

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

RECEIVED

2004 MAR -9 PM 2:14

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM-061273	
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 N/A	
2. Name of Operator ELM RIDGE RESOURCES, INC.		7. If Unit or CA Agreement, Name and No. N/A	
3a. Address P. O. BOX 189 FARMINGTON, NM 87499		8. Lease Name and Well No. WEST BISTI COAL 23 1-T	
3b. Phone No. (include area code) (505) 632-3476		9. API Well No. 30-045- 32223	
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 972' FSL & 870' FEL At proposed prod. zone SAME		10. Field and Pool, or Exploratory BASIN FRUITLAND COAL	
14. Distance in miles and direction from nearest town or post office* 26 AIR MILES SW OF BLOOMFIELD		11. Sec., T., R., M., or Blk. and Survey or Area p23-25n-13w NMPM	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 972'		12. County or Parish SAN JUAN	
16. No. of Acres in lease 1,440		13. State NM	
17. Spacing Unit dedicated to this well E2 = 320 ACRES			
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 2,047'		20. BLM/BIA Bond No. on file #886201C (BLM - STATE WIDE)	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6,384' GL		22. Approximate date work will start* UPON APPROVAL	
		23. Estimated duration 2 WEEKS	
24. Attachments			

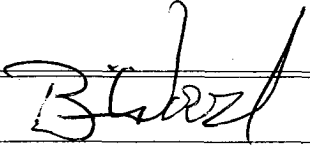
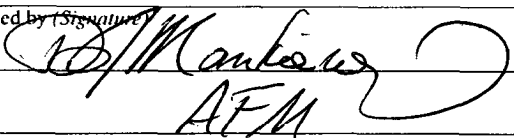
The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|
| 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

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 (&OCD), Elm (D & F), Tribe

25. Signature 	Name (Printed/Typed) BRIAN WOOD	Date 3-7-04
Title CONSULTANT	PHONE: 505 466-8120	FAX: 505 466-9682
Approved by (Signature) 	Name (Printed/Typed) AFM	Date 2-18-05
Title AFM	Office FEO	

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 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

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 30-045-32223	Pool Code 71629	Pool Name BASIN FRUITLAND COAL
Property Code 27270	Property Name WEST BISTI COAL 23	Well Number IT
OGRD No. 149052	Operator Name ELM RIDGE RESOURCES	Elevation 6384'

