

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		070 Farmington, NM		5. Lease Serial No. NOO-C-14-20-3602
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 NAVAJO ALLOTMENT
2. Name of Operator ELM RIDGE RESOURCES, INC.				7. If Unit or CA Agreement, Name and No. N/A 33407
3a. Address P. O. BOX 189 FARMINGTON, NM 87499		3b. Phone No. (include area code) (505) 632-3476		8. Lease Name and Well No. BUENA SUERTE 4 COM 1/T
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 1505' FNL & 1035' FWL At proposed prod. zone SAME				9. API Well No. 30-045-32007
14. Distance in miles and direction from nearest town or post office* 19 AIR MILES SOUTH 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) 1035'		16. No. of Acres in lease 160.60*		11. Sec., T., R., M., or Blk. and Survey or Area E4-25n-11w NMPM
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 107'		19. Proposed Depth 1,400'		12. County or Parish SAN JUAN
20. BLM/BIA Bond No. on file #886441C (BIA - STATE WIDE)		17. Spacing Unit dedicated to this well N2 = 320.96 ACRES		13. State NM
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6,358' GL		22. Approximate date work will start* UPON APPROVAL		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:

- | | |
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| 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. |

Comments

On site inspectors: Bryce Barlan and James Miles.

*320.96 acres in communitized area (CA)

ER Well #: 3641
ER Lease #: 815

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

cc:BLM (FIMO & OCD), Elm (D & F), XTO

25. Signature <i>Brian Wood</i>	Name (Printed/Typed) BRIAN WOOD	Date 11-12-03
Title CONSULTANT	PHONE: 505 466-8120	FAX: 505 466-9682
Approved by (Signature) <i>David J. Markiewicz</i>	Name (Printed/Typed) David J. Markiewicz	Date JAN 23 2004
Title Office		

Application approval does not warrant or certify the 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 provide to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

NMUCD

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

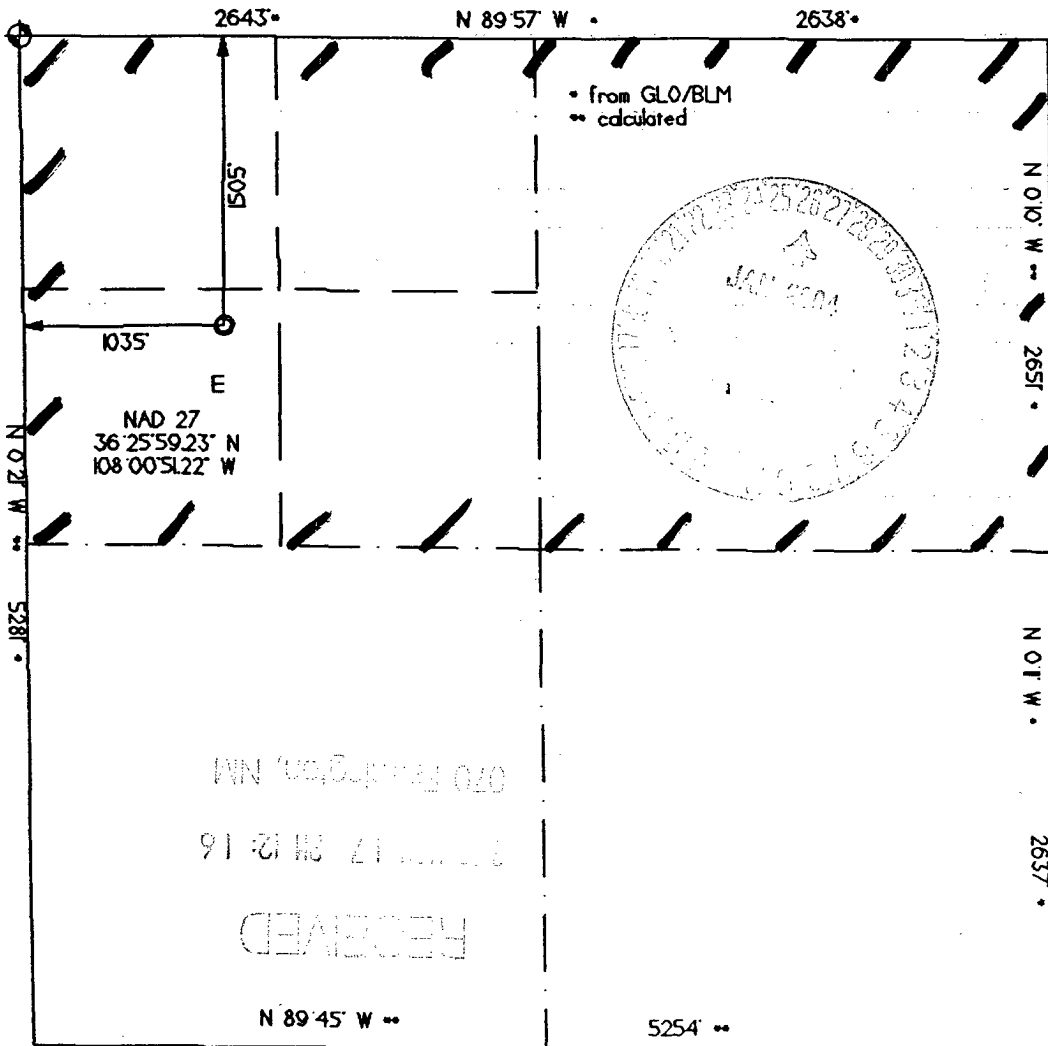
APA Number 30-045-32007	Pool Code 71629	Pool Name BASIN FRUITLAND COAL
Property Code 33407	Property Name BUENA SUERTE COM 4	
OGRID No. 149052	Operator Name ELM RIDGE RESOURCES	
		Well Number 1-T
		Elevation 6358'

