

This action is subject to the rules and  
procedures of the Department of the Interior  
and approved pursuant to 43 CFR 3165.3  
and 43 CFR 3165.4

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

Drilling operations authorized are  
subject to compliance with attached  
"General Requirements".

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work DRILL	5. Lease Number NO-G-9811-1312 Unit Reporting Number
1B. TYPE OF WELL GAS	6. If Indian, All. or Tribe INDIAN ALLOTTED
2. Operator 49052 ELM RIDGE RESOURCES, INC. 866-632-3476	7. Unit Agreement Name 27507
3. Address & Phone No. of Operator PO Box 189 Farmington, NM 87499	8. Farm or Lease Name KELLY F.C.
	9. Well Number #1
4. Location of Well 820' FWL, 740' FSL	10. Field, Pool Wildcat BASIN FRUITLAND COAL
	11. Sec., Twn, Rge, Mer. (NMPM) M SW SW SEC. 12, T27N, R13W
	API # 30045- 30472
14. Distance in Miles from Nearest Town 13 MILES SOUTH OF FARMINGTON	12. County 13. State SAN JUAN, N.M.
15. Distance from Proposed Location to Nearest Property or Lease Line 740'	
16. Acres in Lease 160	17. Acres Assigned to Well 320
18. Distance from Proposed Location to Nearest Well, Drig, Compl or Applied for on this Lease 1800'	
19. Proposed Depth 1250' 1400' CEH 1/30/01	20. Rotary or Cable Tools ROTARY
21. Elevations (DF, FT, GR, Etc.) 5861' GL	22. Approx. Date Work will Start LATE FEBRUARY
23. Proposed Casing and Cementing Program SEE OPERATIONS PLAN ATTACHED	
24. Authorized by: Patrick Hegarty, Agent	12-20-00 Date

PERMIT NO. \_\_\_\_\_ APPROVAL DATE \_\_\_\_\_

APPROVED BY Chip Hansen TITLE PMT Geologist DATE 2/20/01

Archaeological Report to be submitted

Threatened and Endangered Species Report to be submitted

NOTE: This format is issued in lieu of U.S. BLM Form 3160--3

Title 1 U.S.C. Section 1001, makes 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 presentations as to any matter within its jurisdiction.

NMOCD

District I  
PO Box 1980, Hobbs, NM 88241-1980  
District II  
811 South First, Artesia, NM 88210  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
2040 South Pacheco  
Santa Fe, NM 87505

Form C-102  
Revised October 18, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

APN Number 30-045-30472		Pool Code 71629	Pool Name FRUITLAND COAL
Property Code 27507	Property Name Kelly F. C.		Well Number 1
GRID No. 149052	Operator Name DELHI-TRADING INCORPORATED		Elevation 5861'

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
M	12	27N	13W		740'	SOUTH	820'	WEST	SAN JUAN

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

" Dedicated Acres	" Joint or Infill	" Consolidation Code	" Order No.
320			

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

	<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p>Signature: <u>Patrick Helarty</u></p> <p>Printed Name: <u>PATRICK HELARTY</u></p> <p>Title: <u>PRESIDENT</u></p> <p>Date: <u>10-24-00</u></p>
	<p>18 SURVEYOR CERTIFICATION</p> <p>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.</p> <p>Date of Survey: <u>10/06/00</u></p> <p>Signature and Seal of Professional Surveyor:</p> <p></p>

# EXHIBIT "E"

## Existing Roads

Vicinity of nearest town or reference pt.

Approx 6.5 mi NW of Chaco Plant

Type of surface dirt

Conditions good

Other \_\_\_\_\_

Reference map: USGS map

Kelly Ind #1

## Planned Access Road(s)

Width      Maximum grades     

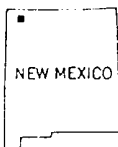
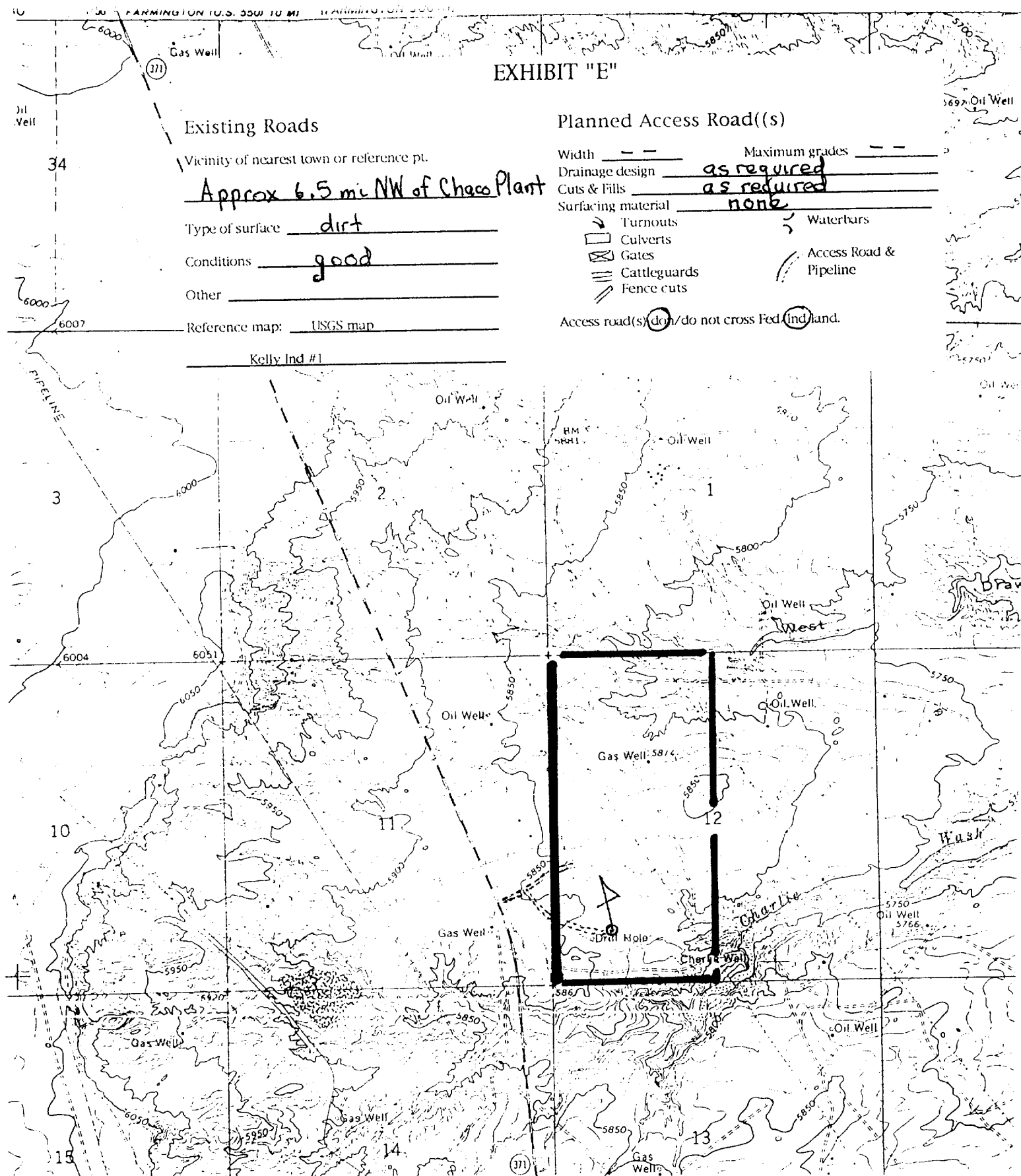
Drainage design as required

