

2004 DEC 23

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NOO-C-14-20-3599
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
3a. Address P. O. BOX 156 BLOOMFIELD, NM 87413	3b. Phone No. (include area code) (505) 632-3476	8. Lease Name and Well No. BUENA SUERTE 3 L COM 1-T
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 1740 FNL & 1420 FWL At proposed prod. zone SAME		9. API Well No. 30-045-32774
14. Distance in miles and direction from nearest town or post office* 20 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) 900'	16. No. of acres in lease 160.43	11. Sec., T. R. M. or Blk. and Survey or Area E 3-25N-11W NMPM
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. N/A	19. Proposed Depth 1,600'	12. County or Parish SAN JUAN
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6,274' GL	22. Approximate date work will start* 02/01/2005	13. State NM
17. Spacing Unit dedicated to this well W2 320.43		
20. BLM/BIA Bond No. on file BIA NATIONWIDE 886441C		
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:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature 	Name (Printed/Typed) BRIAN WOOD	Date 12/11/2004
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Title CONSULTANT PHONE: (505) 466-8120 FAX: (505) 466-9682

Approved by (Signature) 	Name (Printed/Typed) AEM	Date 1-12-05
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Title AEM	Office FFO
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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)

*Name changed slightly from Notice of Staking (Buena Suerte 3 L Com 1-T)

NO to Buena Suerte 3 Com 1-T

NMOCD

State of New Mexico
Energy, Minerals & Mining Resources Department
OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C - 102

2004 DEC 28 07:12:18

☐ AMENDED REPORT

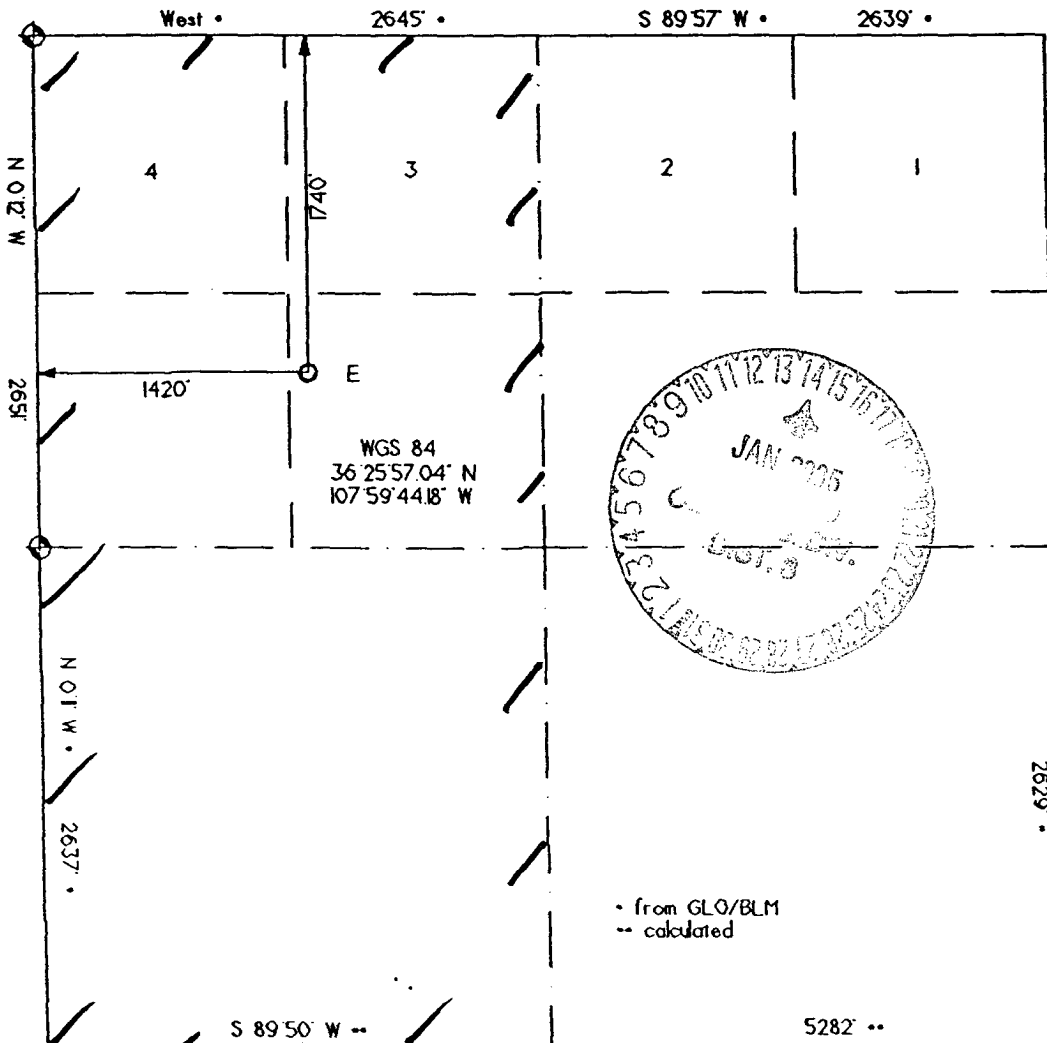
RECEIVED WELL LOCATION AND ACREAGE DEDICATION PLAT

