



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

2004 NOV 30

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

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMSF-078056
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 N/A
2. Name of Operator ELM RIDGE RESOURCES, INC.		7. If Unit or CA Agreement, Name and No. N/A
3a. Address P. O. BOX 156 BLOOMFIELD, NM 87413	3b. Phone No. (include area code) (505) 632-3476	8. Lease Name and Well No. BISTI COAL 5 COM 2-T
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 1355 FNL & 1765 FWL At proposed prod. zone SAME		9. API Well No. 30-045-32711
14. Distance in miles and direction from nearest town or post office* 21 AIR MILES SW OF BLOOMFIELD		10. Field and Pool, or Exploratory BASIN FRUITLAND COAL
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 875'		11. Sec., T. R. M. or Blk. and Survey or Area F 5-25N-12W NMPM
16. No. of acres in lease 1,673.07	17. Spacing Unit dedicated to this well w/2 319.84	12. County or Parish SAN JUAN
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 709' (Elm's CBU 79)	19. Proposed Depth 1,350'	13. State NM
20. BLM/BIA Bond No. on file BLM STATE WIDE 886201C	21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6,162' GL	22. Approximate date work will start* 06/01/2005
23. Estimated duration 2 WEEKS		

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall 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 shall 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 authorized officer.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

25. Signature 	Name (Printed/Typed) BRIAN WOOD	Date 11/25/2004
Title CONSULTANT		
PHONE: (505) 466-8120 FAX: (505) 466-9682		
Approved by (Signature) 	Name (Printed/Typed) D. M. Anderson	Date 10/19/05
Title AFM		
Office PFC		

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.

*(Instructions on page 2)
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".

NMOCD

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

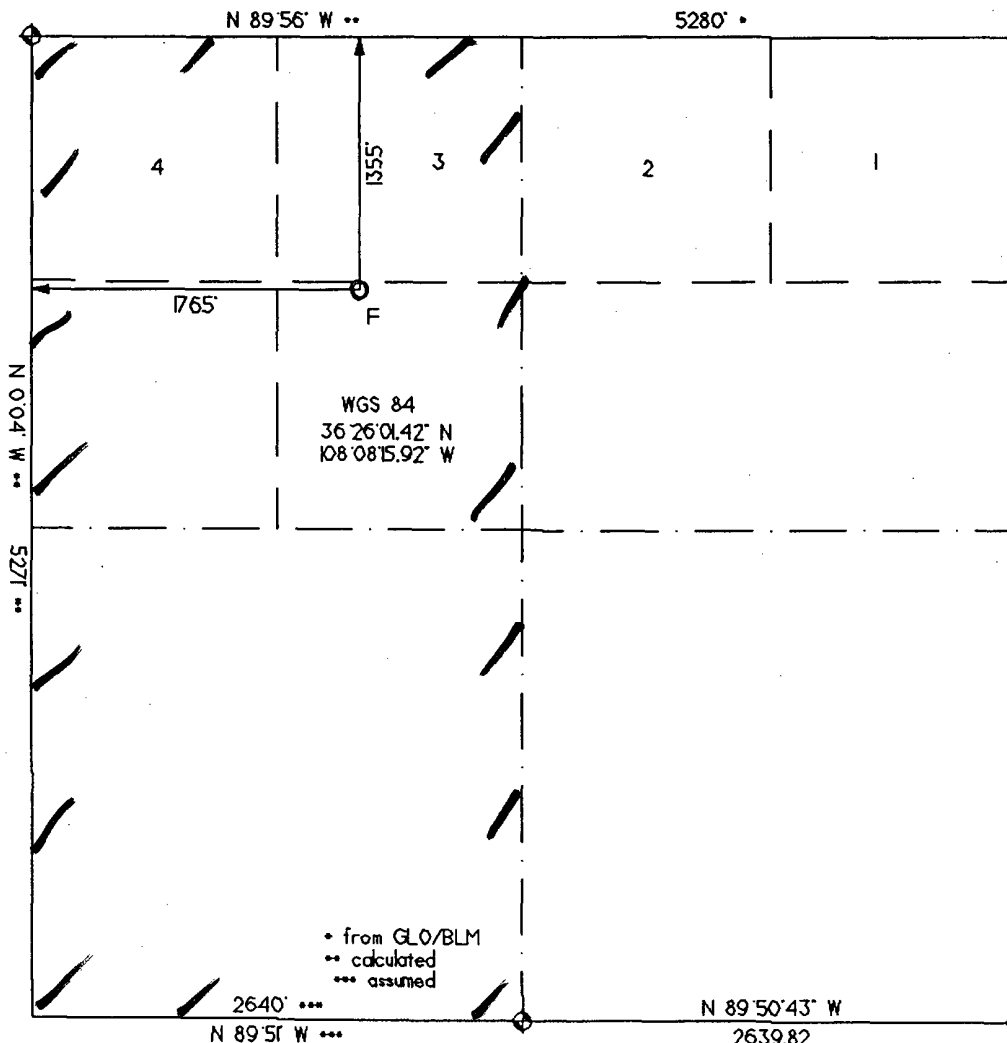
APA Number 30-045-32711	Pool Code 71629	Pool Name BASIN FRUITLAND COAL
Property Code 27200	Property Name BISTI COAL 5 COM	Well Number 2 T
OGRID No. 149052	Operator Name ELM RIDGE RESOURCES	Elevation 6162'

Surface Location									
UL or Lot F	Sec. 5	Twp. 25 N.	Rge. 12 W.	Lot Lth.	Feet from 1355'	North/South NORTH	Feet from 1765'	East/West WEST	County SAN JUAN

