

Revised

RECEIVED

Form 3160-3
(August 2007)

JAN 23 2013

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

5. Lease Serial No.
BIA 360

6. If Indian, Allottee or Tribe Name
JICARILLA APACHE NATION

7. If Unit or CA Agreement, Name and No.

8. Lease Name and Well No.
BONANZA 11

9. API Well No.
30-043-21140

10. Field and Pool, or Exploratory
LINDRITH GALLUP-DAKOTA, WEST

11. Sec., T. R. M. or Blk. and Survey or Area
SHL: NENW (C) 12-22N-3W NMPM
BHL: NWNE (B) 12-22N-3W NMPM

12. County or Parish
SANDOVAL

13. State
NM

1a. Type of work: DRILL REENTER

1b. Type of Well: Oil Well Gas Well Other Single Zone Multiple Zone

2. Name of Operator
ELM RIDGE EXPLORATION COMPANY, LLC

3a. Address
P. O. BOX 156
BLOOMFIELD, NM 87413

3b. Phone No. (include area code)
505 632 3476

4. Location of Well (Report location clearly and in accordance with any State requirements.)*
At surface 660' FNL & 1800' FWL 12-22n-3w
At proposed prod. zone 660' FNL & 1979' FEL 12-22n-3w

14. Distance in miles and direction from nearest town or post office*
15 AIR MILES NW OF CUBA, NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)
1,979'

16. No. of acres in lease
2,541

17. Spacing Unit dedicated to this well
NE4 SEC. 12
RCVD APR 30 '13
OIL CONS. DIV.

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.
150' (Bonanza 10)

19. Proposed Depth
7,400' MD

20. BLM/BIA Bond No. on file
BIA nationwide OKC 606114
DIST. 3

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
7,180' GRADED

22. Approximate date work will start*
03/01/2013

23. Estimated duration
5 WEEKS

24. Attachments

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

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

Hold C104
for Directional Survey
and "As Drilled" plat

25. Signature *B. Wood* Name (Printed/Typed) BRIAN WOOD (505 466-8120) Date 01/06/2013

Title CONSULTANT (FAX 505 466-9682)

Approved by (Signature) *D. Manteewich* Name (Printed/Typed) Office FEO Date 4/25/13

Title AFM

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)

*(Instructions on page 2)

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

Hold C104
for Directional Survey
and "As Drilled" plat

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

NOTIFY AZTEC OCD 24 HRS.
PRIOR TO CASING & CEMENT

JUN 13 2013
NMOC
PV

note difference between TO
and drilling plan

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

JAN 17 2013

APPLICATION FOR PERMIT TO DRILL OR REENTER
Bureau of Land Management

5. Lease Serial No.
BIA 360

6. If Indian, Allottee or Tribe Name
JICARILLA APACHE NATION

7. If Unit or CA Agreement, Name and No.

8. Lease Name and Well No.
BONANZA 11

9. API Well No.
30-043- 21140

1a. Type of work: DRILL REENTER

1b. Type of Well: Oil Well Gas Well Other Single Zone Multiple Zone

2. Name of Operator ELM RIDGE EXPLORATION COMPANY, LLC

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BLOOMFIELD, NM 87413

3b. Phone No. (include area code)
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10. Field and Pool, or Exploratory
LINDRITH GALLUP-DAKOTA, WEST

4. Location of Well (Report location clearly and in accordance with any State requirements. *)
At surface 660' FNL & 1650' FWL 12-22n-3w
At proposed prod. zone 660' FNL & 1979' FEL 12-22n-3w

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SHL: NENW (C) 12-22N-3W NMPM
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12. County or Parish
SANDOVAL

13. State
NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)
1,979'

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7,180' GRADED

22. Approximate date work will start*
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23. Estimated duration
5 WEEKS

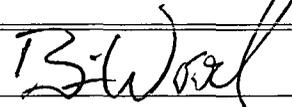
This action is subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4