Cuts & Fills as required

Surfacing material none

- Turnouts
- Culverts
- Gates
- Cattleguards
- Fence cuts
- Waterbars
- Access Road & Pipeline

Access road(s) do/do not cross Fed Ind land.



QUADRANGLE LOCATION

HUGH LAKE, N. MEX.  
N3630—W10807.5/7.5

1:24 000

1965  
PHOTOREVISED 1979  
DMA 4357 II SW—SERIES V881

## ROAD CLASSIFICATION

Medium-duty      Light-duty     

Unimproved dirt     

○ State Route

**EXHIBIT "B"**  
**OPERATIONS PLAN**  
**Kelly F. C. #1**

**APPROXIMATE FORMATION TOPS:**

Ojo Alamo	<100'
Kirtland	240'
Fruitland	915'
Pictured Cliffs	1269'
Total Depth	1250'

**LOGGING PROGRAM:** Run IES & CDL logs.

Catch samples every 30 feet from 915' to total depth.

**CASING PROGRAM:**

<u>Hole Size</u>	<u>Casing Size</u>	<u>Wt./Ft.</u>	<u>Setting Depth</u>	<u>Grade and Condition</u>
9-7/8"	7"	20#	±120'	J-55
6-1/4"	4-1/2"	10.5#	1250' 14.0'	J-55

The hole size is not smaller than 1-1/2" larger diameter than the casing O.D. across usable water zones.

Plan to drill a 9-7/8" hole and set 120' of 7" OD, 20#, J-55 surface casing; then plan to drill a 6-1/4" hole to total depth with gel-water-mud program to test Fruitland Coal Formation. Plan to run IES and CDL logs. If determined productive, will run 4-1/2". 10.5#, J-55 casing, selectively perforate, frac, clean out after frac and complete well.

**CEMENTING PROGRAM:** All volumes are contingent upon Caliper logs.

Surface- Cement with 60 sx (71 cu. ft.) Class "G" neat.  
Circulate to surface.

Production Stage- Cement with 105 sx (215 cu.ft.) Class "G" with 2% Lodense and 1/4# celloflake/sk followed by 60 sx (71 cu. ft.) class "G" with 1/4# celloflake/sk.

Total cement slurry for production stage is 286 cu. ft. Circulate to surface.

An adequate spacer will be pumped ahead of the cement slurry to help prevent mud contamination of the cement. An adequate number of casing centralizers will be run through usable water zones to ensure that casing is centralized through these zones. The adequate number of centralizers will be determined based on API standards. Centralizers to impart a swirling action around the casing will be used just below and into the base of the lowest usable water zone. These devices will assist mud displacement, increase cement bonding potential and create an effective hydraulic seal. A chronological log will be kept which records the pump rate, pump pressure, slurry density, and slurry volume for the cement job. The log will be sent to the BLM after completion of the job.

**WELLHEAD EQUIPMENT - PRESSURE CONTROL:** See Exhibit "D"

Huber 7" X 4-1/2" casing head, 1000#WP, tested to 2000#  
Huber 4-1/2" X 2-7/8" tubing head, 1000#WP, tested to 2000#

BOP and Related Equipment will include for a 2000 psi system;

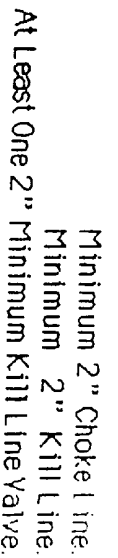
No abnormal pressures or hazardous zones are anticipated.

Kelly F. C. #1  
Page 1 - Exh. B

KELLY F.C. #1  
EXHIBIT "B"-OPERATIONS PLAN

# Pressure Control Equipment

2. Safety valves and necessary subs to fit all drill string in use will be available.



KELLY F.C. #1  
EXHIBIT "D"- PRESSURE CONTROL  
EQUIPMENT