

RECEIVED

Form 3160-3
(August 2007)

JUL 03 2012

FORM APPROVED
OMB No 1004-0137
Expires July 31, 2010

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
Farmington Field Office
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. BIA 149 LIC 149
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name JICARILLA APACHE NATION
2. Name of Operator ELM RIDGE EXPLORATION COMPANY, LLC		7. If Unit or CA Agreement, Name and No.
3a. Address P. O. BOX 156 BLOOMFIELD, NM 87413	3b. Phone No. (include area code) 505 632 3476	8. Lease Name and Well No. JICARILLA APACHE F 19
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 1917' FSL & 2478' FEL At proposed prod. zone SAME		9. API Well No. 30-039- 31130
14. Distance in miles and direction from nearest town or post office* 13 AIR MILES NE OF COUNSELOR, NM		10. Field and Pool, or Exploratory LINDRITH GALLUP-DAKOTA, WEST
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	16. No. of acres in lease 2,559.40	11. Sec., T. R. M. or Blk. and Survey or Area NWSE (J) 17-25N-5W NMPM
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 869' (F 1)	19. Proposed Depth 7,500'	12. County or Parish RIO ARRIBA
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6,596' GRADED	22. Approximate date work will start* 09/15/2012	13. State NM
17. Spacing Unit dedicated to this well SE4 (= 160 acres) RCVD AUG 28 '12		
20. BLM/BIA Bond No. on file BIA nationwide OKC 606114 OIL CONS. DIV. DIST. 3		
23. Estimated duration 5 WEEKS		

The section is subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4

24. Attachments

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

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

- 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 must 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 BLM.

25. Signature 	Name (Printed/Typed) BRIAN WOOD (505 466-8120)	Date 06/22/2012
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Title
CONSULTANT (FAX 505 466-9682)

Approved by (Signature) 	Name (Printed/Typed) M. Mankiewicz	Date 8/22/12
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Title
AFM FFO

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.

(Continued on page 2)

A COMPLETE C-144 MUST BE SUBMITTED TO AND APPROVED BY THE NMOCD FOR: A PIT, CLOSED LOOP SYSTEM, BELOW GRADE TANK, OR PROPOSED ALTERNATIVE METHOD, PURSUANT TO NMOCD PART 19.15.17, PRIOR TO THE USE OR CONSTRUCTION OF THE ABOVE APPLICATIONS.

Hold C-104 for 5.9 Compliance

*(Instructions on page 2)

BLM'S APPROVAL OR ACCEPTANCE OF THIS ACTION DOES NOT RELIEVE THE LESSEE AND OPERATOR FROM OBTAINING ANY OTHER AUTHORIZATION REQUIRED FOR OPERATIONS ON FEDERAL AND INDIAN LANDS

NMOCD

**NOTIFY AZTEC OCD 24 HRS.
PRIOR TO CASING & CEMENT**

SEP 19 2012

ca

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

DISTRICT II
811 S. First St., Artesia, N.M. 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, N.M. 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr. JUL 03 2012
Santa Fe, N.M. 87505

Farmington Field Office
Bureau of Land Management

Form C-102

Revised August 1, 2011

Submit one copy to appropriate

District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-31130	² Pool Code 39189	³ Pool Name LINDRITH GALLUP-DAKOTA, WEST
⁴ Property Code 19029	⁵ Property Name JICARILLA APACHE F	⁶ Well Number 19
⁷ OGRID No. 149052	⁸ Operator Name ELM RIDGE EXPLORATION COMPANY, LLC	⁹ Elevation 6596