APA Number 30-045-32774	Pool Code 71629	Pool Name BASIN FRUITLAND COAL
Property Code 27222	Property Name Buena Suerte 3/COM	Well Number 128T
OGRID No. 149052	Operator Name ELM RIDGE RESOURCES	Elevation 6274'

Surface Location										County
U. or Lat	Sec.	Twp.	Rge.	Lot Lth.	Feet from >	North/South	Feet from >	East/West		
E	3	25 N.	11 W.		1740'	NORTH	1420'	WEST		SAN JUAN

Bottom Hole Location If Different From Surface										County
U. or Lat	Sec.	Twp.	Rge.	Lot Lth.	Feet from >	North/South	Feet from >	East/West		
Dedication 320.43	Joint ?	Consolidation C		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 **DEC. 11, 2004**

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 **07/23/04**

Signature and Seal of Professional Surveyor
GERALD H. DLESTON
GERALD H. DLESTON
NEW MEXICO
6844
REGISTERED LAND SURVEYOR

• from GLO/BLM
-- calculated

Submit 3 Copies To Appropriate District Office

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103
May 27, 2004

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		WELL API NO. 30-045-
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <input type="checkbox"/>		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator ELM RIDGE RESOURCES, INC.		6. State Oil & Gas Lease No. NOO-C-14-20-3599
3. Address of Operator P. O. BOX 156, BLOOMFIELD, NM 87413		7. Lease Name or Unit Agreement Name BUENA SUERTE 3 COM
4. Well Location Unit Letter F 1740 feet from the NORTH line and 1420 feet from the WEST line Section 3 Township 25 N Range 11 W NMPM County SAN JUAN		8. Well Number 1-T
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 6,274' GL		9. OGRID Number 149052
Pit or Below-grade Tank Application <input checked="" type="checkbox"/> or Closure <input type="checkbox"/>		
Pit type RESERVE Depth to Groundwater ~50' Distance from nearest fresh water well ~3,900' Distance from nearest surface water ~140'		
Pit Liner Thickness: ≥12 mil Below-Grade Tank: Volume _____ bbls; Construction Material SYNTHETIC		

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: Drilling RESERVE PIT DATA <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

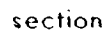
13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOC guidelines ☒ a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE **Brian Wood** TITLE **CONSULTANT** DATE **12-11-04**
Type or print name **BRIAN WOOD** E-mail address: **brian@permitswest.com** Telephone No. **(505) 466-8120**

APPROVED BY: **Denny Kent** TITLE **DEPUTY OIL & GAS INSPECTOR, DIST. 4** DATE **JAN 14 2005**
Conditions of Approval (if any):

well pad and section



Elm Ridge Resources, Inc.
Buena Suerte 3 Com #1-T
1740' FNL & 1420' FWL
Sec. 3, 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'	+6,274'
Basal Fruitland Coal	1,284'	1,289'	+4,990'
Pictured Cliffs	1,314'	1,319'	+4,960'
Lewis Shale	1,574'	1,579'	+4,700'
Total Depth (TD)*	1,600'	1,605'	+4,674'

* all elevations reflect the ungraded ground level of 6,274'

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.
Buena Suerte 3 Com #1-T
1740' FNL & 1420' FWL
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PAGE 2

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	L T & C	New	1,600'

Surface casing will be cemented to the surface with ≈ 35 cubic feet (≈ 30 sacks) Class B + 1/4 pound per sack cello flake + 2% CaCl_2 . 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.

