

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. NMNM-031311	
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 11 2, T	
3b. Phone No. (include area code) (505) 632-3476		9. API Well No. 30-045- 32094	
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 1591 FSL & 1097 FEL At proposed prod. zone SAME		10. Field and Pool, or Exploratory BASIN FRUITLAND COAL	
11. Sec., T., R., M., or Blk. and Survey or Area 11-25n-13wNMPM		12. County or Parish SAN JUAN	
13. State NM		14. Distance in miles and direction from nearest town or post office* 23 AIR MILES SW OF BLOOMFIELD	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1,049 *		16. No. of Acres in lease 960	
17. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1,890		18. Proposed Depth 1,450	
19. Spacing Unit dedicated to this well S2 = 320 ACRES		20. BLM/BIA Bond No. on file #886201C (BLM - STATE WIDE)	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6,346 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

*350 to closest lease line and 1,049 to closest communitized area line

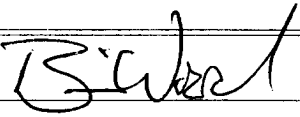
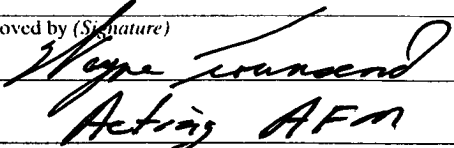
On site inspector: Ralph Mason

ER Well #: 3656
ER Lease #: 728

This action is subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4

DRILLING OPERATIONS AUTHORIZED ARE
SUBJECT TO COMPLIANCE WITH ATTACHED
"GENERAL REQUIREMENTS".

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

25. Signature 	Name (Printed/Typed) BRIAN WOOD	Date 12-31-03
Title CONSULTANT	PHONE: 505 466-8120	FAX: 505 466-9682
Approved by (Signature) 	Name (Printed/Typed) Wayne Townsend	Date 3-3-05
Title Acting AFM	Office FFO	

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

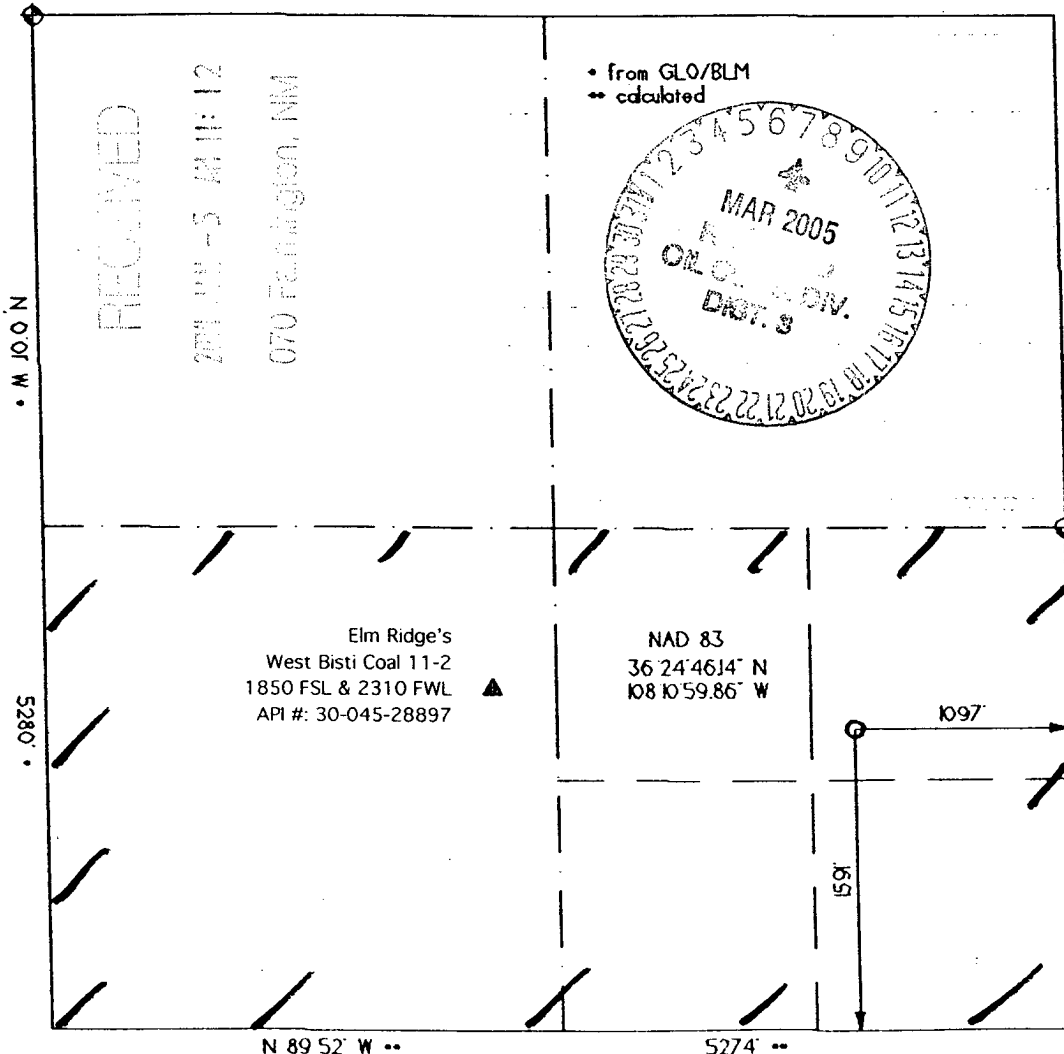
APA Number 30-045-32094	Pool Code 71629	Pool Name BASIN FRUITLAND COAL
Property Code 27213	Property Name WEST BISTI COAL II	Well Number 2 T
OGPD No. 149052	Operator Name ELM RIDGE RESOURCES	Elevation 6346'

