

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

2007 APR 16

5. Lease Serial No.
BIA CONTRACT 40

6. If Indian, Allottee or Tribe Name

RECEIVED JICARILLA APACHE

7. If Unit or CA Agreement, Name and No.

N/A

8. Lease Name and Well No.

JICARILLA 40 PC #2

9. API Well No.

30-039-30247

10. Field and Pool, or Exploratory

BALLARD PICTURED CLIFFS

11. Sec., T. R. M. or Blk. and Survey or Area

J 35-24N-5W NMPM

1a. Type of work: ☒ DRILL

☐ REENTER

1b. Type of Well:

☐ Oil Well

☒ Gas Well

☐ Other

☒ Single Zone

☐ Multiple Zone

2. Name of Operator

ELM RIDGE EXPLORATION COMPANY, LLC

3a. Address

P. O. BOX 156
BLOOMFIELD, NM 87413

3b. Phone No. (include area code)

(505) 632-3476

4. Location of Well (Report location clearly and in accordance with any State requirements.)

At surface

1660' FSL & 1620' FEL

At proposed prod. zone

SAME

14. Distance in miles and direction from nearest town or post office*

6 MILES NORTHEAST OF COUNSELORS, NM

12. County or Parish

RIO ARriba

13. State

NM

15. Distance from proposed*
location to nearest
property or lease line, ft.
(Also to nearest drig. unit line, if any)

980'

16. No. of acres in lease

2,560

17. Spacing Unit dedicated to this well

SE4

18. Distance from proposed location*
to nearest well, drilling, completed,
applied for, on this lease, ft.

142' (GD #3)

19. Proposed Depth

2,600'

20. BLM/BIA Bond No. on file

BIA NATION WIDE 886441C

21. Elevations (Show whether DF, KDB, RT, GL, etc.)

6,790' GL

22. Approximate date work will start*

10/01/2007

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.

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 and/or plans as may be required by the
authorized officer.

25. Signature

Brian Wood

Name (Printed/Typed)

BRIAN WOOD

Date

04/13/2007

Title

CONSULTANT

PHONE: (505) 466-8120

FAX: (505) 466-9682

Approved by (Signature)

Original Signed: Stephen Mason

Name (Printed/Typed)

Date

JUL 16 2008

Title

Office

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

JUL 24 2008

NMOCD

aw

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

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

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

2007 APR 16 PM 12:32

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-30247	⁸ Pool Code 71439	²¹⁰ Pool Name BALLARD PICTURED CLIFFS
⁴ Property Code 37266	⁵ Property Name JICARILLA 40 PC	⁶ Well Number 2
⁷ GRID No. 149052	⁹ Operator Name ELM RIDGE EXPLORATION	⁹ Elevation 6790

¹⁰ Surface Location


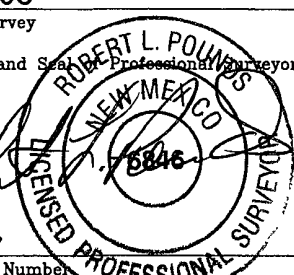
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	35	24 N	5 W		1660	SOUTH	1620	EAST	RIO ARRIBA

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 160	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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

18 S 86°58'32" E			5172.67'	17 OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i>  Signature BRIAN WOOD Printed Name CONSULTANT Title APR. 13, 2007 Date
5292.14'				
		SECTION 35		18 SURVEYOR CERTIFICATION <i>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.</i> 12/7/05 Date of Survey Signature and Seal of Professional Surveyor:  Certificate Number 6846
			1620'	
			1660'	
N 0°12'02" W			5184.65'	
N 86°35'02" W				

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Jicarilla 40 PC #2
1660' FSL & 1620' FEL
Sec. 35, T. 24 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'	+6,790'
Ojo Alamo	1,920'	1,932'	+4,870'
Kirtland	2,070'	2,082'	+4,720'
Fruitland Coal	2,390'	2,402'	+4,400'
Pictured Cliffs	2,415'	2,427'	+4,375'
Lewis	2,590'	2,602'	+4,200'
Total Depth (TD)	2,600'	2,612'	+4,190'

2. NOTABLE ZONES

<u>Oil & Gas Zones</u>	<u>Water Zones</u>	<u>Coal Zone</u>
Pictured Cliffs	San Jose Ojo Alamo	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 drilling contract has not yet been awarded. Thus, the exact BOP model to be used is not yet known. (A typical 2,000 psi model is on PAGE 3.) BOP and choke manifold system will be installed and tested to \approx 500 psi before drilling the surface casing plug. It will remain in use until the well is completed or

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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</u>	<u>Grade</u>	<u>Type</u>	<u>Age</u>	<u>Setting Depth</u>
12-1/4"	8-5/8"	24#	J-55 or K-55	S T & C	New	250'
7-7/8"	5-1/2"	10.5# 15.5#	J-55	L T & C	New	2,600'

Surface casing will be cemented to the surface with ≈ 206 cubic feet (≈ 175 sacks) Class B with 1/4#/sk cellophane + 2% 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.

