Form 3160-3
(July 1992)

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

5. LEASE DESIGNATION AND SERIAL NO.: NMSF-078272

6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A

1a. TYPE OF WORK: DRILL ☑ DEEPEN ☐

7. UNIT AGREEMENT NAME: 28962 N/A

b. TYPE OF WELL: OIL WELL ☑ GAS WELL ☐ OTHER — SINGLE ZONE ☑ MULTIPLE ZONE ☐

8. FARM OR LEASE NAME, WELL NO.: Campos 4 #3

2. NAME OF OPERATOR: Elm Ridge Resources, Inc. (505) 632-3476

9. API WELL NO.: 30-039-26793

3. ADDRESS AND TELEPHONE NO.: P. O. Box 189, Farmington, NM 87499

10. FIELD AND POOL, OR WILDCAT: Lybrook Gallup

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 450' FNL & 1905' FEL

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: B 4-23n-7w NMPM

At proposed prod. zone: Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: 3 air miles NW of Lybrook

12. COUNTY OR PARISH: Rio Arriba 13. STATE: NM

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)	16. NO. OF ACRES IN LEASE	17. NO. OF ACRES ASSIGNED TO THIS WELL
450'	1,085.55	37.70
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	**19. PROPOSED DEPTH**	**20. ROTARY OR CABLE TOOLS**
1,046'	6,650'	Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 7,260' ungraded

22. APPROX. DATE WORK WILL START*: Sept. 10, 2001

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	K-55 8-5/8"	24	350'	≈250 cu. ft. & to surface
7-7/8"	J-55 4-1/2"	10.5	6,650'	≈3,050 cu. ft. & to surface

procedural review pursuant to 43 CFR 3165.3
and appeal pursuant to 43 CFR 3165.4.

OPERATIONS ARE SUBJECT TO COMPLIANCE WITH ATTACHED "GENERAL REQUIREMENTS"

RECEIVED
OCT 2001

cc: BLM, Elm (D&F), OCD (via BLM)

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED: [signature] TITLE: Consultant (505) 466-8120 DATE: 8-11-01

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

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:

APPROVED BY: [signature] TITLE: AFM minerals DATE: 10/10/01

See Instructions On Reverse Side

NMOCD

State of New Mexico
Energy, Minerals & Mining Resources Department

Form C - 102

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
30-039-26793	42289	LYBROOK GALLUP

Property Code	Property Name	Well Number
28962	CAMPOS 4	3

OGRID No.	Operator Name	Elevation
149052	ELM RIDGE RESOURCES	7260'

