

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK  
DRILL ☒ DEEPEN ☐

b. TYPE OF WELL  
OIL WELL ☒ GAS WELL ☐ OTHER ☐ SINGLE ZONE ☐ MULTIPLE ZONE ☒

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

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

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)  
At surface 910' FNL & 1850' FEL  
At proposed prod. zone Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*  
6 air miles NE of Counselor

15. DISTANCE FROM PROPOSED\* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 1,850'  
18. DISTANCE FROM PROPOSED LOCATION\* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 1,372'  
16. NO. OF ACRES IN LEASE 2,560  
19. PROPOSED DEPTH 6,650'

21. ELEVATIONS (Show whether DF, RT, GR, etc.) 6,560' ungraded

5. LEASE DESIGNATION AND SERIAL NO.  
BIA #38

6. IF INDIAN, ALLOTTEE OR TRIBE NAME  
Jicarilla Apache

7. UNIT AGREEMENT NAME  
2914 N/A

8. FARM OR LEASE NAME, WELL NO.  
Otero 1

9. API WELL NO.  
30-039-26885

10. FIELD AND POOL, OR WILDCAT  
Gallo, Gallup-Dakota

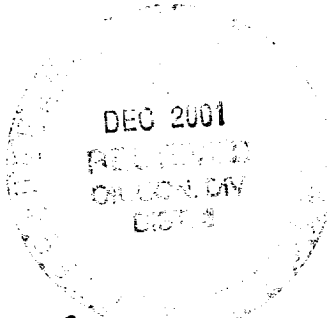
11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA  
B 5-24n-5w NMPM

12. COUNTY OR PARISH  
Rio Arriba

13. STATE  
NM

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



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

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 5-11-01  
(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: 4H added

APPROVED BY [Signature] TITLE Asst. Field Mgr. DATE DEC 14 2001  
\*See Instructions On Reverse Side

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

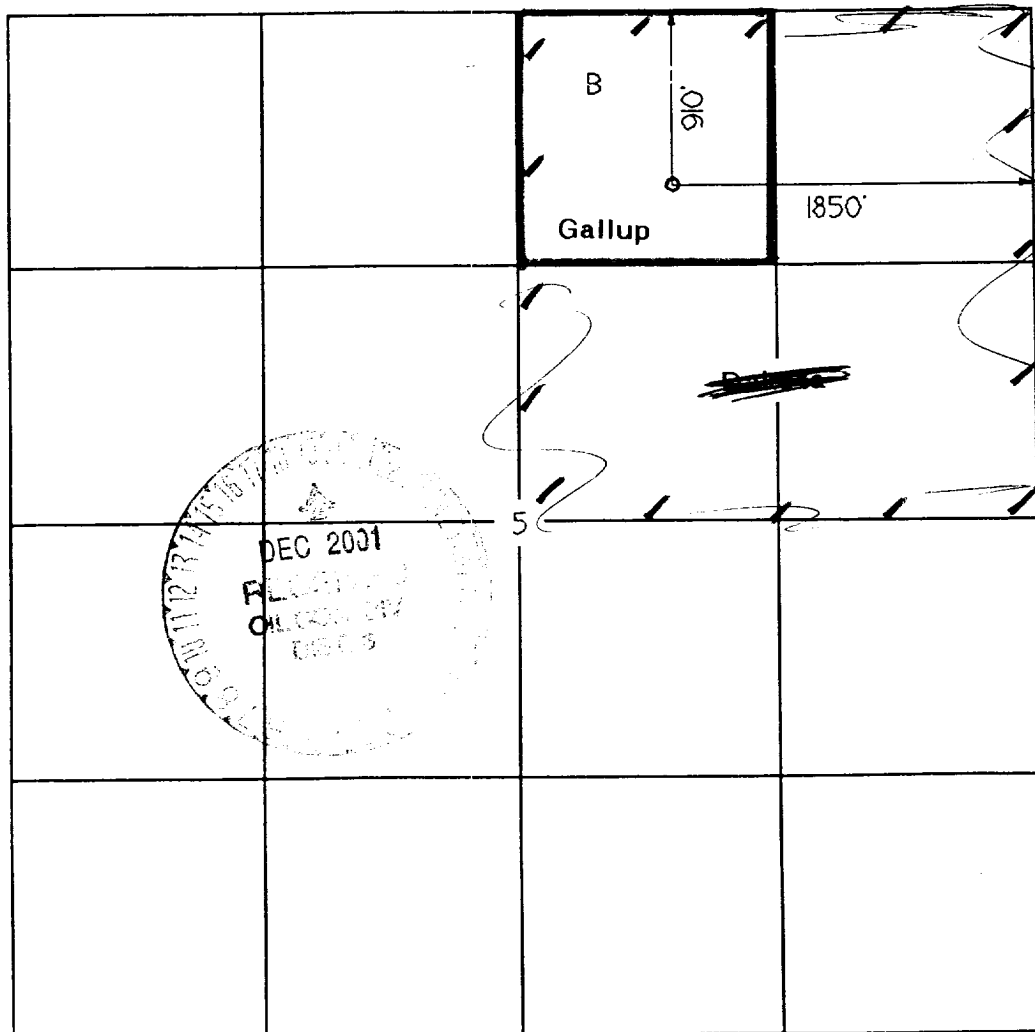
APA Number <b>30-039-26885</b>	Pool Code <b>96369</b>	Pool Name <b>GALLO CANYON; GALLUP/DAKOTA OIL</b>
Property Code <b>29141</b>	Property Name <b>OTERO</b>	Well Number <b>1</b>
OGRID No. <b>149052</b>	Operator Name <b>ELM RIDGE RESOURCES</b>	Elevation <b>6560'</b>