Production casing will be cemented to the surface with ≈ 800 cubic feet (≈ 678 sacks) Class B with 1/4#/sk cellophane + 2% CaCl_2 . Yield = 1.18 cubic feet per sack. Weight = 15.2 pounds per gallon. Volume = 75% excess. About six or seven centralizers will be used.

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5. MUD PROGRAM

A nine 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.

6. CORES, TESTS, & LOGS

No cores or drill stem tests are planned. DIL/GR log may be run from TD to surface. CNL/FSC log may be run over certain intervals.

7. DOWN HOLE CONDITIONS

No abnormal pressures, temperatures, nor hydrogen sulfide are expected. Maximum pressure will be $\leq 1,040$ psi.

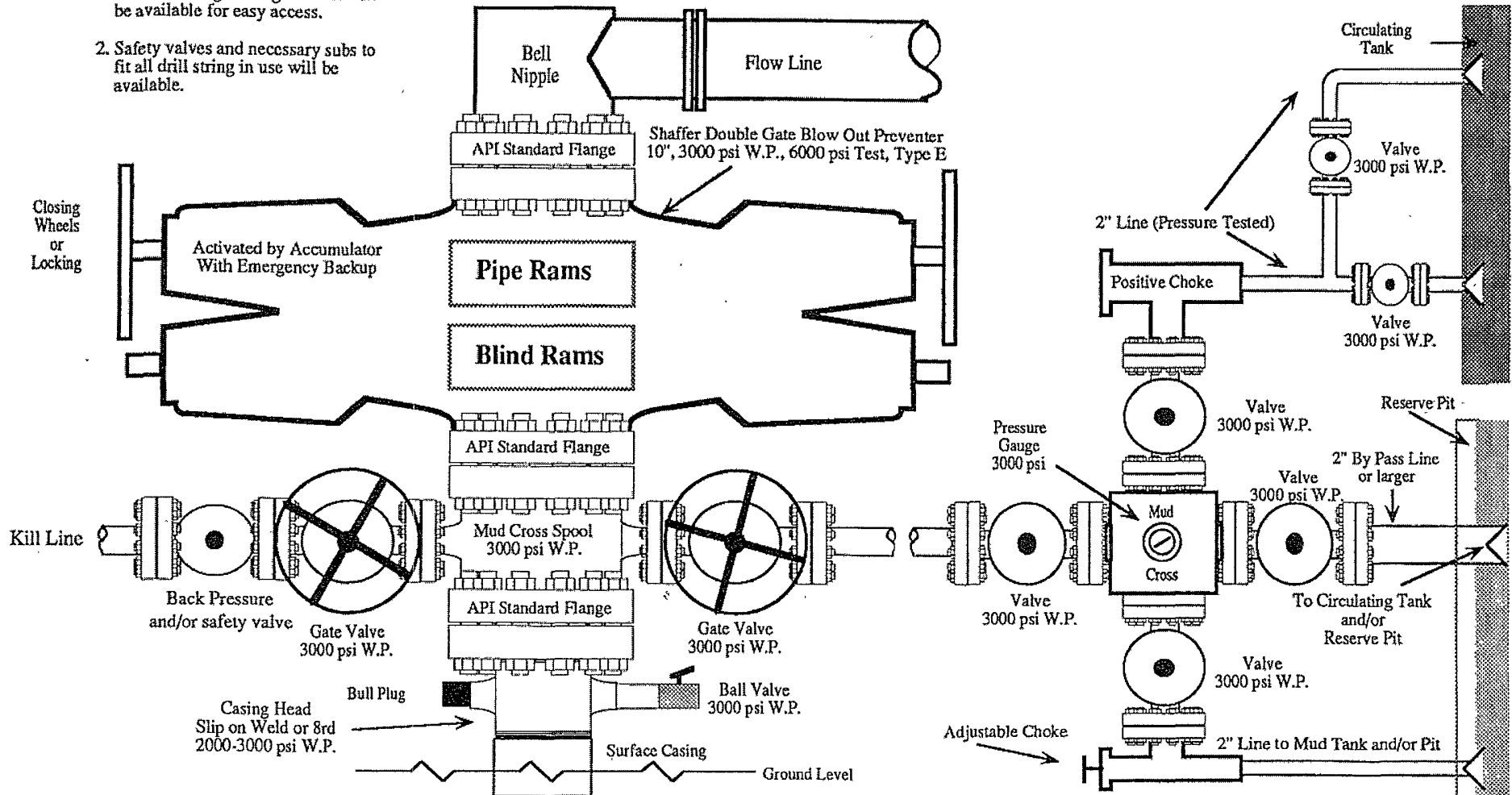
8. OTHER INFORMATION

The anticipated spud date is upon approval. It is expected it will take ≈ 1 week to drill and ≈ 2 weeks to complete the well.

2,000 PSI BOP SYSTEM

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

2. Safety valves and necessary subs 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.