¹⁰ Surface Location

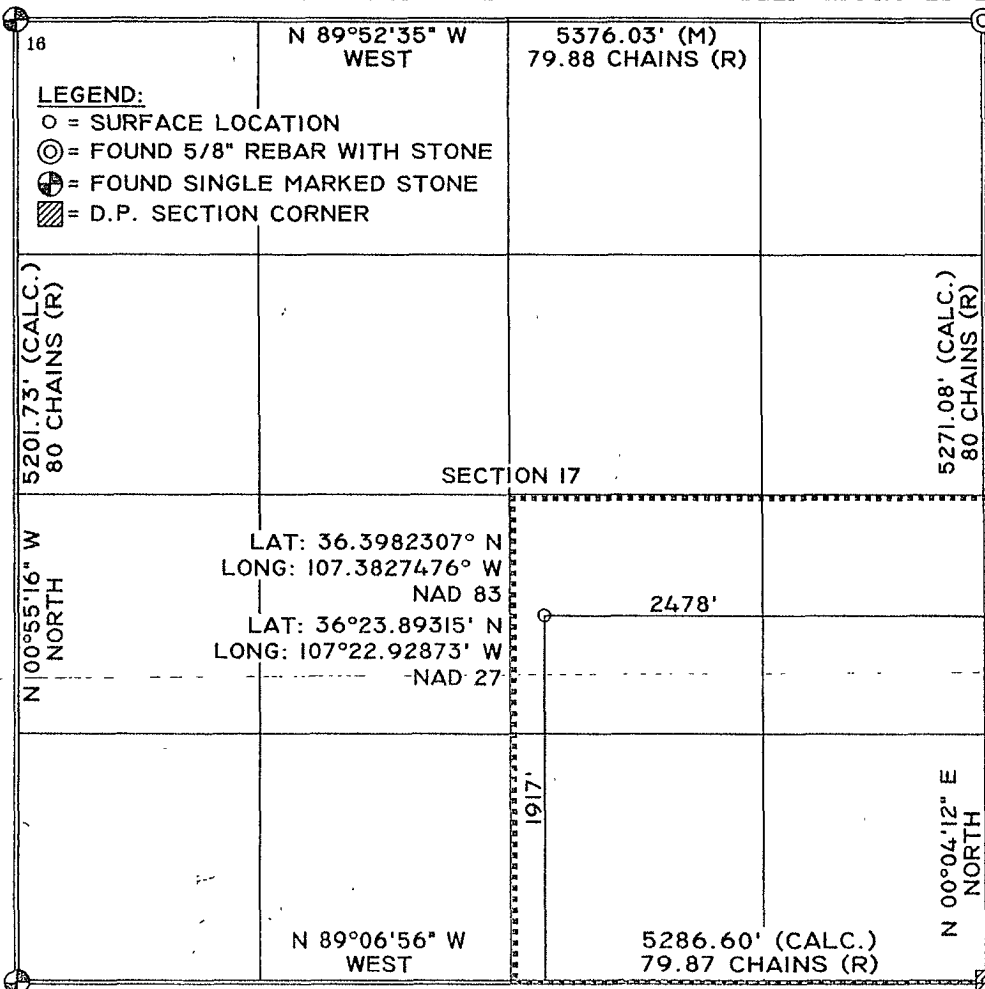
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	17	25 N	5 W		1917	SOUTH	2478	EAST	RIO ARRIBA

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

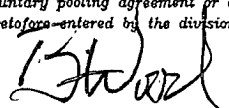
¹² Dedicated Acres 160	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

 6-24-12

Signature _____ Date _____
BRIAN WOOD

Printed _____
brian@permitswest.com

E-mail Address _____

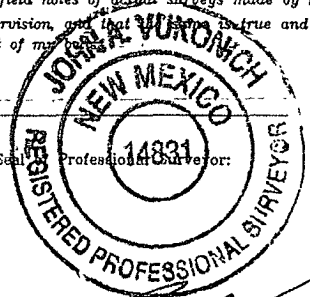
¹⁸ SURVEYOR CERTIFICATION

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 knowledge and belief.

11/18/11

Date of Survey _____

Signature and Seal _____ Professional Surveyor:



14831

Certificate Number _____ 3-7-2012

Elm Ridge Exploration Company, LLC
Jicarilla Apache F 19
1917' FSL & 2478' FEL
Sec. 17, T. 25 N., R. 5 W.
Rio Arriba 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>Elevation</u>
San Jose	0'	10'	+6,596'
Fruitland	2,356'	2,366'	+4,240'
Pictured Cliffs Ss	2,701'	2,711'	+3,895'
Chacra Ss	3,561'	3,571'	+3,035'
Mesa Verde Ss	4,406'	4,416'	+2,190'
Mancos Shale	5,151'	5,161'	+1,445'
Gallup Ss	6,071'	6,081'	+525'
Graneros	6,876'	6,886'	-280'
Dakota Ss	7,071'	7,081'	-475'
Burro Canyon	7,496'	7,506'	-900'
Total Depth (TD)*	7,500'	7,510'	-904'

* all elevations reflect the ungraded ground level of 6,596'

2. NOTABLE ZONES

<u>Oil & Gas Zones</u>	<u>Water Zones</u>	<u>Coal Zone</u>
Ojo Alamo	San Jose	Fruitland
Pictured Cliffs	Ojo Alamo	
Chacra	Fruitland	
Gallup		
Dakota		

Water zones will be protected with casing, cement, and weighted mud. Fresh water 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.

