 that 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>
12-1/4"	8-5/8"	24	J-55	S T & C	New	360'
7-7/8"	5-1/2"	15.5	J-55	L T & C	New	7,500'

	<u>Drift</u> <u>inch</u>	<u>Torque</u> <u>feet-pounds</u>	<u>Burst</u> <u>psi</u>	<u>Collapse</u> <u>psi</u>	<u>Tension</u> <u>1000 psi</u>	<u>Pressure Test</u> <u>psi</u>
Surface	7.972	3070	2950	1370	381	1000
Production	4.653	2020	4810	4040	248	3500

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PAGE 4

Surface casing will be cemented to the surface with  $\approx 310$  cubic feet ( $\approx 262$  sacks) Class B with 1/4 pound per sack cellophane + 2%  $\text{CaCl}_2$ . Yield = 1.18 cubic feet per sack. Weight = 15.2 pounds per gallon. Volume = 100% excess. Centralizers will be installed on the middle of the shoe joint and every other centralizer thereafter. Thread lock the guide shoe and bottom of float collar only. Use API casing dope. Will test to  $\approx 800$ -psi for  $\approx 30$  minutes.

Production casing will be cemented to the surface in two stages with  $\geq 75\%$  excess. A DV tool will be set at  $\approx 5,015'$  ( $\approx 200'$  above the Mancos). Will pressure test to  $\approx 2,000$ -psi for  $\approx 30$  minutes.

First stage volume will be  $\approx 1,572$  cubic feet. First stage will consist of 390 sacks ( $\approx 729$  cubic feet) Halliburton light with 65/35 poz mix + 1/4 pound per sack Flocele + 2%  $\text{CaCl}_2$  mixed at a yield of 1.87 cubic feet per sack and a weight of 12.7 pounds per gallon. That will be followed by 715 sacks (843 cubic feet) Class B + 2%  $\text{CaCl}_2$  mixed at a yield of 1.18 cubic feet per sack and a weight of 15.2 pounds per gallon.

Second stage volume will be  $\approx 1,499$  cubic feet. Second stage will consist of  $\approx 770$  sacks (1,440 cubic feet) of Halliburton light with 65/35 poz mix + 1/4 pound per sack Flocele + 2%  $\text{CaCl}_2$  mixed at a yield of 1.87 cubic feet per sack and a weight of 12.7 pounds per gallon. That will be followed by  $\approx 50$  sacks (59 cubic feet) Class B + 2%  $\text{CaCl}_2$  mixed at a yield of 1.18 cubic feet per sack and a weight of 15.2 pounds per gallon.

## 5. MUD PROGRAM

<u>Depth</u>	<u>Type</u>	<u>ppg</u>	<u>Viscosity</u>	<u>Fluid Loss</u>	<u>pH</u>
0' - 360'	Fresh water gel	9.0	50	NC	9
360' - TD'	Fresh water gel	9.0	38-50	6.0	9

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PAGE 5

Sufficient material to maintain mud properties, control lost circulation, and prevent a blowout will be available at the well site while drilling. Rig personnel will check mud hourly. Material to soak up possible oil or fuel spills will be on site.

#### 6. CORES, TESTS, & LOGS

No cores or drill stem tests are planned. Spectral density, high resolution induction, and cement bond logs will be run the base of the surface casing to TD. Samples will be collected every  $\approx 10'$  from  $\approx 200'$  above the Point Lookout to and through the Gallup and Dakota.

#### 7. DOWN HOLE CONDITIONS

No abnormal pressures, temperatures, nor hydrogen sulfide are expected. Maximum bottom hole pressure will be  $\leq 3,225$  psi.

#### 8. OTHER INFORMATION

The anticipated spud date is upon approval. It is expected it will take  $\approx 2$  weeks to drill and  $\approx 3$  weeks to complete the well.

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PAGE 6

### Surface Use Plan

#### 1. DIRECTIONS & EXISTING ROADS (See PAGES 10 - 13)

From the junction of US 550 and NM 537...

Go N 17.2 miles on NM 537

Then turn left and go SW 7.9 miles on dirt J-18 to a 5 way junction

Then turn right and go North 3.9 miles on dirt J-6

Then turn right and go Northeast 0.45 mile on a dirt road

Then turn right and go Southeast 0.25 mile on a dirt road to Elm Ridge's F 10 pad

Then follow an existing steel surface pipeline (not Elm Ridge) Southeast 0.2 mile

Then turn right and go Southwest 0.4 mile cross-country to the proposed pad

Roads will be maintained to at least equal to their present condition.

