

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

2006 MAY 12 AM 2:57

RECEIVED

APPLICATION FOR PERMIT TO DRILL OR REENTER

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

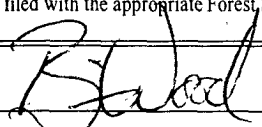
RCVD JUN 25 '08
OIL CONS. DIV.
DIST. 3

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. BIA CONTRACT 38
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 JICARILLA APACHE
2. Name of Operator ELM RIDGE EXPLORATION COMPANY, LLC		7. If Unit or CA Agreement, Name and No. N/A
3a. Address P. O. BOX 156 BLOOMFIELD, NM 87413		8. Lease Name and Well No. JICARILLA 38 GD #1
3b. Phone No. (include area code) (505) 632-3476		9. API Well No. 30-039-30554
4. Location of Well (Report location clearly and in accordance with any State requirements *) At surface 765' FSL & 1230' FEL At proposed prod. zone SAME		10. Field and Pool, or Exploratory GALLO CANYON; GALLUP/DAK
14. Distance in miles and direction from nearest town or post office* 4 AIR MILES NE OF COUNSELOR, NM		11. Sec, T, R, M or Blk. and Survey or Area P 5-23N-5W NMPM
15. Distance from proposed* location to nearest property or lease line, ft (Also to nearest drig. unit line, if any) 765'	16. No. of acres in lease 2,560	17. Spacing Unit dedicated to this well SESE 40
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft 321' (H-12 (PC))	19. Proposed Depth 6,700'	20. BLM/BIA Bond No. on file BIA NATION WIDE 886441C
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6,589' GL	22. Approximate date work will start* 06/15/2006	23. Estimated duration 4 WEEKS

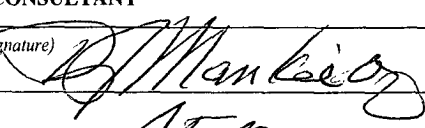
24. Attachments

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

- | | |
|---|--|
| 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. |

25. Signature 	Name (Printed/Typed) BRIAN WOOD	Date 05/05/2006
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Title CONSULTANT	PHONE: (505) 466-8120	FAX: (505) 466-9682
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Approved by (Signature) 	Name (Printed/Typed)	Date 6/24/08
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Title AFM	Office FFO
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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)

A COMPLETE C-144 MUST BE SUBMITTED TO AND APPROVED BY THE NMOCD FOR: A PIT, CLOSED LOOP SYSTEM, BELOW GRADE TANK, OR PROPOSED ALTERNATIVE METHOD, PURSUANT TO NMOCD PART 19.15.17, PRIOR TO THE USE OR CONSTRUCTION OF THE ABOVE APPLICATIONS.

NOTIFY AZTEC OCD 24 HRS.
PRIOR TO CASING & CEMENT

HOLD ON RUN **NSL**

JUL 02 2008

NMOCD

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".

DISTRICT I
P.O. Box 1980, Hobbs, N.M. 88241-1980

DISTRICT II
811 South First, Artesia, N.M. 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

2006 MAY 12 AM 2 57

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

Lot Number 30039-30554	Pool Code 96369	Pool Name GALLO CANYON; GALLUP/DAKOTA
Property Code 37230	Property Name JICARILLA 38 GD	Well Number 1
GRID No. 149052	Operator Name ELM RIDGE EXPLORATION	Elevation 6589

¹⁰ Surface Location

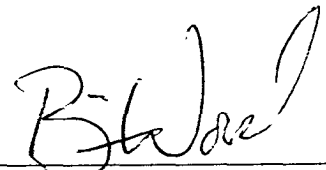
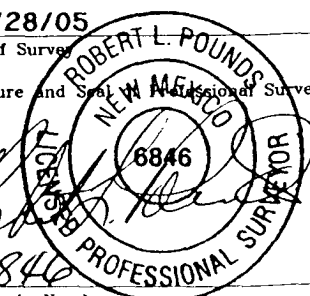
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	5	23 N	5 W		765	SOUTH	1230	EAST	RIO ARriba

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	County

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No
40	.		.

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°46'29" E 5371.82'			5287.66'	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief  Signature BRIAN WOOD Printed Name CONSULTANT Title MAY 5, 2006 Date
	SECTION 5			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 belief 12/28/05 Date of Survey Signature and Seal of Professional Surveyor  Certificate Number
N 0°33'10" E N 89°54'49" W			1230' 5239.24'	

Elm Ridge Exploration Company, LLC
Jicarilla 38 GD #1
765' FSL & 1230' FEL
Sec. 5, T. 23 N., R. 5 W.
Rio Arriba County, New Mexico

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Drilling Program

1. ESTIMATED FORMATION TOPS

<u>Formation</u>	<u>GL Depth</u>	<u>KB Depth</u>	<u>Elevation</u>
San Jose	0'	12'	+6,589'
Ojo Alamo	1,529'	1,541'	+5,060'
Pictured Cliffs Ss	2,029'	2,041'	+4,560'
Mesa Verde Ss	3,579'	3,591'	+3,010'
Mancos Shale	4,429'	4,441'	+2,160'
Gallup Ss	5,229'	5,241'	+1,360'
Semilla	6,064'	6,076'	+535'
Greenhorn	6,279'	6,291'	+310'
Dakota Ss	6,364'	6,376'	+235'
Burro Canyon	6,629'	6,641'	-40'
Total Depth (TD)*	6,700'	6,712'	-111'

2. NOTABLE ZONES

Oil & Gas Zones

Pictured Cliffs
Mesa Verde
Gallup
Dakota

Water Zones

San Jose
Pictured Cliffs

Coal Zones

Fruitland
Menefee

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.

