

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

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

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMSF-078062A
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. EAST BISTI COAL 6 1-T
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 2180 FSL & 855 FEL At proposed prod. zone SAME		9. API Well No. 30-045-32712
10. Field and Pool, or Exploratory BASIN FRUITLAND COAL		11. Sec., T. R. M. or Blk. and Survey or Area I 6-25N-11W NMPM
14. Distance in miles and direction from nearest town or post office* 22 AIR MILES SE OF FARMINGTON		12. County or Parish SAN JUAN
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 855'		13. State NM
16. No. of acres in lease 1,280.30		17. Spacing Unit dedicated to this well E2 320.3
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 2,314'		20. BLM/BIA Bond No. on file BLM STATE WIDE 886201C
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6,320' GL This action is subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4		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: GENERAL REQUIREMENTS".

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 as the BLM/BIA may require and is authorized officer.

SEE ATTACHED FOR  
CONDITIONS OF APPROVAL

25. Signature 	Name (Printed/Typed) BRIAN WOOD	Date 11/23/2004
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Title CONSULTANT	PHONE: (505) 466-8120	FAX: (505) 466-9682
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Approved by (Signature) 	Name (Printed/Typed) John Lovato	Date 8/23/05
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Title Active Field Manager - Minerals	Office
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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)

OPERATOR

ENTERED

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

Form C - 102

☐ AMENDED REPORT

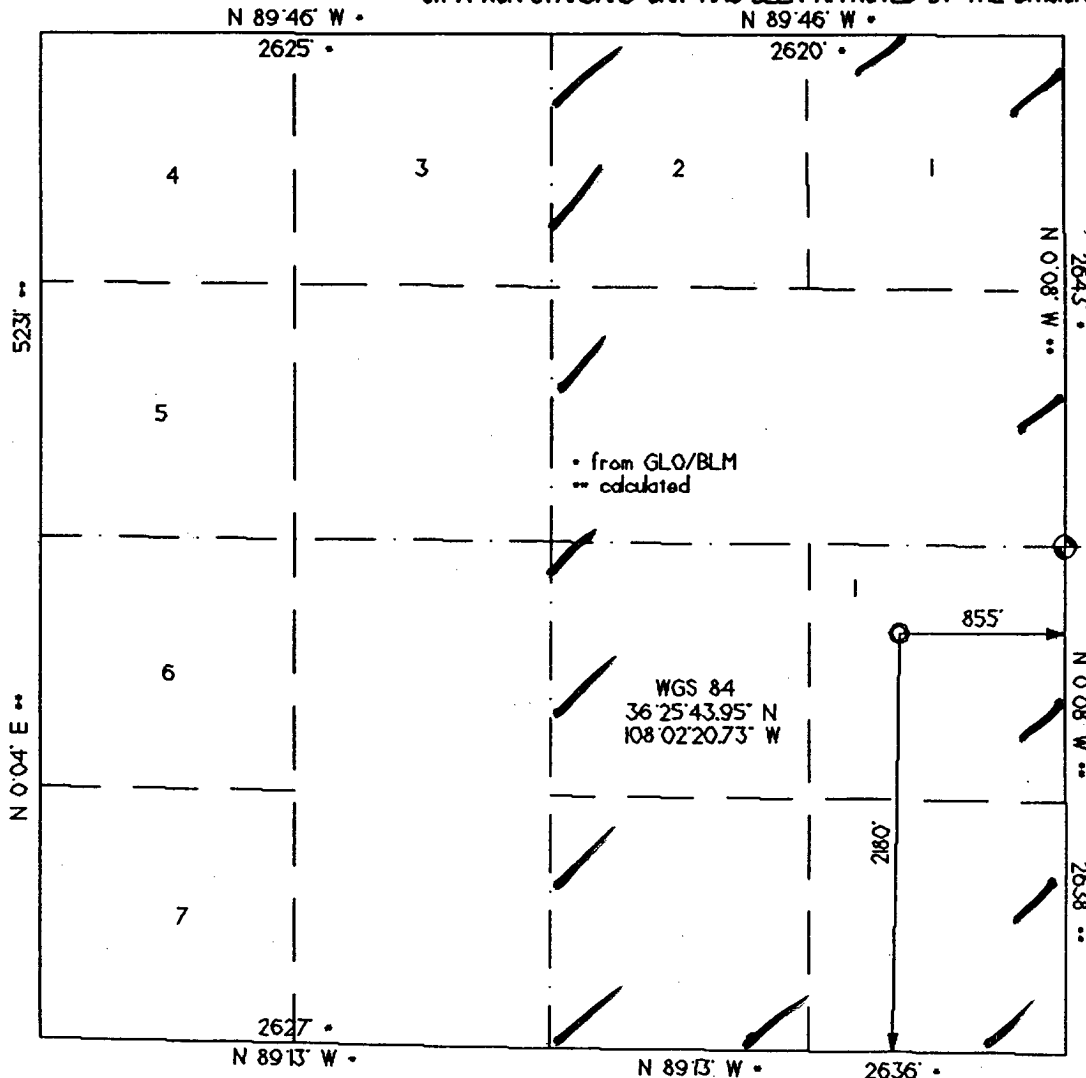
**WELL LOCATION AND ACREAGE DEDICATION PLAT**

APA Number <i>30-045-32712</i>	Pool Code <b>71629</b>	Pool Name <b>BASIN FRUITLAND COAL</b>
Property Code <i>27209</i>	Property Name East Bisti Coal 6	Well Number IT
OGRD No. <b>149052</b>	Operator Name ELM RIDGE RESOURCES	Elevation 6320'

Surface Location									
UL or Lot 1	Sec. 6	Twp. 25 N.	Rge. 11 W.	Lot Idn.	Feet from >	North/South SOUTH	Feet from >	East/West EAST	County SAN JUAN

Bottom Hole Location If Different From Surface									
UL or Lot	Sec.	Twp.	Rge.	Lot Idn.	Feet from >	North/South	Feet from >	East/West	County
Dedication <b>320.3</b>	Joint ?	Consolidation	Order No.						