Surface Location

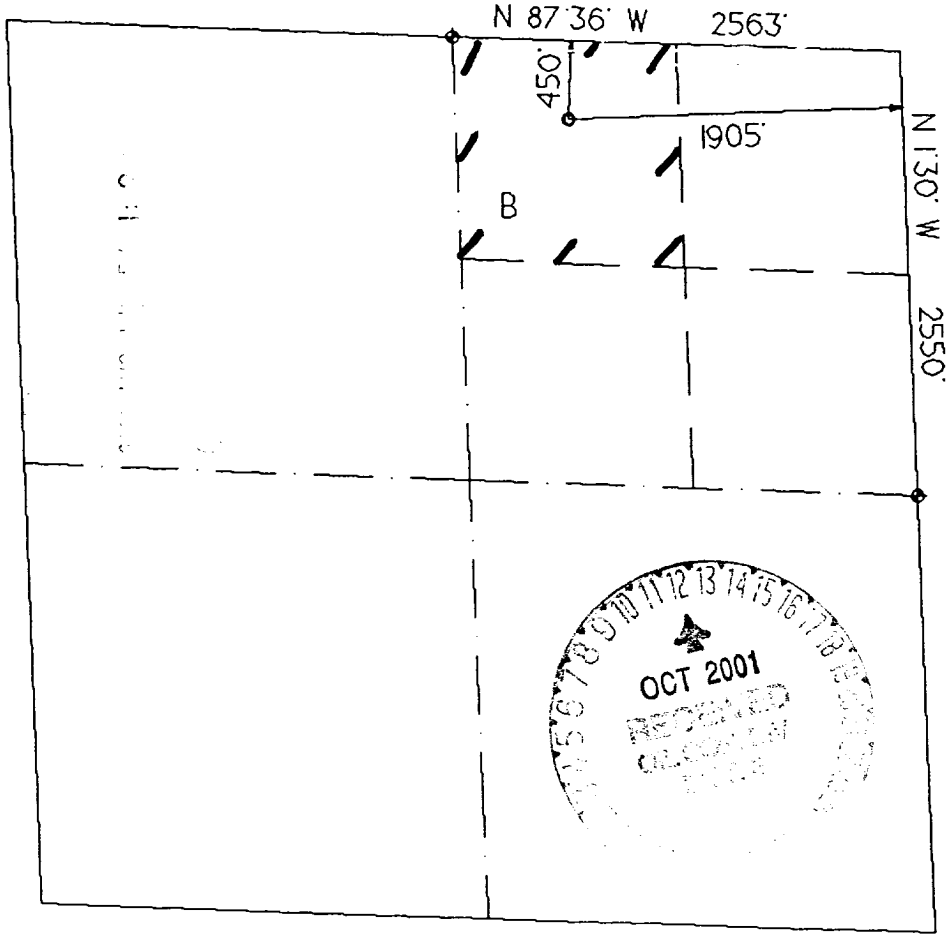
UL or Lot	Sec.	Twp.	Rge.	Lot Idn.	Feet from>	North/South	Feet from>	East/West	County
B	4	23 N.	7 W.		450	NORTH	1905	EAST	RIO ARRIBA

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	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



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: BRIAN WOOD

Title: CONSULTANT

Date: AUGUST 11, 2001

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: MAY 2001

Signature and Seal of Professional Surveyor:

GERALD G. HUDDLESTON
NEW MEXICO
6844
REGISTERED LAND SURVEYOR

Form 3160-5
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

5. Lease Serial No. NMSF-078272

6. If Indian, Allottee or Tribe Name N/A

7. If Unit or CA/Agreement, Name and/or No. N/A

1. Type of Well
☑ Oil Well ☐ Gas Well ☐ Other

8. Well Name and No. CAMPOS 4 #3

2. Name of Operator ELM RIDGE RESOURCES, INC. P. O. BOX 189

9. API Well No.

3a. Address FARMINGTON, NM 87499

3b. Phone No. *(include area code)* (505) 632-3476

10. Field and Pool, or Exploratory Area LYBROOK GALLUP

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
450' FNL & 1905' FEL 4-23n-7w

11. County or Parish, State RIO ARRIBA, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
☑ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☐ Other
	☑ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Will change TD from 6,650' to 5,850' (into the Mayre). Production casing will be cemented to the surface in 2 stages with a stage tool set at ≈4,350'. First stage volume will be ≈870 cu ft consisting of ≈215 sx Halliburton Lite with 1/4 #/sk Flocele followed by ≈395 sx Class B with 2% CaCl2. Second stage volume will be ≈1,735 cu ft consisting of ≈940 sx of Halliburton Lite with 2% CaCl2 followed by ≈45 sx Class B with 2% CaCl2 to cover the Mesa Verde, Pictured Cliffs, and Ojo Alamo. Volume is 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 ≈24 centralizers. Thread lock the guide shoe, bottom of float collar, and bottom of stage tool only. Use API casing dope. Otherwise, no changes.