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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.

A $\geq 3,000$ psi BOP and choke manifold system will be installed and tested to 2,000 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.

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>Depth Set</u>
12-1/4"	8-5/8"	24	J-55 or K-55	S T & C	New	350'
7-7/8"	5-1/2"	15.5	J-55	L T & C	New	6,700'

Surface casing will be cemented to the surface with ≈ 290 cubic feet (≈ 245 sacks) Class B with 1/4# per sack cellophane + 2% CaCl₂. Yield = 1.18 cubic feet per sack. Weight = 15.2 pounds per gallon. Volume is based on 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.

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Production casing will be cemented to the surface in 2 stages with a stage tool set at $\approx 4,350'$. Volumes are based on 75% excess, but caliper log will be used to determine actual volume needed. Centralizers will be installed on the middle of the shoe joint and on every joint thereafter for a total of ≈ 30 centralizers. Thread lock the guide shoe, bottom of float collar, and bottom of stage tool only. Use API casing dope.

First stage ($\approx 2,350'$ fill) volume will be ≈ 722 cubic feet consisting of ≈ 175 sacks Halliburton light with 65/35 poz mix + 1/4 pound per sack cellophane + 2% CaCl_2 (yield = 1.87 cubic feet per sack & weight = 12.7 pounds per gallon) followed by ≈ 335 sacks Class B + 2% CaCl_2 (yield = 1.18 cubic feet per sack & weight = 15.2 pounds per gallon).

Second stage ($\approx 4,350'$ fill) volume will be $\approx 1,320$ cubic feet. Second stage will consist of ≈ 675 sacks of Halliburton light with 65/35 poz mix + 1/4 pound per sack cellophane + 2% CaCl_2 (yield = 1.87 cubic feet per sack & weight = 12.7 pounds per gallon) followed by ≈ 50 sacks Class B + 2% CaCl_2 (yield = 1.18 cubic feet per sack & weight = 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' - 350'	Fresh water gel chem	9.0	50	NC	9
350' - TD'	Fresh water gel chem	9.0	38-50	6.0	9

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

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6. CORES, TESTS, & LOGS

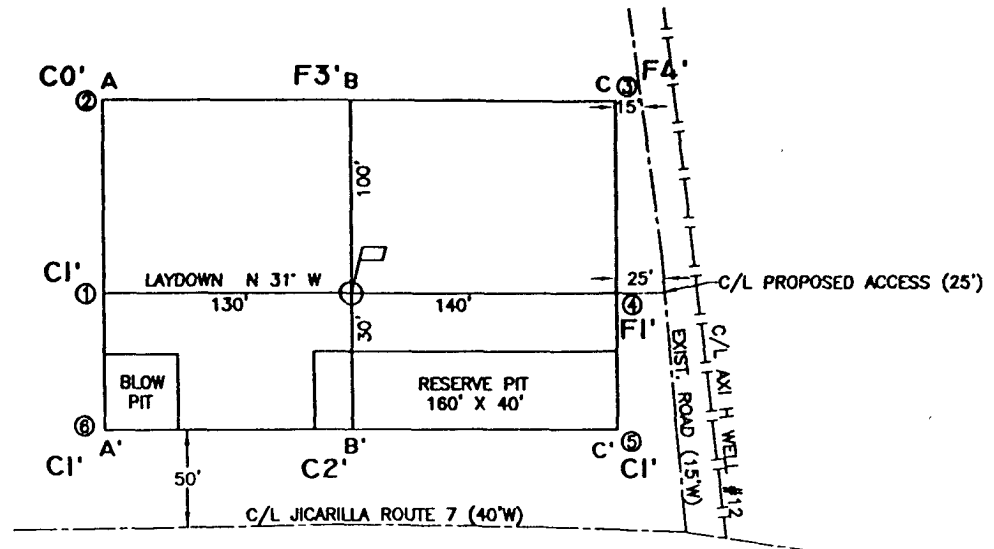
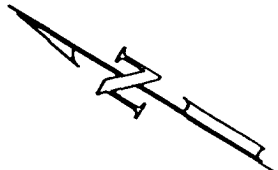
No cores or drill stem tests are planned. DIL/GR logs will be run from TD to surface. CNL/FDC logs will be run over selected segments. Samples will be collected every $\approx 10'$ from $\approx 200'$ above the Point Lookout to the base of the Point Lookout and through the Gallup and Dakota. Samples will be collected every $\approx 30'$ elsewhere.