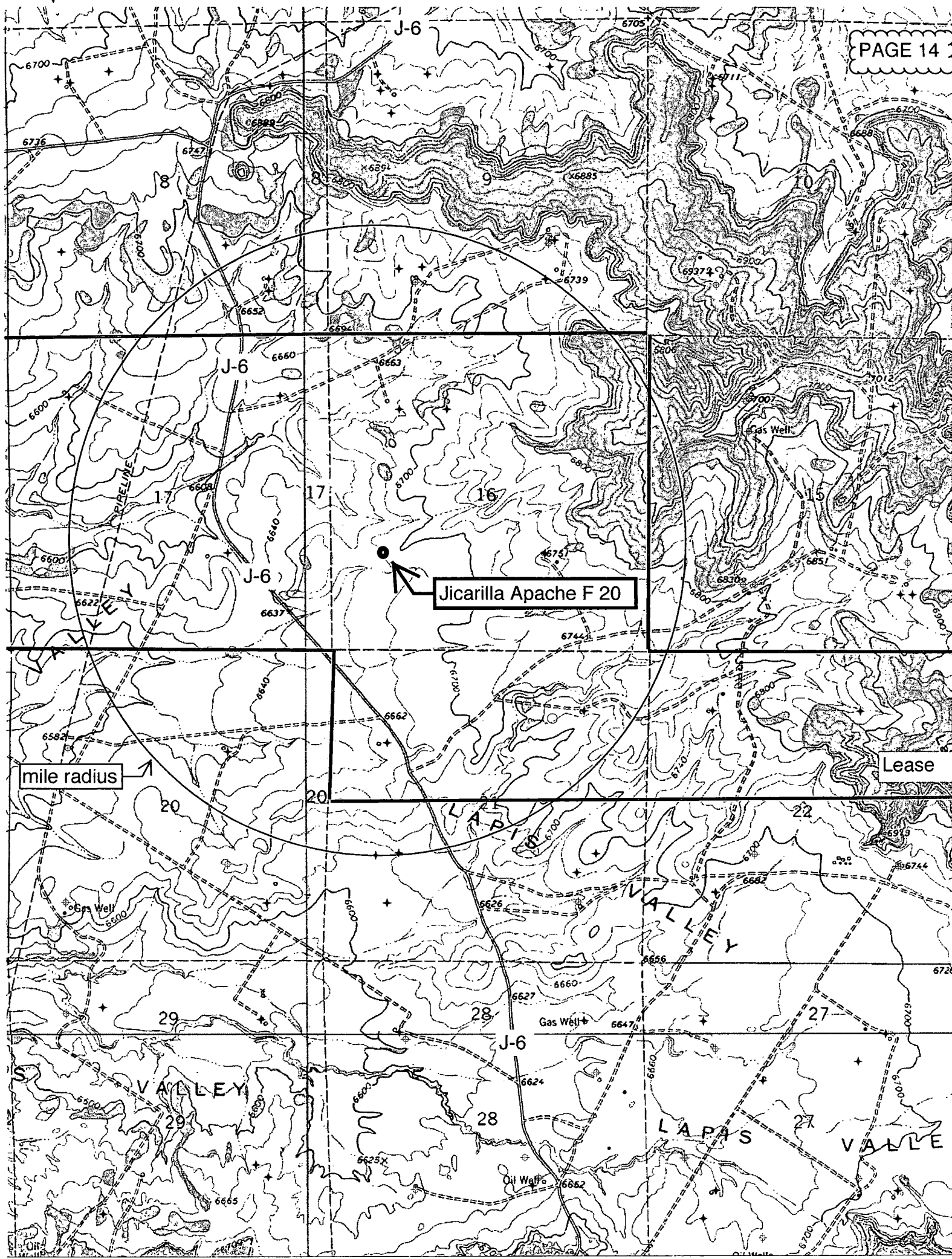
#### 2. ROAD TO BE BUILT OR UPGRADED (See PAGES 12 & 13)