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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. The $\geq 3,000$ psi BOP and choke manifold system will be installed and tested to 2,000 psi before drilling the 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 that 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	J-55	S T & C	New	360'
7-7/8"	5-1/2"	15.5	J-55	L T & C	New	7,500'
	<u>Drift</u> <u>inch</u>	<u>Torque</u> <u>feet-pounds</u>	<u>Burst</u> <u>psi</u>	<u>Collapse</u> <u>psi</u>	<u>Tension</u> <u>1000 psi</u>	<u>Pressure Test</u> <u>psi</u>
Surface	7.972	3070	2950	1370	381	1000
Production	4.653	2020	4810	4040	248	3500

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Surface casing will be cemented to the surface with ≈ 310 cubic feet (≈ 262 sacks) Class B with 1/4 pound per sack cellophane + 2% CaCl_2 . Yield = 1.18 cubic feet per sack. Weight = 15.2 pounds per gallon. Volume = 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. Will test to ≈ 800 psi for ≈ 30 minutes.

Production casing will be cemented to the surface in two stages with $\geq 75\%$ excess. A DV tool will be set at $\approx 4,900'$ ($\approx 200'$ above the Mancos). Will pressure test to $\approx 2,000$ psi for ≈ 30 minutes.

First stage volume will be $\approx 1,536$ cubic feet. First stage will consist of 380 sacks (≈ 710 cubic feet) Halliburton light with 65/35 poz mix + 1/4 pound per sack Flocele + 2% CaCl_2 mixed at a yield of 1.87 cubic feet per sack and a weight of 12.7 pounds per gallon. That will be followed by 700 sacks (826 cubic feet) Class B + 2% CaCl_2 mixed at a yield of 1.18 cubic feet per sack and a weight of 15.2 pounds per gallon.

Second stage volume will be $\approx 1,555$ cubic feet. Second stage will consist of ≈ 800 sacks (1,496 cubic feet) of Halliburton light with 65/35 poz mix + 1/4 pound per sack Flocele + 2% CaCl_2 mixed at a yield of 1.87 cubic feet per sack and a weight of 12.7 pounds per gallon. That will be followed by ≈ 50 sacks (59 cubic feet) Class B + 2% CaCl_2 mixed at a yield of 1.18 cubic feet per sack and a weight of 15.2 pounds per gallon.

5. MUD PROGRAM

<u>Depth</u>	<u>Type</u>	<u>ppg</u>	<u>Viscosity</u>	<u>Fluid Loss</u>	<u>pH</u>
0' - 360'	Fresh water gel	9.0	50	NC	9
360' - TD'	Fresh water gel	9.0	38-50	6.0	9

Sufficient material to maintain mud properties, control lost circulation, and

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prevent a blowout will be available at the well site while drilling. Mud will be checked hourly by rig personnel. Material to soak up possible oil or fuel spills will be on site.

6. CORES, TESTS, & LOGS

No cores or drill stem tests are planned. Spectral density, high resolution induction, and cement bond logs will be run the base of the surface casing to TD. Samples will be collected every $\approx 10'$ from $\approx 200'$ above the Point Lookout to and through the Gallup and Dakota.

7. DOWN HOLE CONDITIONS

No abnormal pressures, temperatures, nor hydrogen sulfide are expected. Maximum bottom hole pressure will be $\leq 3,225$ psi.

8. OTHER INFORMATION

The anticipated spud date is upon approval. It is expected it will take ≈ 2 weeks to drill and ≈ 3 weeks to complete the well.

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Surface Use Plan

1. DIRECTIONS & EXISTING ROADS (See PAGES 10 - 13)

From the junction of US 550 and NM 537 ...