7. DOWN HOLE CONDITIONS

No abnormal pressures, temperatures, or hydrogen sulfide are expected. Maximum expected bottom hole pressure will be $\leq 2,680$ psi.

8. OTHER INFORMATION

The anticipated spud date is upon approval. It is expected it will take ≈ 2 weeks to drill and ≈ 10 days to complete the well.



ELEVATION A-A'

ELEVATION	6610	6600	6590	6580	6570

B-B'

ELEVATION	6610	6600	6590	6580	6570

C-C'

ELEVATION	6610	6600	6590	6580	6570

LEASE: JICARILLA 38 GD 1

FOOTAGE: 765' FSL, 1230' FEL

SEC. 5 TWN. 23 N RNG. 5 W N.M.P.M.


LATITUDE: 36°14'57.6" LONGITUDE: 107°22'47.0"

ELEVATION: 6589

ELM RIDGE EXPLORATION

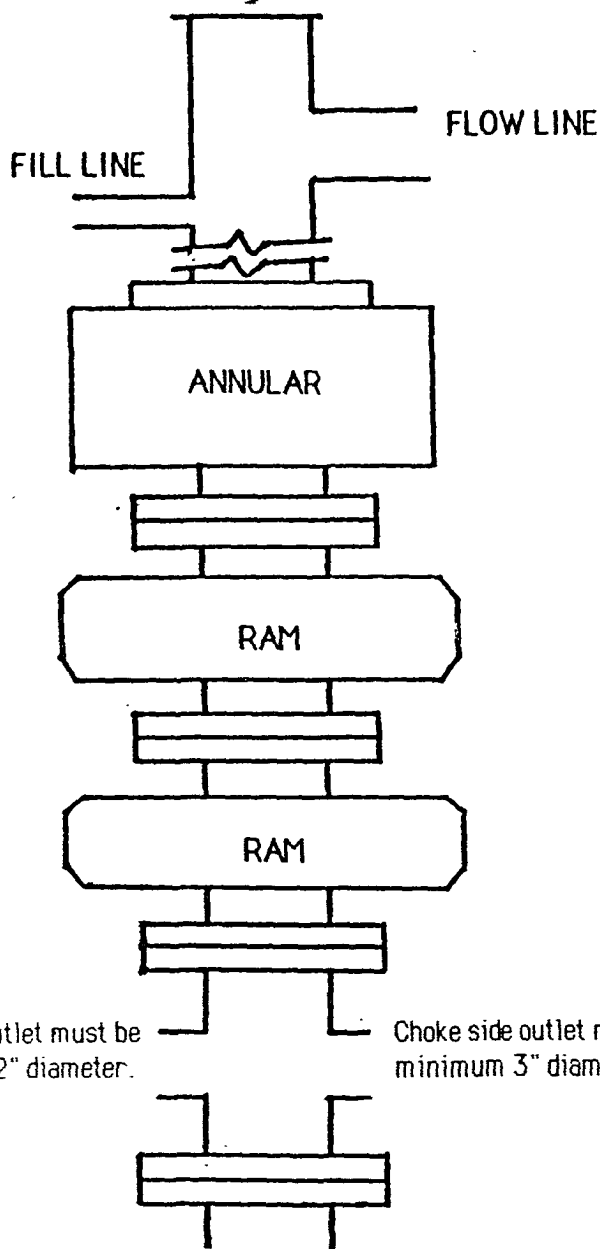
DALLAS, TEXAS

SURVEYED: 12/28/05	REV. DATE:	APP. BY R.P.
DRAWN BY: A.D.	DATE DRAWN: 1/02/06	FILE NAME: 6406C01



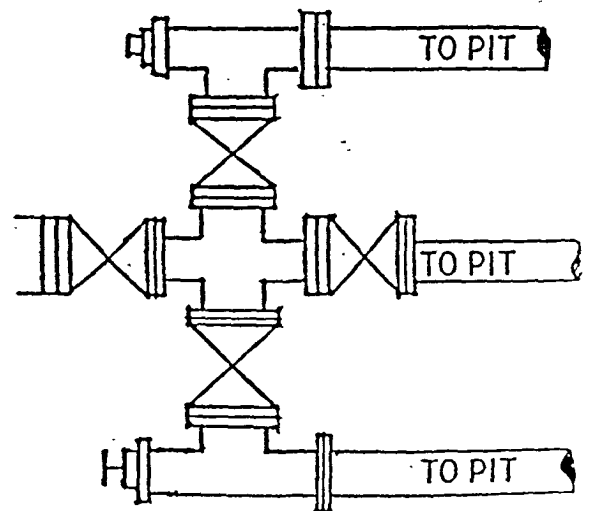
UNITED
FIELD SERVICES INC.

P.O. BOX 3651
FARMINGTON, NM 87499
OFFICE: (505) 334-0408



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