Surface Location									
UL or Lot <b>B.</b>	Sec. <b>5.</b>	Twp. <b>23 N.</b>	Rge. <b>5 W.</b>	Lot Ltn.	Feet from > <b>.910</b>	North/South <b>NORTH</b>	Feet from > <b>1850</b>	East/West <b>EAST</b>	County <b>RIO ARriba</b>

Bottom Hole Location If Different From Surface									
UL or Lot	Sec.	Twp.	Rge.	Lot Ltn.	Feet from >	North/South	Feet from >	East/West	County

Dedication <b>40.9 B A</b>	Joint ?	Consolidation	Order No.
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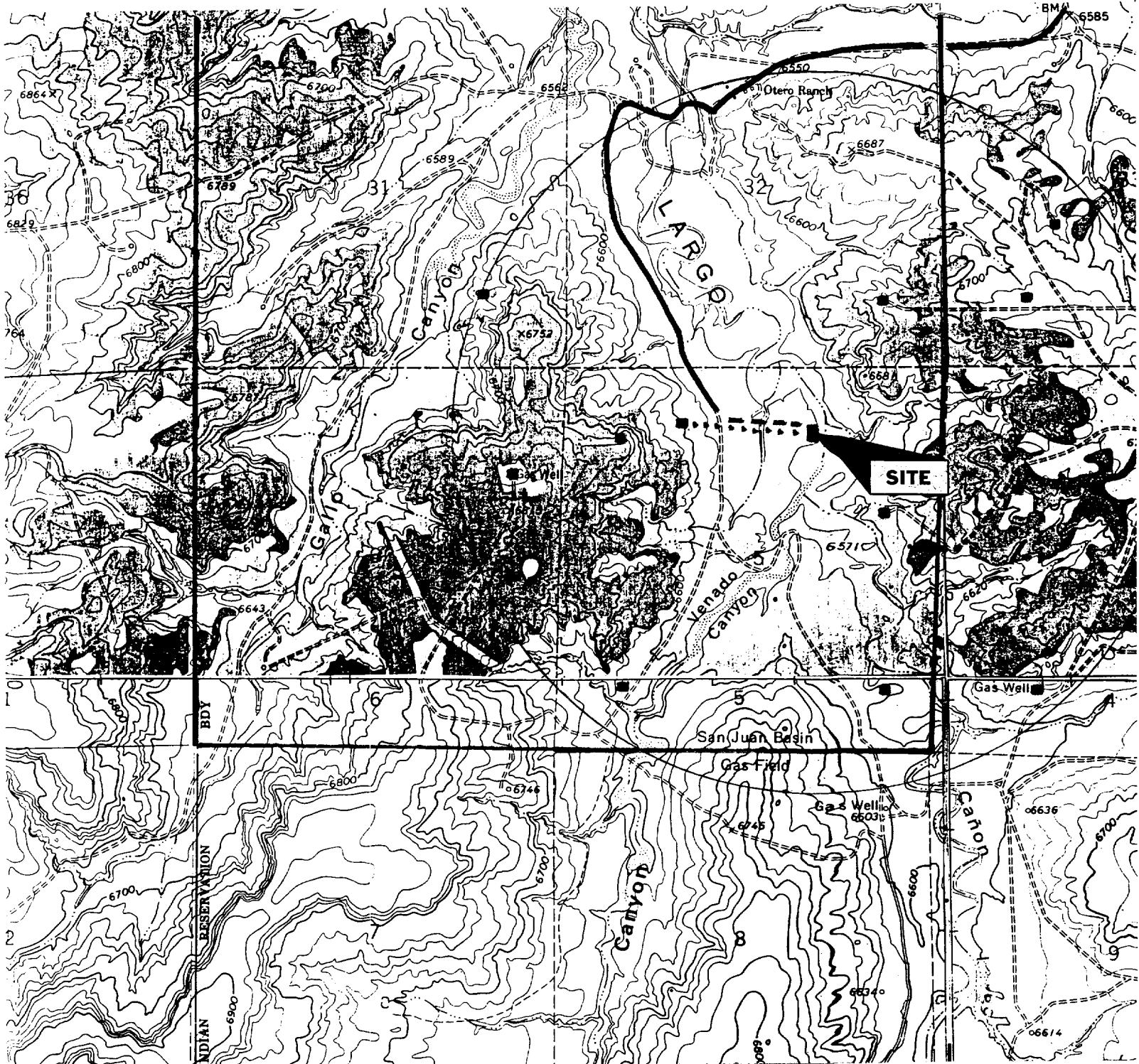
NO ALLOWABLE WILL ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



<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>MAY 11, 2001</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>APRIL 2001</b> Signature and Seal of Professional Surveyor 	

Elm Ridge Resources, Inc.  
 Otero 1  
 910' FNL & 1850' FEL  
 Sec. 5, T. 23 N., R. 5 W.  
 Rio Arriba County, New Mexico

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PROPOSED WELL: ■      EXISTING WELL: ●  
 PROPOSED ROAD: - - -      EXISTING ROAD: ~  
 PROPOSED PIPELINE: . . .      LEASE: L

**PERMITS WEST** INC.  
 PROVIDING PERMITS for LAND USERS

Elm Ridge Resources, Inc.  
Otero 1  
910' FNL & 1850' FEL  
Sec. 5, T. 23 N., R. 5 W.  
Rio Arriba County, New Mexico

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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>GL Setting Depth</u>
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  $\approx 250$  cubic feet ( $\approx 250$  sx) Class B with 1/4#/sk Flocele + 2% CaCl<sub>2</sub>. 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.