14. I hereby certify that the foregoing is true and correct
Name *(Printed/Typed)* BRIAN WOOD Title CONSULTANT (505) 466-8120

Signature Brian Wood Date 8-21-01 cc: BLM (&OCD), Elm (D&F)

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

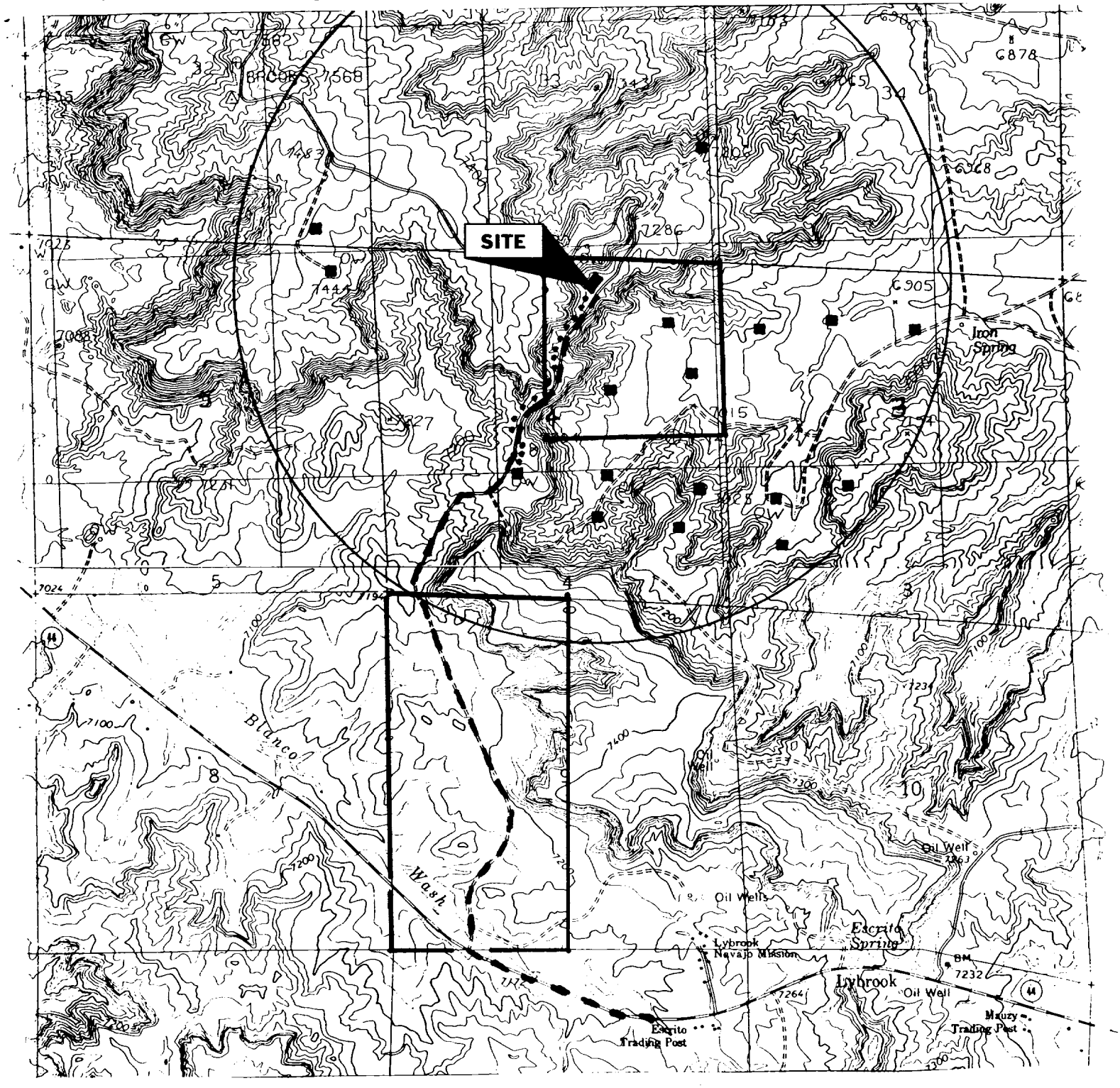
Approved by /s/ Mankiewicz Title AFM minerals Date 10/16/01

Conditions of approval, if any, are attached. Approval of this notice 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. Office FFO

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.