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

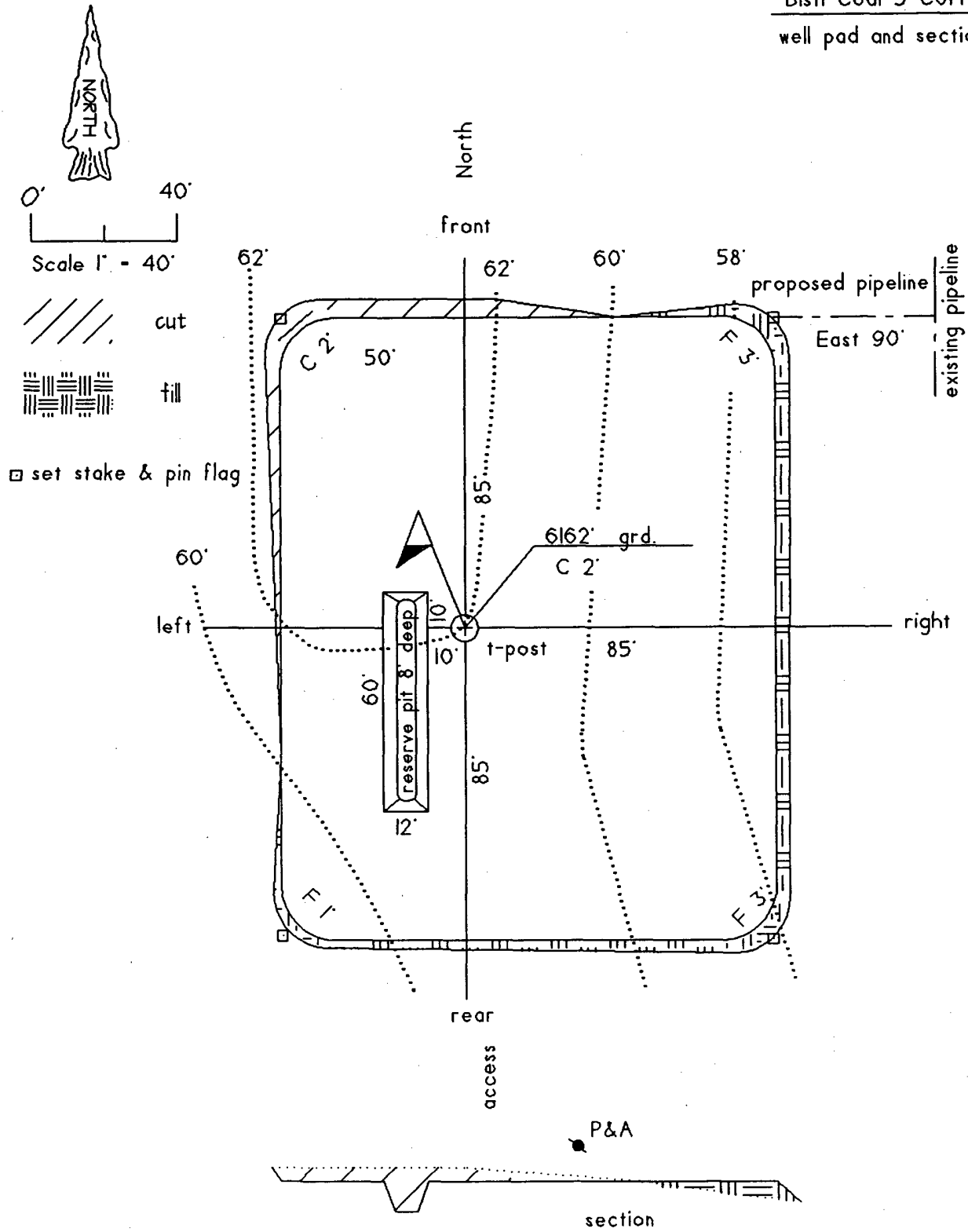
Dedication 319.84	Joint ?	Consolidation C	Order No.
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NO ALLOWABLE WILL ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION 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	BRIAN WOOD
Title	CONSULTANT
Date	NOV. 25, 2004
SURVEYOR CERTIFICATION 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 08/31/04	
Signature and Seal of Professional Surveyor	

Bisti Coal 5 COM 2 T
well pad and section



Elm Ridge Resources, Inc.
Bisti Coal 5 Com 2-T
1355' FNL & 1765' FWL
Sec. 5, T. 25 N., R. 12 W.
San Juan 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>
Nacimiento	000'	5'	+6,162'
Kirtland shale	97'	102'	+6,065'
Fruitland coal	1,087'	1,092'	+5,075'
Pictured Cliffs	1,142'	1,147'	+5,020'
Total Depth (TD)*	1,350'	1,355'	+4,812'

2. NOTABLE ZONES

<u>Oil & Gas Zones</u>	<u>Water Zones</u>	<u>Coal Zones</u>
Fruitland Coal	Nacimiento	Fruitland
Pictured Cliffs		

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 2-T
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PAGE 2

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	ST & C	New	120'
6-3/4"	4-1/2"	10.5	J-55	LT & C ST	New	1,350'

Surface casing will be cemented to the surface with ≈ 35 cubic feet (≈ 30 sacks) Class B + 1/4 pound per sack cello flake + 2% 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 ≈ 215 cubic feet (≈ 105 sacks) of Class B with 2% metasilicate (yield = 2.06 cubic feet per sack and weight = 12.5 pounds per gallon). Tail with ≈ 125 cubic feet (≈ 105 sacks) of Class B with 2% CaCl_2 (yield = 1.18 cubic feet per sack and weight = 15.2 pounds per gallon). Total cement volume is ~~240~~
340 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 ≈ 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.