24. Attachments

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

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

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- 2. A Drilling Plan.
- 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).
- 4. Bond to cover the operations unless covered by an existing bond on file (see item 20 above).
- 5. Operator certification
- 6. 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 01/06/2013

Title CONSULTANT (FAX 505 466-9682)

Approved by (Signature) Name (Printed/Typed) Date

Title Office

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)

*(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

NMOC

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240
Phone: (575) 393-8181 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) 334-8178 Fax: (505) 334-8170

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

Form C-102

Revised August 1, 2011

Submit one copy to appropriate District Office

OIL CONSERVATION DIVISION

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

JAN 17 2013

Farmington Field Office AMENDED REPORT
Bureau of Land Management

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-043-21140	² Pool Code 39189	LINDRITH GALLUP-DAKOTA, WEST
⁴ Property Code 27875	⁶ Property Name BONANZA	
⁷ OGRID No. 149052	⁸ Operator Name ELM RIDGE EXPLORATION COMPANY, LLC	⁹ Well Number 11 ⁹ Elevation 7180

¹⁰ Surface Location

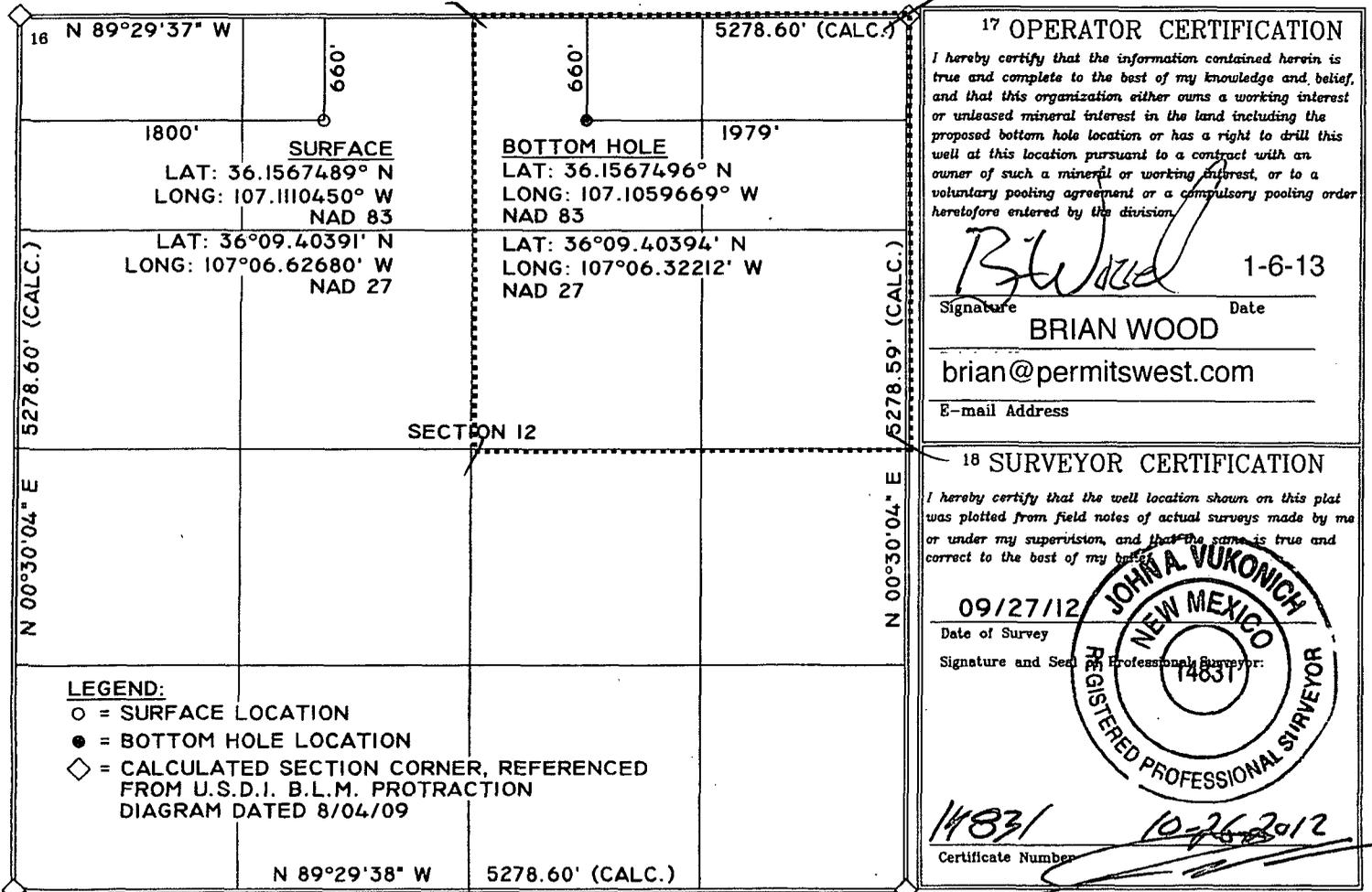
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	12	22 N	3 W	700	660	NORTH	1800	WEST	SANDOVAL