Go N 17.2 miles on NM 537

Then turn left and go SW 7.9 miles on dirt J-18 to a 5 way junction

Then turn right and go North 3.5 miles on J-6

Then turn left and go west 0.1 mile to the far side of the existing F 1 pad

Then turn right and go Northwest $\approx 350'$ cross country to the proposed pad

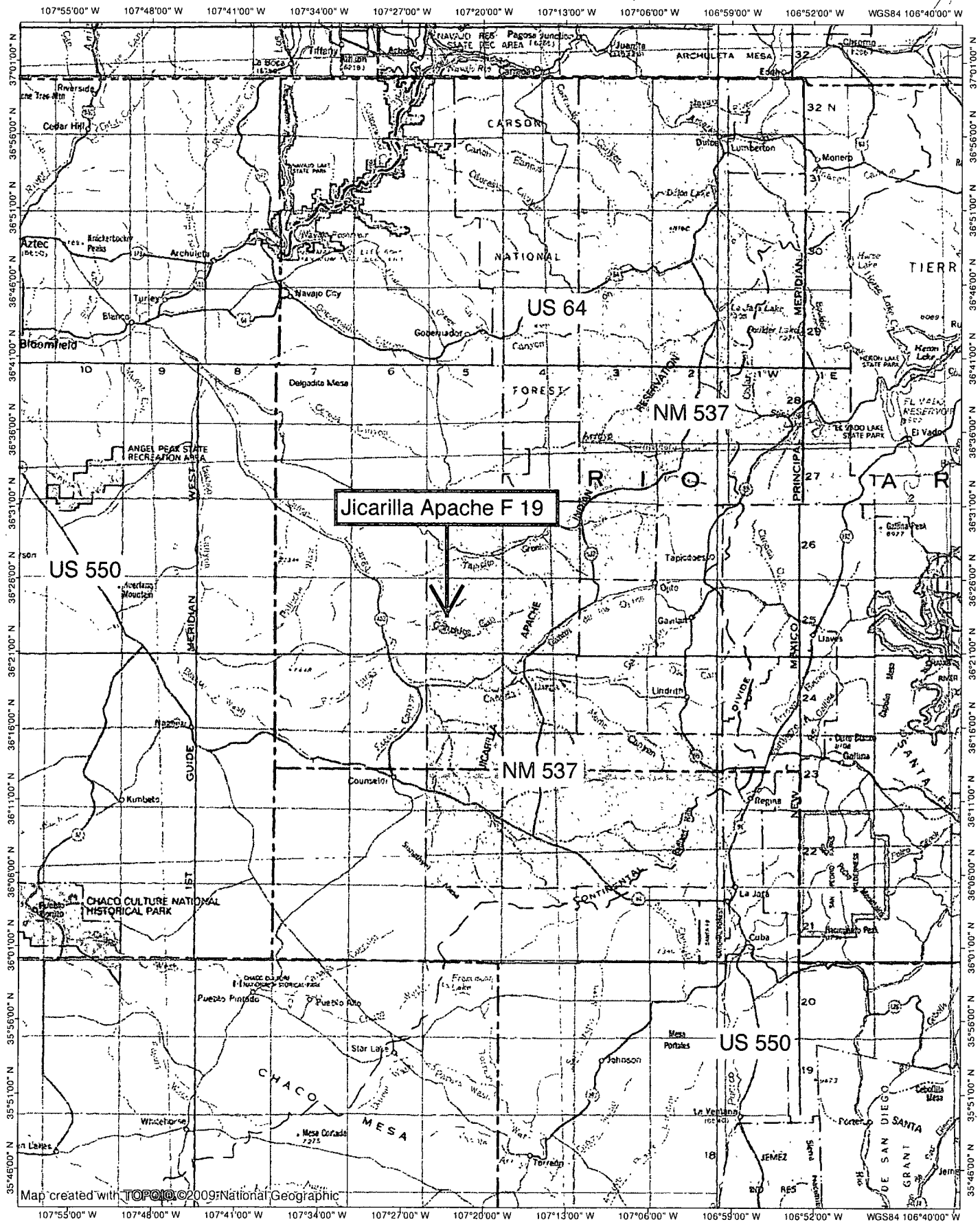
Roads will be maintained to at least equal to their present condition.

2. ROAD TO BE BUILT OR UPGRADED (See PAGE 13)

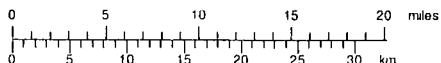
Upgrades will consist of repairing potholes. The $\approx 350'$ of new road will be built to BLM Gold Book standards. Road will be crowned and ditched, have a $\approx 14'$ wide running surface, and will be rocked. Borrow ditches will be turned out at least once on each side. Turnouts will be feathered out. Two culverts will be installed. Maximum disturbed width will be 20'. Maximum cut or fill = 3'. Maximum grade = 8%. No cattle guard is needed. An existing silt trap south of the road will be enhanced to catch more drainage.