Surface Location									
UL or Lot	Sec.	Twp.	Rge.	Lot Lth.	Feet from	North/South	Feet from	East/West	County
I	II	25 N.	13 W.		1591'	SOUTH	1097'	EAST	SAN JUAN

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

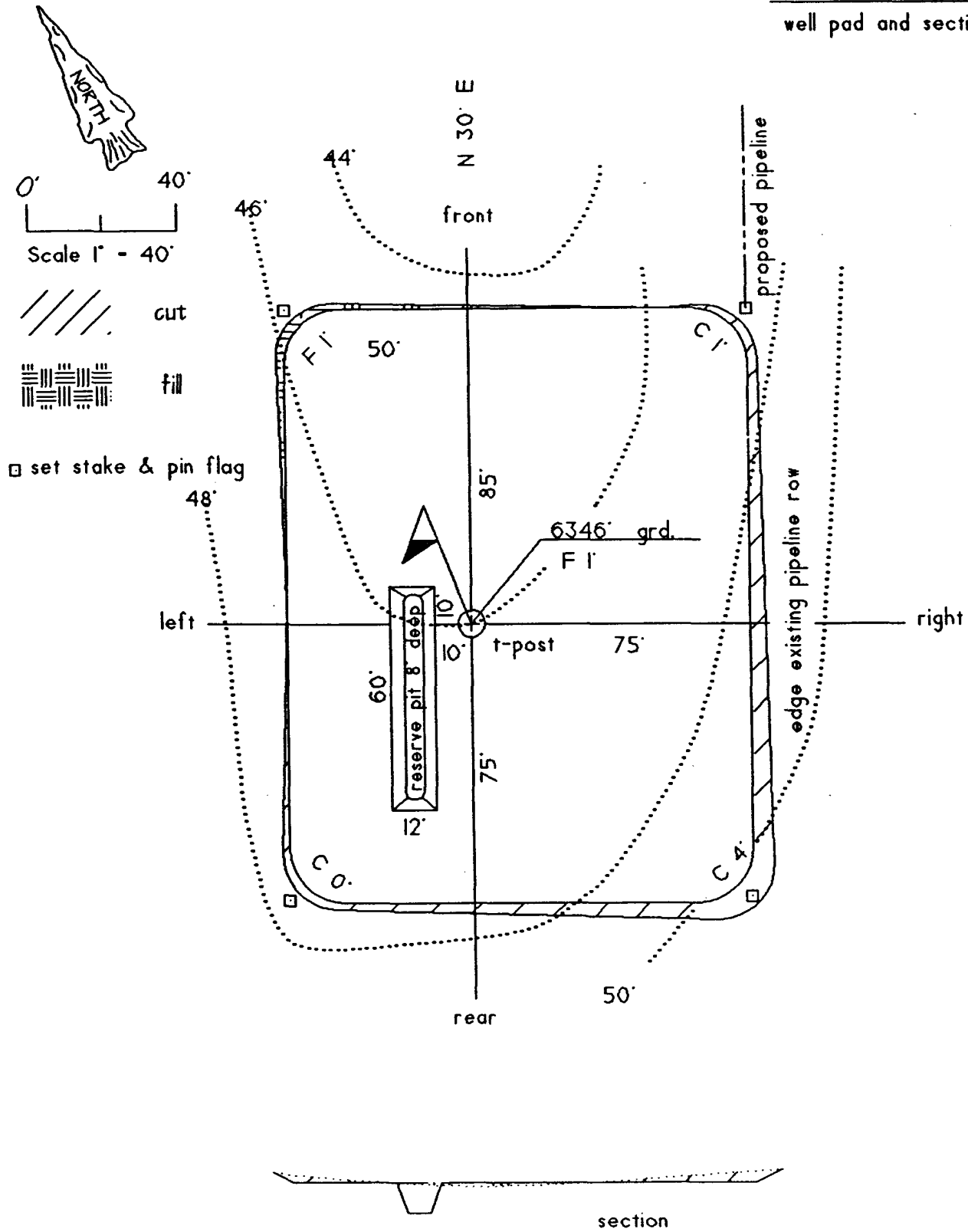
Dedication 320	Joint ? .	C Consolidation	Order No.
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NO ALLOWABLE WILL ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION
N 89°52' W -- 5274' --