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
B	12	22 N	3 W	700	660	NORTH	1979	EAST	SANDOVAL

¹² Dedicated Acres 160 ^{NE 1/4}	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



Elm Ridge Exploration Company

Site: Bonanza #11 T-22-N,R-3-W
Well: Bonanza #11
Wellbore: DD
Design: #1

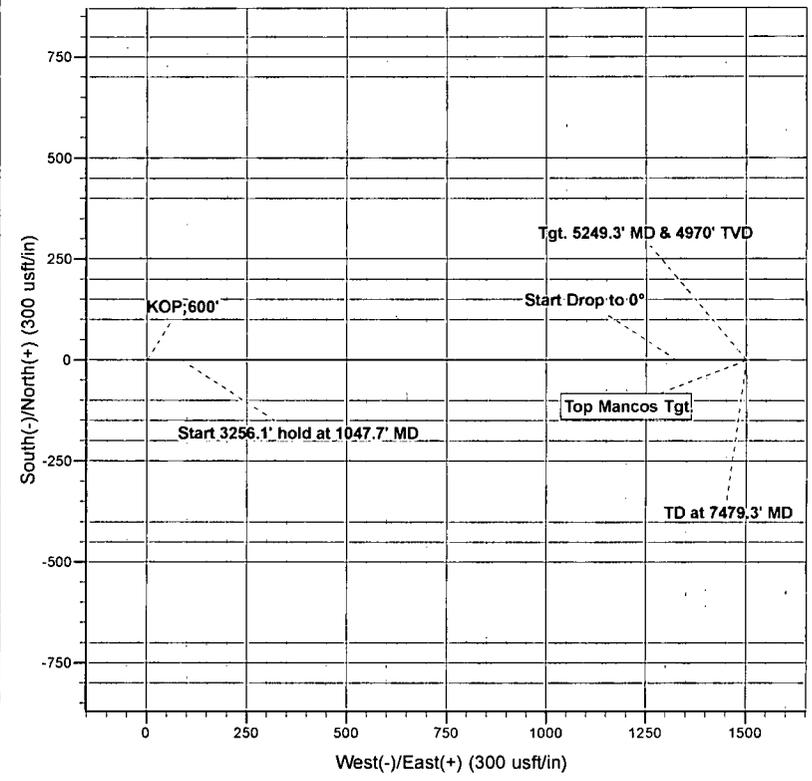
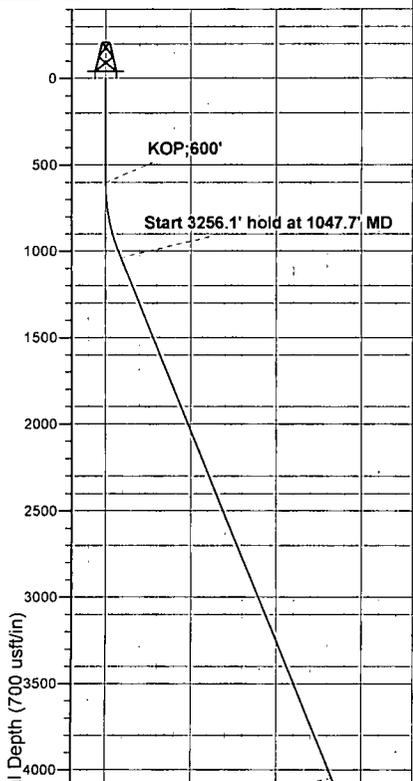
Reference Details - WELL CENTRE