3. EXISTING WELLS (See PAGE 12)

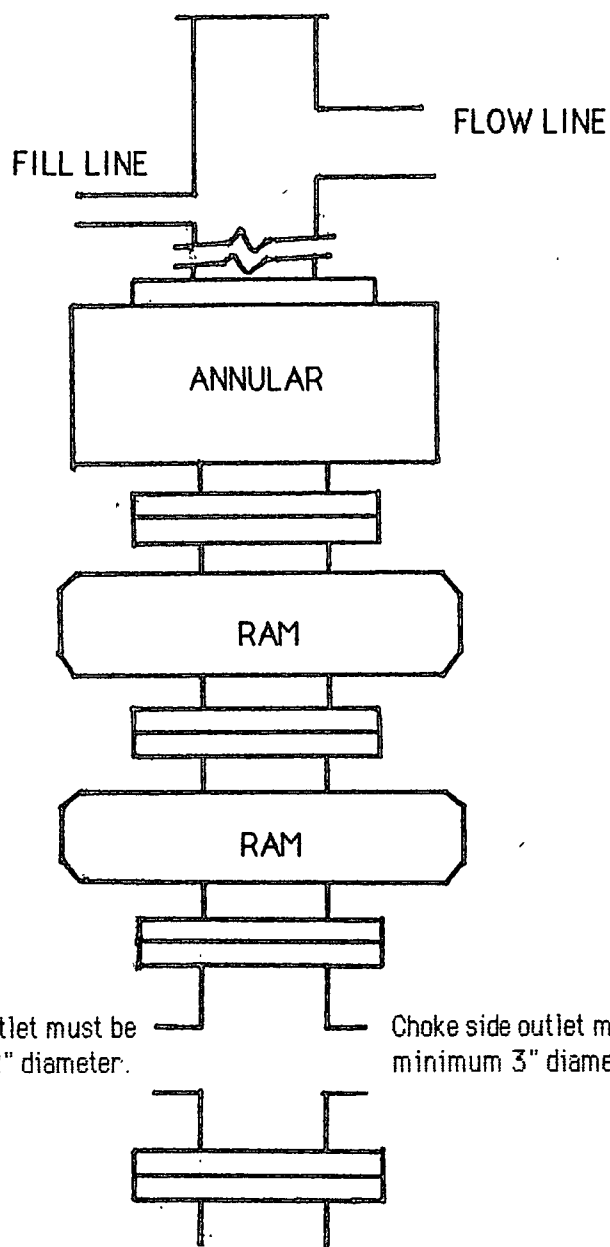
Oil Conservation Division and State Engineer records show 14 gas or oil wells and 2 plugged and abandoned wells within a one mile radius. There are no injection or water wells within a mile.



**NATIONAL
GEOGRAPHIC**

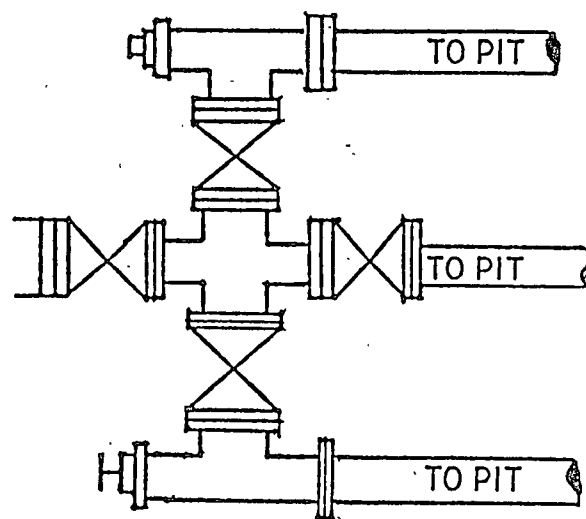


TN MN
95°
05/27/12



TYPICAL BOP STACK
& CHOKE MANIFOLD

There will be at least 2 chokes and 2 choke line valves (3" minimum). The choke line will be 3" in diameter. There will be a pressure gauge on the choke manifold.



Kill line will be minimum 2" diameter and have 2 valves, one of which shall be a minimum 2" check valve.

Upper kelly cock will have handle available.
Safety valve and subs will fit all drill string connections in use.
All BOPE connections subjected to well pressure will be flanged, welded, or clamped.