Surface Location

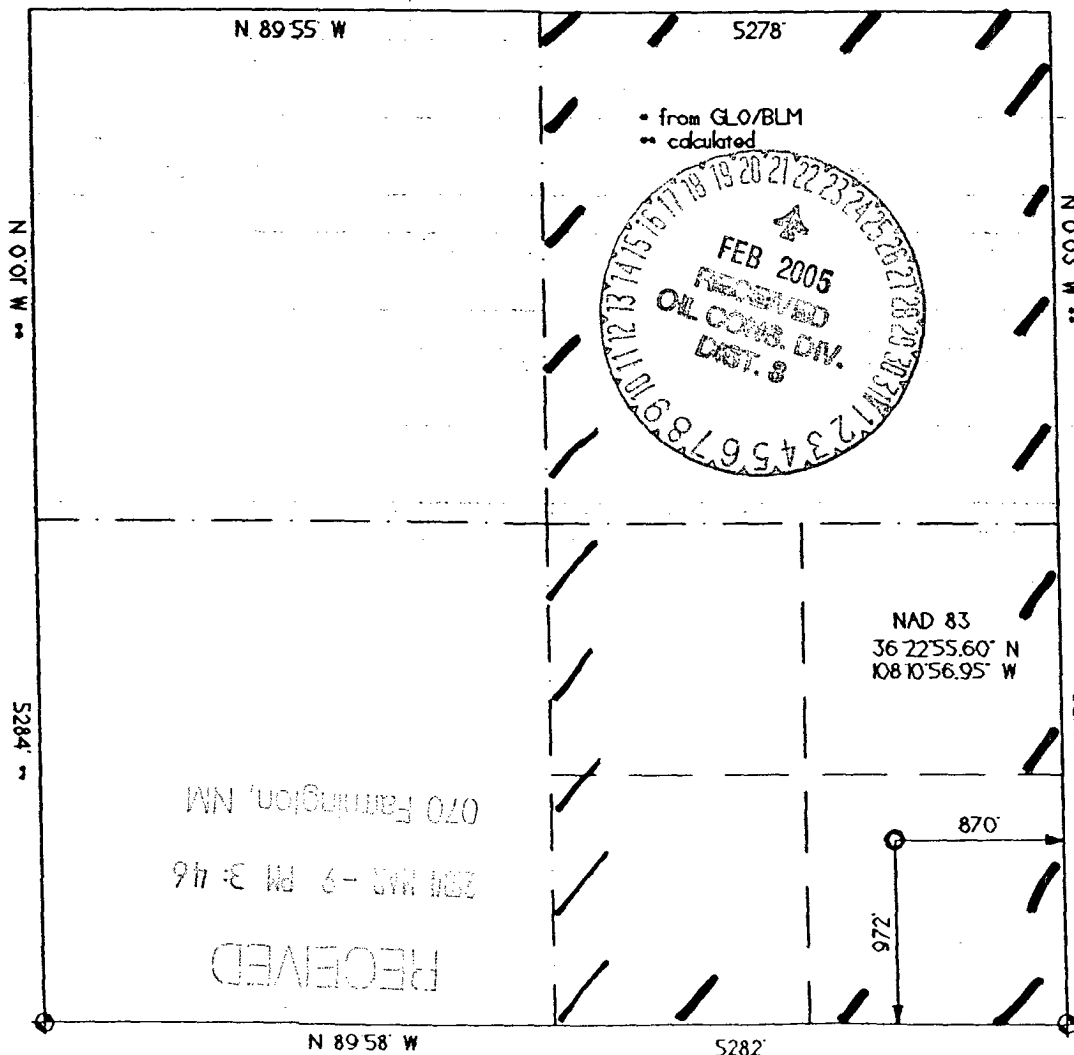
UL or Lot	Sec.	Twp.	Rge.	Lot Lch.	Feet from >	North/South	Feet from >	East/West	County
P	23	25 N.	13 W.		972'	SOUTH	870'	EAST	SAN JUAN

Bottom Hole Location If Different From Surface

UL or Lot	Sec.	Twp.	Rge.	Lot Lch.	Feet from >	North/South	Feet from >	East/West	County

Dedication 320	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

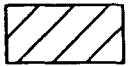


OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature <i>Brian Wood</i>	
Printed Name	BRIAN WOOD
Title	CONSULTANT
Date	MAR. 7, 2004
SURVEYOR CERTIFICATION I hereby certify that the well location on this plat 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	
Signature and Seal of Professional Surveyor	

West Bisti Coal I T
well pad and section



Scale 1" = 40'