Geodetic System: US State Plane 1983
 Ellipsoid: GRS 1980
 Zone: New Mexico Central Zone
 Northing: 1877448.86
 Easting: 1386236.69
 Latitude: 36° 9' 24.296 N
 Longitude: 107° 6' 39.762 W
 Grid Convergence: 0.51° East
 Ground Elevation: 7180.0
 KB Elevation: Est RKB @ 7192.0usft

T Azimuths to True North
 Magnetic North: 9.32°
 Magnetic Field
 Strength: 50349.4snT
 Dip Angle: 63.04°
 Date: 5/2/2013
 Model: IGRF2010

PLAN DETAILS

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	Dleg	TFace	VSEct	Target
1	0.0	0.00	0.00	0.0	0.0	0.0	0.00	0.00	0.0	
2	600.0	0.00	0.00	600.0	0.0	0.0	0.00	0.00	0.0	
3	1047.7	22.39	89.99	1036.4	0.0	86.4	5.00	89.99	86.4	
4	4303.9	22.39	89.99	4047.2	0.3	1326.4	0.00	0.00	1326.4	
5	5199.3	0.00	0.00	4920.0	0.3	1499.1	2.50	180.00	1499.1	
6	5249.3	0.00	0.00	4970.0	0.3	1499.1	0.00	0.00	1499.1	Top Mancos Tgt.
7	7479.3	0.00	0.00	7200.0	0.3	1499.1	0.00	0.00	1499.1	