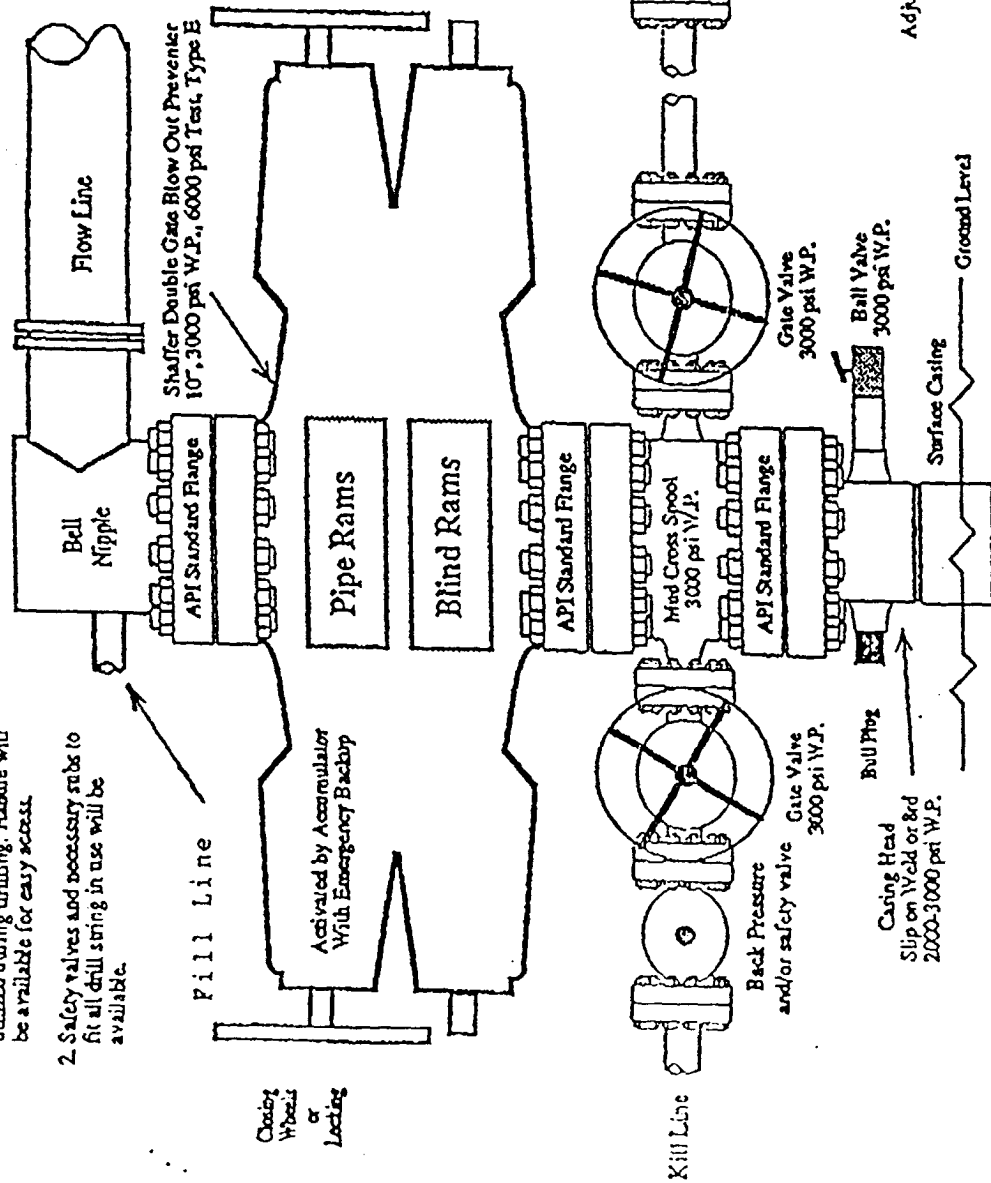
Production casing hole will be cleaned of rock chips by circulating $\geq 150\%$ of the hole volume with mud to the surface. Forty barrels of fresh water will then be circulated. Lead with ≈ 260 cubic feet (≈ 126 sacks) of Class B with 2% metasilicate (yield = 2.06 cubic feet per sack and weight = 12.5 pounds per gallon). Tail with ≈ 150 cubic feet (≈ 127 sacks) of Class B with 2% CaCl_2 (yield = 1.18 cubic feet per sack and weight = 15.2 pounds per gallon). Total cement volume is 410 cubic feet based on $\approx 75\%$ excess and circulating to surface.