NMOCD

Elm Ridge Resources, Inc.
Campos 4 #3
450' FNL & 1905' FEL
Sec. 4, T. 23 N., R. 7 W.
Rio Arriba County, New Mexico



PROPOSED WELL: ◆ PROPOSED GAS LINE: ·•·•·

EXISTING WELL: ■ EXISTING ROAD: — — —

LEASE: ⌜

PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS

Elm Ridge Resources, Inc.
Campos 4 #3
450' FNL & 1905' FEL
Sec. 4, T. 23 N., R. 7 W.
Rio Arriba County, New Mexico

Drilling Program

1. ESTIMATED FORMATION TOPS

Formation Name	GL Depth	KB Depth	Subsea Elevation
San Jose	000'	12'	+7,260'
Nacimiento	100'	112'	+7,160'
Ojo Alamo	1,660'	1,672'	+5,600'
Kirtland	1,800'	1,812'	+5,460'
Fruitland Coal	2,085'	2,097'	+5,175'
Pictured Cliffs Ss	2,280'	2,292'	+4,980'
Lewis Sh	2,365'	2,377'	+4,895'
Chacra Ss	2,710'	2,722'	+4,550'
Cliff House Ss	3,815'	3,827'	+3,445'
Menefee Sh	3,865'	3,877'	+3,395'
Pt. Lookout Ss	4,660'	4,672'	+2,600'
Mancos Sh	4,810'	4,822'	+2,450'
Gallup Ss	5,420'	5,432'	+1,840'
Skelly	5,695'	5,707'	+1,565'
Mayre	5,820'	5,832'	+1,440'
Total Depth	6,650'	6,662'	+610'

* all elevations reflect the ungraded ground level of 7,260'

2. NOTABLE ZONES

Oil &/or Gas Zones	Water Zones	Coal Zone
Fruitland	San Jose	Fruitland
Pictured Cliffs	Fruitland	
Gallup	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 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.

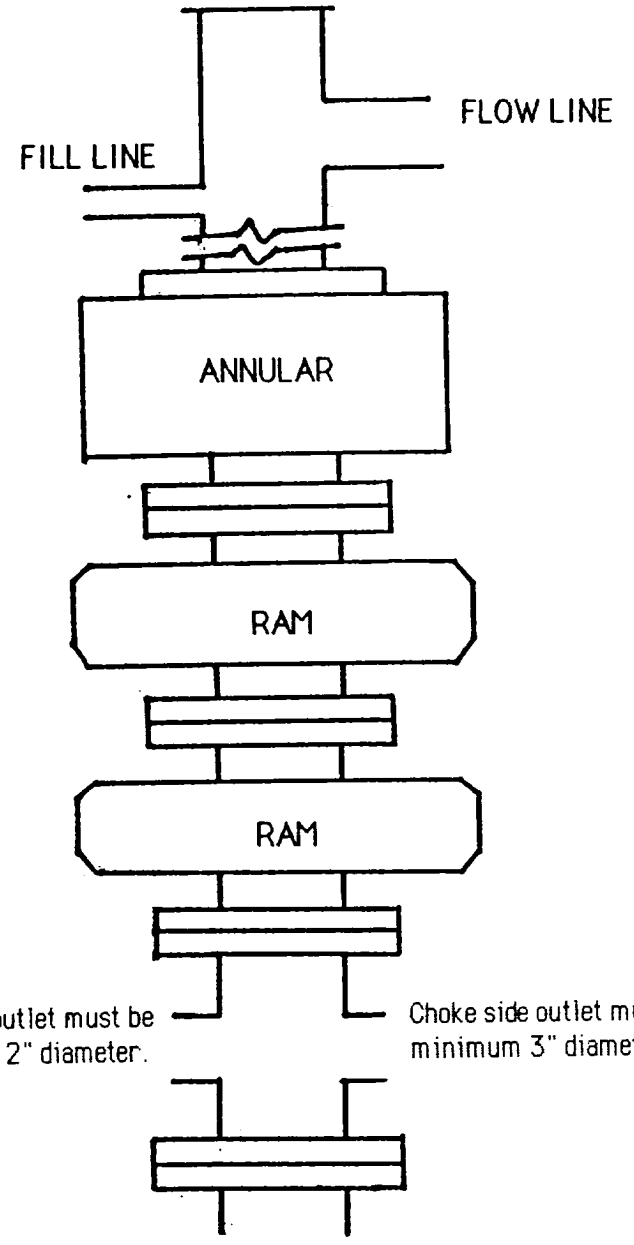
A $\geq$3,000 psi BOP and choke manifold system will be installed and tested to 2,000 psi before drilling surface casing plug. It will remain in use until the well is completed or abandoned. A safety valve and sub with a full opening valve to fit the drill pipe and collars will be available on the rig 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