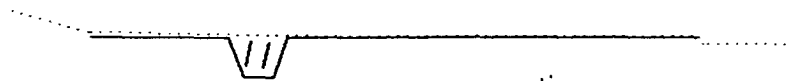
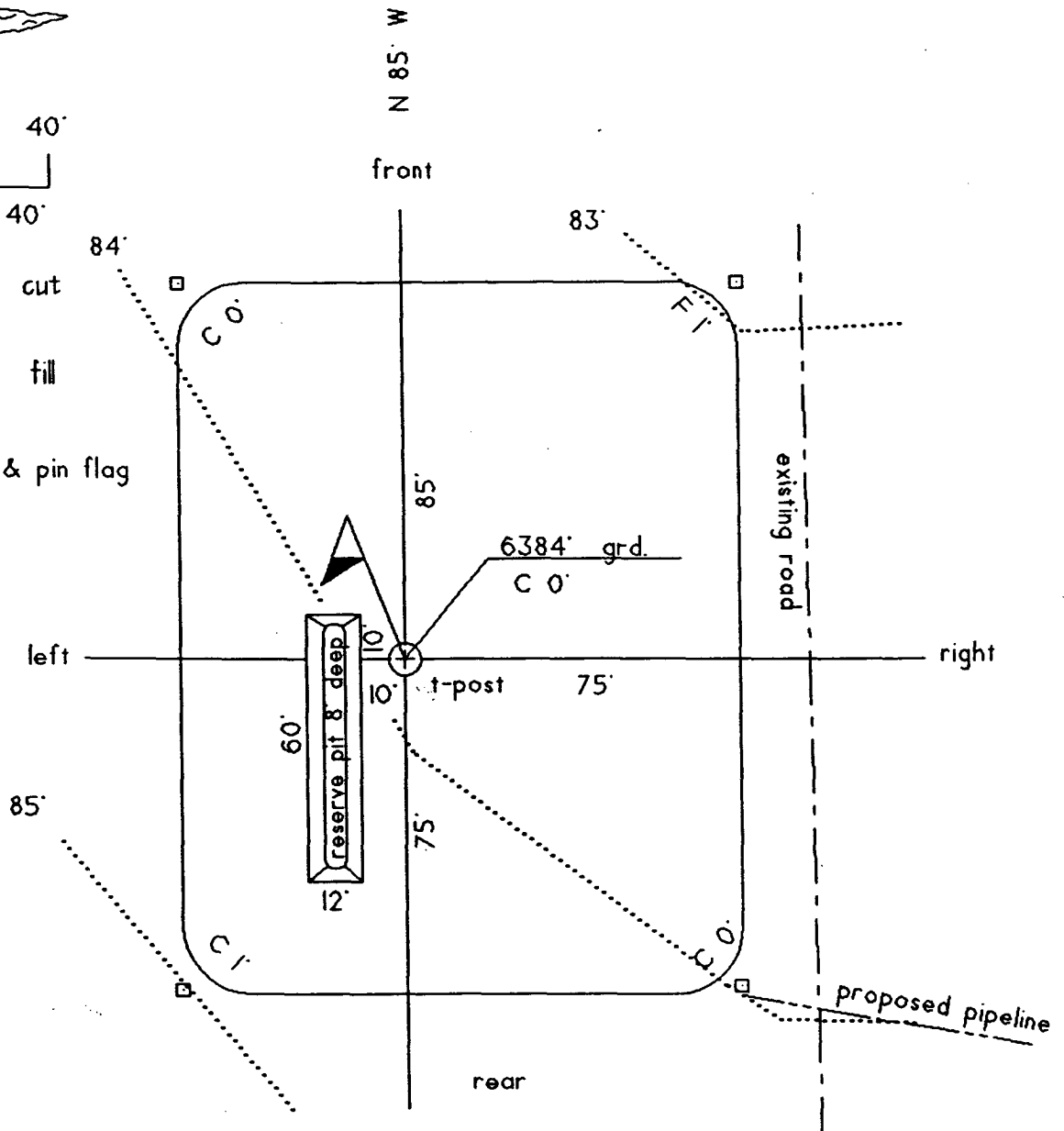


cut



fill

□ set stake & pin flag



section

Elm Ridge Resources, Inc.
West Bisti Coal 23 1-T
972' FSL & 870' FEL
Sec. 23, T. 25 N., R. 13 W.
San Juan County, New Mexico

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Drilling Program

1. ESTIMATED FORMATION TOPS

<u>Formation Name</u>	<u>GL Depth</u>	<u>KB Depth</u>	<u>Sub Sea Elevatio</u>
Nacimient	000'	5'	+6,384'
Fruitland	1,000'	1,005'	+5,384'
Basal Fruitland Coal	1,200'	1,205'	+5,184'
Pictured Cliffs	1,260'	1,265'	+5,124'
Total Depth (TD)*	1,350'	1,355'	+5,034'

* all elevations reflect the ungraded ground level of 6,384'

2. NOTABLE ZONES

Oil & Gas Zones

Fruitland Coal

Pictured Cliffs

Water Zones

Nacimient

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.
West Bisti Coal 23 1-T
972' FSL & 870' FEL
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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