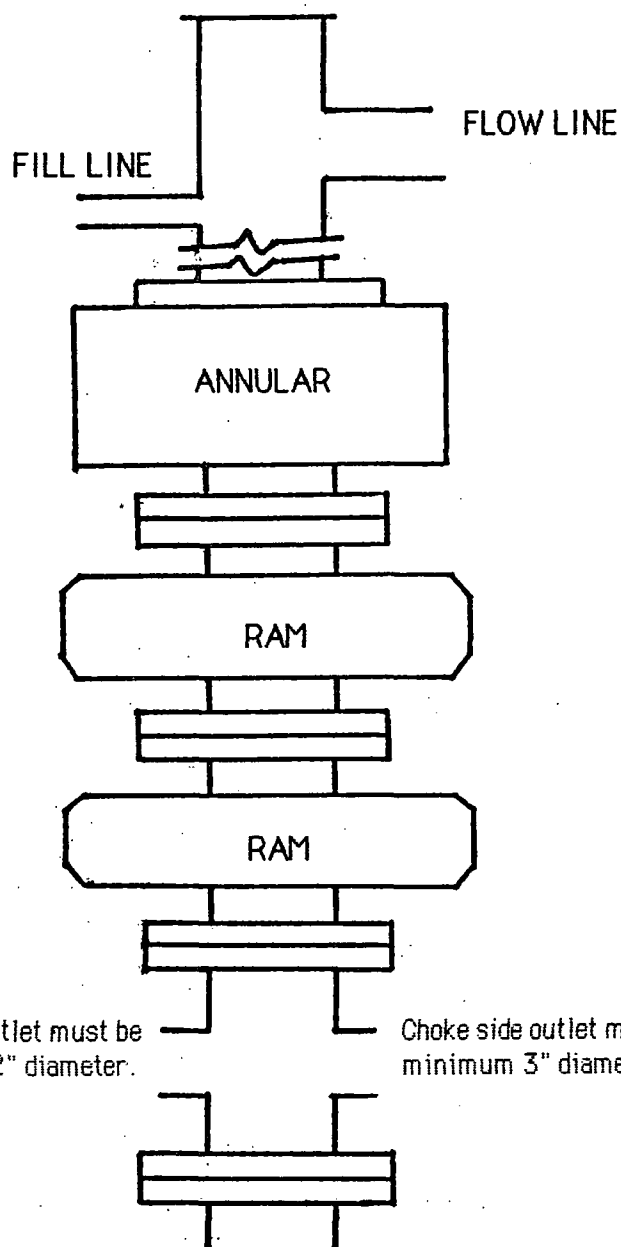
Upgrades will consist of repairing ruts. Barriers will be built around production equipment on the F 10 pad before road construction starts. The 3,159' of new road will be built to BLM Gold Book standards. Road will be crowned and ditched, have a  $\approx 14'$  wide running surface, and will be rocked where needed. Borrow ditches will be turned out at least once every  $\approx 100$  yards on each side. Ditch turnouts will be feathered out. Maximum disturbed width will be 20'. Maximum cut or fill = 3'. Maximum grade = 7%. No cattle guard or culvert is needed. A silt trap and rocked low water crossing will be built  $\approx 100$  yards north of the well.

#### 3. EXISTING WELLS (See PAGE 14)

Oil Conservation Division and State Engineer records show 16 gas or oil wells and 1 plugged and abandoned well within a mile radius. There are no injection or water wells within a mile.

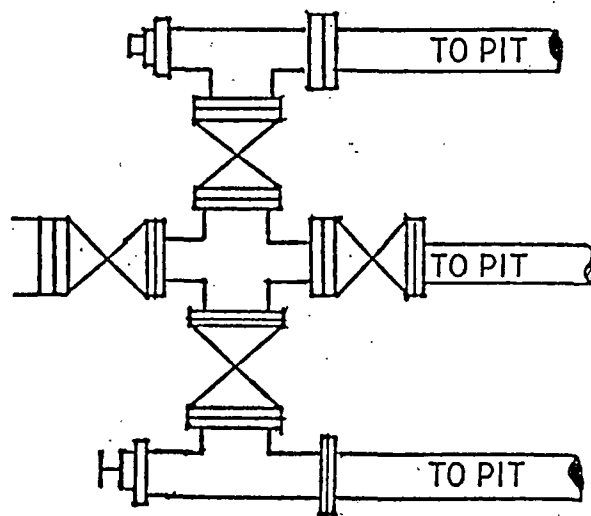






TYPICAL BOP STACK  
& CHOKE MANIFOLD

There will be at least 2 chokes and 2 choke line valves (3" minimum). The choke line will be 3" in diameter. There will be a pressure gauge on the choke manifold.



Kill line will be minimum 2" diameter and have 2 valves, one of which shall be a minimum 2" check valve.

Upper kelly cock will have handle available.  
Safety valve and subs will fit all drill string connections in use.  
All BOPE connections subjected to well pressure will be flanged, welded, or clamped.