Hole Size	O.D.	Weight (lb/ft)	Grade	Type	Age	GL Setting Depth
12-1/4"	8-5/8"	24	K-55	ST&C	New	350'
7-7/8"	4-1/2"	10.5	J-55	LT&C	New	6,650'

Surface casing will be cemented to the surface with ≈250 cubic feet (≈250 sx) Class B with 1/4#/sk Flocele + 2% $CaCl_2$. 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.



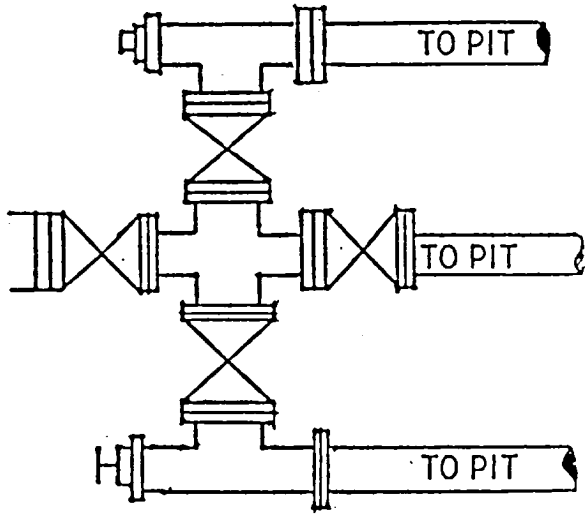
Kill side outlet must be minimum 2" diameter.

Choke side outlet must be minimum 3" diameter.

Kill line will be minimum 2" diameter and have 2 valves, one of which shall be a minimum 2" check valve.

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.



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.

PERMITS WEST, INC.
PROVIDING PERMITS for the ENERGY INDUSTRY

Production casing will be cemented to the surface in 2 stages with a stage tool set at ≈4,350'. First stage volume will be ≈1,315 cu ft consisting of ≈320 sx Halliburton Lite with 1/4 #/sk Flocele followed by ≈595 sx Class B with 2% $CaCl_2$. Second stage volume will be ≈1,735 cu ft consisting of ≈940 sx of Halliburton Lite with 2% $CaCl_2$ followed by ≈45 sx Class B with 2% $CaCl_2$ to cover the Mesa Verde, Pictured Cliffs, and Ojo Alamo. Volume is 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 ≈28 centralizers. Thread lock the guide shoe, bottom of float collar, and bottom of stage tool only. Use API casing dope.

5. MUD PROGRAM

Depth	Type	ppg	Viscosity	Fluid Loss	pH
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.

6. CORING, TESTING, & LOGGING

No cores or DSTs are planned. DIL/GR logs will be run from TD to surface. CNL/FDC logs may be run over selected segments. Samples will be collected every 10' from 200' above the Pt. Lookout to the base of the Pt. Lookout and through the Gallup and Dakota. Samples will be collected every 30' elsewhere.