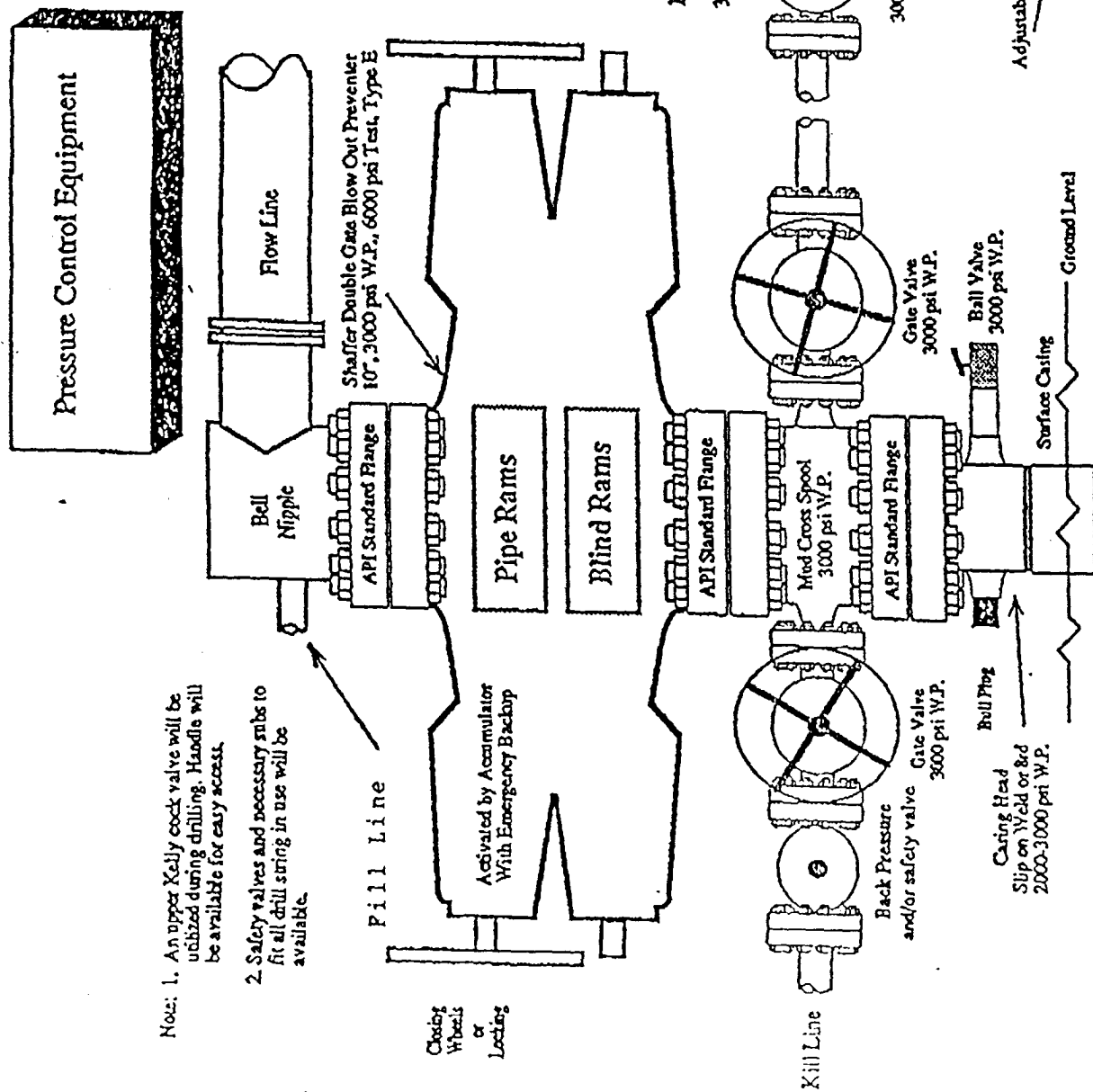
<u>Hole Size</u>	<u>O. D.</u>	<u>Weight (lb/ft)</u>	<u>Grade</u>	<u>Type</u>	<u>Age</u>	<u>GL Setting Depth</u>
8-5/8"	7"	20	K-55	S T & C	New	120'
6-3/4"	4-1/2"	10.5	J-55	L T & C	New	1,350'

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. Thirty-five barrels of fresh water will then be circulated. Lead with ≈ 215 cubic feet (≈ 105 sacks) of Class B with 2% metasilicate (yield = 2.06 cubic feet per sack and weight = 12.5 pounds per gallon). Tail with ≈ 125 cubic feet (≈ 105 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 ~~240~~ ³⁴⁰ cubic feet based on 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.



- Note: 1. An upper Kelly cock valve will be utilized during drilling. Handlie will be available for easy access.
2. Safety valves and necessary subs 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.