Surface Location									
UL or Lot	Sec.	Top.	Rga.	Lot Idn.	Feet from >	North/South	Feet from >	East/West	County
E	4	25 N.	II W.		1505'	NORTH	1035'	WEST	SAN JUAN

Bottom Hole Location If Different From Surface									
UL or Lot	Sec.	Top.	Rga.	Lot Idn.	Feet from >	North/South	Feet from >	East/West	County

Dedication 320.96	Joint ?	Consolidation	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>B. Wood</i>
Printed Name	BRIAN WOOD
Title	CONSULTANT
Date	NOV. 12, 2003
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	
Signature and Seal of Professional Surveyor	

Elm Ridge Resources, Inc.
Buena Suerte 4 Com #1-T
1505' FNL & 1035' FWL
Sec. 4, T. 25 N., R. 11 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>Sub Sea Elevatio</u>
Nacimiento	000'	5'	+6,358'
Fruitland Coal	1,313'	1,318'	+5,045'
Pictured Cliffs	1,348'	1,353'	+5,010'
Total Depth (TD)*	1,400'	1,405'	+4,958'

* all elevations reflect the ungraded ground level of 6,358'

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.

Elm Ridge Resources, Inc.
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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	S T & C ST	New	1,400'

Surface casing will be cemented to the surface with ≈35 cubic feet (≈30 sacks) Class B + 1/4 pound per sack cello flake + 2% CaCl₂. 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 ≥150% of the hole volume with mud to the surface. Thirty-five barrels of fresh water will then be circulated. Lead with ≈225 cubic feet (≈109 sacks) of Class B with 2% metasilicate (yield = 2.06 cubic feet per sack and weight = 12.5 pounds per gallon). Tail with ≈130 cubic feet (≈110 sacks) of Class B with 2% CaCl₂ (yield = 1.18 cubic feet per sack and weight = 15.2 pounds per gallon). Total cement volume is ~~255~~³⁵⁵ cubic feet based on 75% excess and circulating to surface.