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>NOV. 23, 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 <b>08/09/04</b>	
Signature and Seal of Professional Surveyor	

Elm Ridge Resources, Inc.  
East Bisti Coal 6 1-T  
2180' FSL & 855' FEL  
Sec. 6, T. 25 N., R. 11 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'	+6,320'
Basal Fruitland Coal	1,250'	1,255'	+5,070'
Pictured Cliffs	1,270'	1,275'	+5,050'
Total Depth (TD)*	1,350'	1,355'	+4,970'

\* all elevations reflect the ungraded ground level of 6,320'

### 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.

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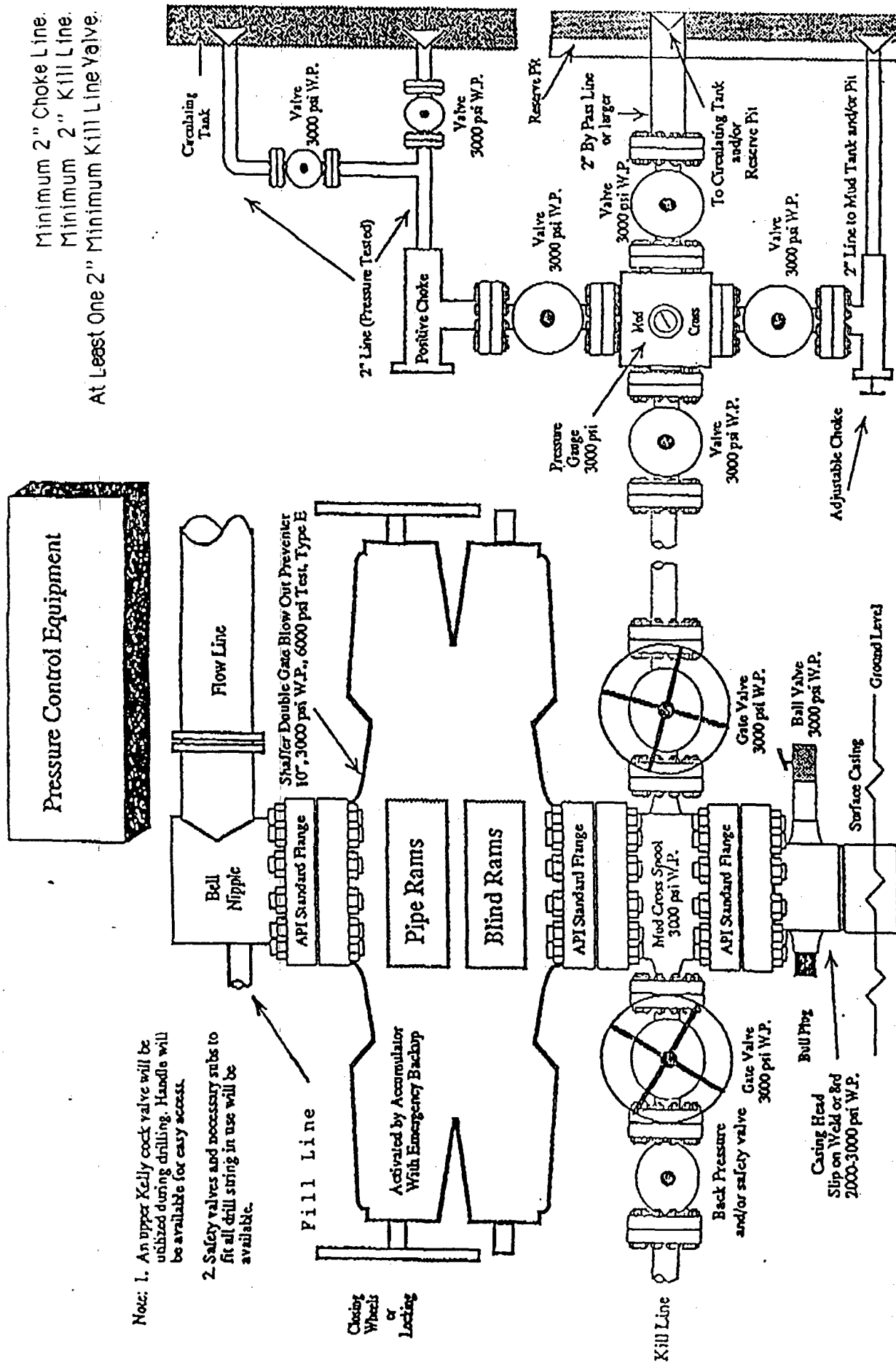
All BOP mechanical and pressure tests will be recorded on the driller's log. BOPs will be inspected and opened and closed at least daily to assure good mechanical working order. Inspections will be recorded on the daily drilling report. Pressure tests will be conducted before drilling out from under 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	<del>ST</del> & 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.  
340



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

2. Safety valves and necessary sub 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.

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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.

6. CORING, TESTING, & LOGGING

No core or drill stem test is planned. DIL/GR log will be run from TD to surface. CNL/FSC log will be run over certain intervals.

7. DOWN HOLE CONDITIONS

No abnormal pressures, temperatures, nor hydrogen sulfide are expected. Maximum pressure will be  $\leq 540$  psi.

8. OTHER INFORMATION

The anticipated spud date is upon approval. It is expected it will take 5 days to drill and 1 week to complete the well.

East Bisti Coal 6 # 1 T  
well pad and section