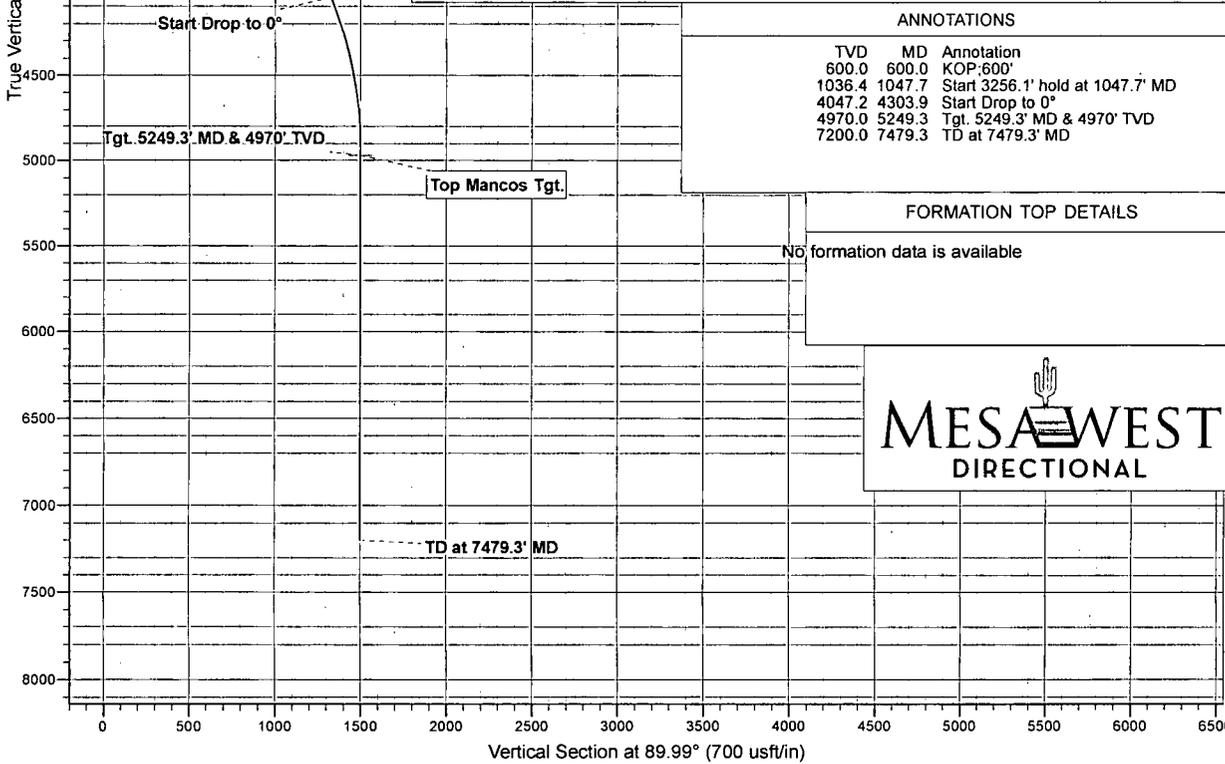


ANNOTATIONS

TVD	MD	Annotation
600.0	600.0	KOP:600'
1036.4	1047.7	Start 3256.1' hold at 1047.7' MD
4047.2	4303.9	Start Drop to 0°
4970.0	5249.3	Tgt. 5249.3' MD & 4970' TVD
7200.0	7479.3	TD at 7479.3' MD

FORMATION TOP DETAILS

No formation data is available



Mesa West Directional

Planning Report



Database:	EDM 5000.1 Single User Db	Local Co-ordinate Reference:	Well Bonanza #11
Company:	Elm Ridge Exploration Company	TVD Reference:	Est RKB @ 7192.0usft
Project:	Bonanza (Nad83)	MD Reference:	Est RKB @ 7192.0usft
Site:	Bonanza #11 T-22-N,R-3-W	North Reference:	True
Well:	Bonanza #11	Survey Calculation Method:	Minimum Curvature
Wellbore:	DD		
Design:	#1		

Project	Bonanza (Nad83)		
Map System:	US State Plane 1983	System Datum:	Mean Sea Level
Geo Datum:	North American Datum 1983		
Map Zone:	New Mexico Central Zone		

Site	Bonanza #11 T-22-N,R-3-W				
Site Position:	Northing:	1,877,448.86 usft	Latitude:	36° 9' 24.296 N	
From:	Lat/Long	Easting:	1,386,236.69 usft	Longitude:	107° 6' 39.762 W
Position Uncertainty:	0.0 usft	Slot Radius:	13-3/16 "	Grid Convergence:	-0.51 °

Well	Bonanza #11					
Well Position	+N/-S	0.0 usft	Northing:	1,877,448.86 usft	Latitude:	36° 9' 24.296 N
	+E/-W	0.0 usft	Easting:	1,386,236.69 usft	Longitude:	107° 6' 39.762 W
Position Uncertainty	0.0 usft	Wellhead Elevation:		Ground Level:	7,180.0 usft	

Wellbore	DD				
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Magnetics	Model Name	Sample Date	Declination	Dip Angle	Field Strength
			(°)	(°)	(nT)
	IGRF2010	5/2/2013	9.32	63.04	50,349

Design	#1				
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Audit Notes:					
Version:	Phase:	PLAN	Tie On Depth:	0.0	
Vertical Section:	Depth From (TVD)	+N/-S	+E/-W	Direction	
	(usft)	(usft)	(usft)	(°)	
	0.0	0.0	0.0	89.99	