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	DEC. 31, 2003
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 of Professional Surveyor	

West Bisti Coal II # 2 T
well pad and section



Elm Ridge Resources, Inc.
West Bisti Coal 11 2-T
1591' FSL & 1097' FEL
Sec. 11, 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>
Nacimiento	000'	5'	+6,346'
Basal Fruitland Coal	1,236'	1,241'	+5,110'
Pictured Cliffs	1,286'	1,291'	+5,060'
Lewis Shale	1,421'	1,426'	+4,925'
Total Depth (TD)*	1,450'	1,455'	+4,896'

* all elevations reflect the ungraded ground level of 6,346'

2. NOTABLE ZONES

<u>Oil & Gas Zones</u>	<u>Water Zones</u>	<u>Coal Zones</u>
Fruitland Coal	Nacimiento	Fruitland
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 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.

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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	ST & C	New	120'
6-3/4"	4-1/2"	10.5	J-55	ST & C	New	1,450'

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 ≈ 235 cubic feet (≈ 115 sacks) of Class B with 2% metasilicate (yield = 2.06 cubic feet per sack and weight = 12.5 pounds per gallon). Tail with ≈ 135 cubic feet (≈ 115 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 370 cubic feet based on 75% excess and circulating to surface.

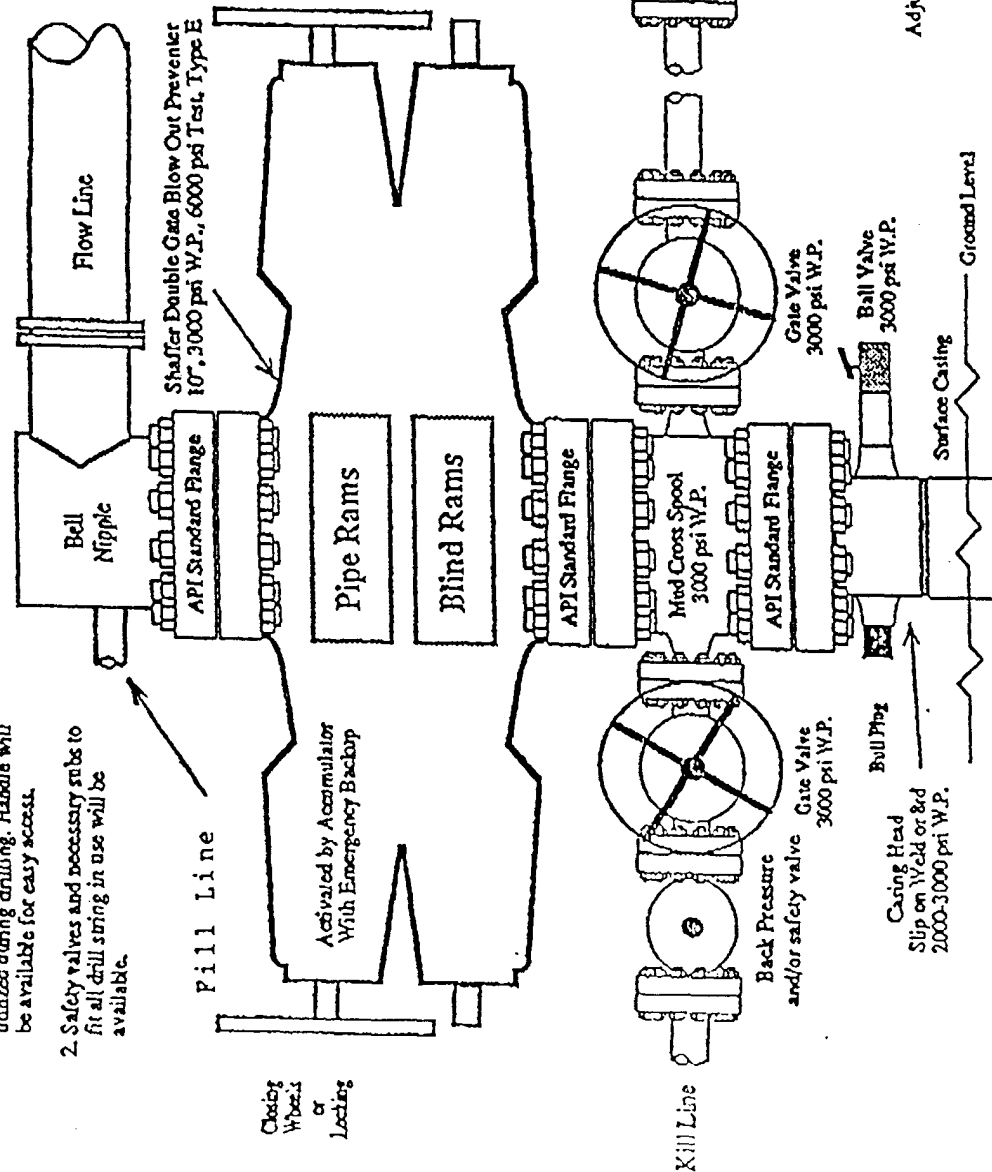
5. MUD PROGRAM

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.

Pressure Control Equipment

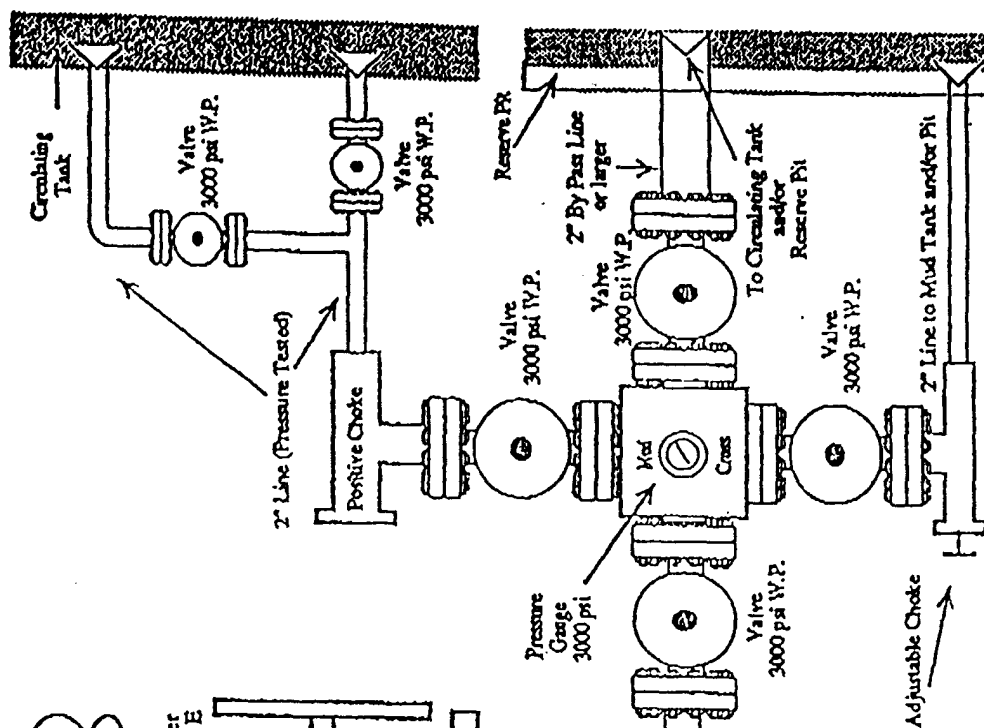
Note: 1. An upper Kelly cock valve will be utilized during drilling. Handle will be available for easy access.

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



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.

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



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No core or drill stem test is planned. DIL/GR log will be run from TD to surface. CNL/FSC log will be run over certain intervals.

7. DOWN HOLE CONDITIONS

No abnormal pressures, temperatures, nor hydrogen sulfide are expected. Maximum pressure will be ≤ 580 psi.

8. OTHER INFORMATION

The anticipated spud date is upon approval. It is expected it will take 5 days to drill and 1 week to complete the well.

Will communitize with NMNM-90484.