5. MUD PROGRAM

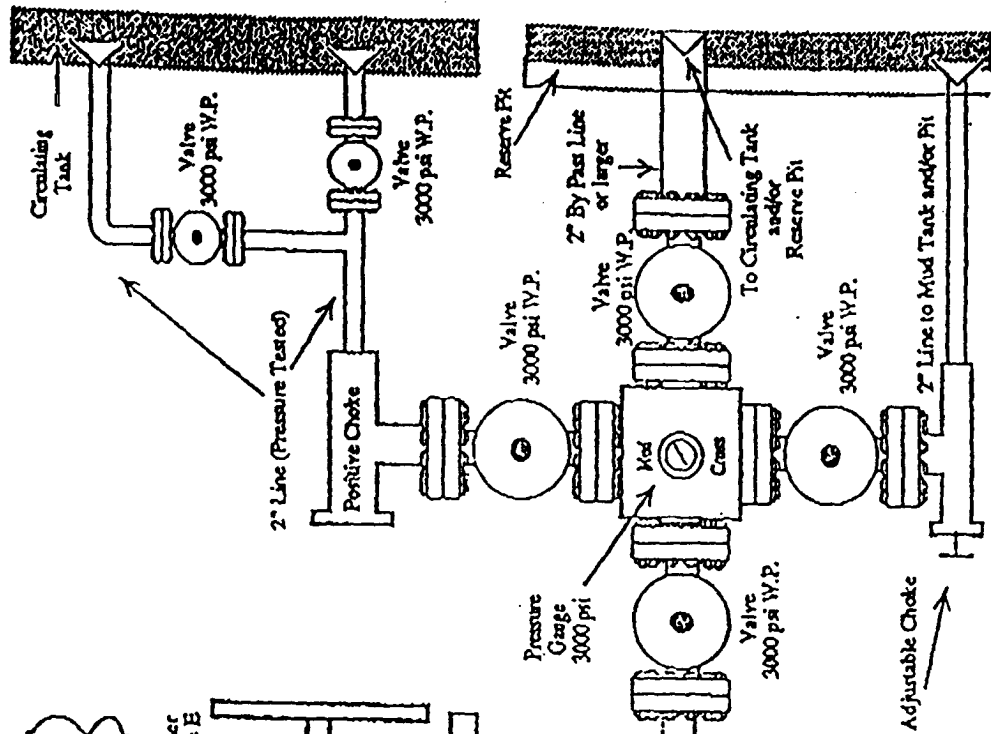
A 9 pound polymer and fresh water mud system with a viscosity of ≈ 35 will be used. Sufficient material to maintain mud properties, control lost circulation, and contain a blowout will be available at the well while drilling.

Pressure Control Equipment

- Note: 1. An upper Kelly cock valve will be utilized during drilling. Handle will be available for easy access.
2. Safety valves and necessary stubs to fit all drill string in use will be available.



Minimum 2" Choke Line.
Minimum 2" Kill Line.
At Least One 2" Minimum Kill Line Valve.



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.