Plan Sections											
Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)	TFO (°)	Target	
0.0	0.00	0.00	0.0	0.0	0.0	0.00	0.00	0.00	0.00		
600.0	0.00	0.00	600.0	0.0	0.0	0.00	0.00	0.00	0.00		
1,047.7	22.39	89.99	1,036.4	0.0	86.4	5.00	5.00	0.00	89.99		
4,303.9	22.39	89.99	4,047.2	0.3	1,326.4	0.00	0.00	0.00	0.00		
5,199.3	0.00	0.00	4,920.0	0.3	1,499.1	2.50	-2.50	0.00	180.00		
5,249.3	0.00	0.00	4,970.0	0.3	1,499.1	0.00	0.00	0.00	0.00	Top Mancos Tgt.	
7,479.3	0.00	0.00	7,200.0	0.3	1,499.1	0.00	0.00	0.00	0.00		

Mesa West Directional
Planning Report



Database:	EDM 5000.1 Single User Db	Local Co-ordinate Reference:	Well Bonanza #11
Company:	Elm Ridge Exploration Company	TVD Reference:	Est RKB @ 7192.0usft
Project:	Bonanza (Nad83)	MD Reference:	Est RKB @ 7192.0usft
Site:	Bonanza #11 T-22-N,R-3-W	North Reference:	True
Well:	Bonanza #11	Survey Calculation Method:	Minimum Curvature
Wellbore:	DD		
Design:	#1		

Planned Survey										
Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	Subsea (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
0.0	0.00	0.00	0.0	-7,192.0	0.0	0.0	0.0	0.00	0.00	0.00
KOP;600'										
600.0	0.00	0.00	600.0	-6,592.0	0.0	0.0	0.0	0.00	0.00	0.00
700.0	5.00	89.99	699.9	-6,492.1	0.0	4.4	4.4	5.00	5.00	0.00
800.0	10.00	89.99	799.0	-6,393.0	0.0	17.4	17.4	5.00	5.00	0.00
900.0	15.00	89.99	896.6	-6,295.4	0.0	39.0	39.0	5.00	5.00	0.00
1,000.0	20.00	89.99	991.9	-6,200.1	0.0	69.1	69.1	5.00	5.00	0.00
Start 3256.1' hold at 1047.7' MD										
1,047.7	22.39	89.99	1,036.4	-6,155.6	0.0	86.4	86.4	5.00	5.00	0.00
1,100.0	22.39	89.99	1,084.8	-6,107.2	0.0	106.3	106.3	0.00	0.00	0.00
1,200.0	22.39	89.99	1,177.2	-6,014.8	0.0	144.4	144.4	0.00	0.00	0.00
1,300.0	22.39	89.99	1,269.7	-5,922.3	0.0	182.4	182.4	0.00	0.00	0.00
1,400.0	22.39	89.99	1,362.1	-5,829.9	0.0	220.5	220.5	0.00	0.00	0.00
1,500.0	22.39	89.99	1,454.6	-5,737.4	0.1	258.6	258.6	0.00	0.00	0.00
1,600.0	22.39	89.99	1,547.1	-5,644.9	0.1	296.7	296.7	0.00	0.00	0.00
1,700.0	22.39	89.99	1,639.5	-5,552.5	0.1	334.8	334.8	0.00	0.00	0.00
1,800.0	22.39	89.99	1,732.0	-5,460.0	0.1	372.9	372.9	0.00	0.00	0.00
1,900.0	22.39	89.99	1,824.5	-5,367.5	0.1	410.9	410.9	0.00	0.00	0.00
2,000.0	22.39	89.99	1,916.9	-5,275.1	0.1	449.0	449.0	0.00	0.00	0.00
2,100.0	22.39	89.99	2,009.4	-5,182.6	0.1	487.1	487.1	0.00	0.00	0.00
2,200.0	22.39	89.99	2,101.9	-5,090.1	0.1	525.2	525.2	0.00	0.00	0.00
2,300.0	22.39	89.99	2,194.3	-4,997.7	0.1	563.3	563.3	0.00	0.00	0.00
2,400.0	22.39	89.99	2,286.8	-4,905.2	0.1	601.4	601.4	0.00	0.00	0.00
2,500.0	22.39	89.99	2,379.3	-4,812.7	0.1	639.4	639.4	0.00	0.00	0.00
2,600.0	22.39	89.99	2,471.7	-4,720.3	0.1	677.5	677.5	0.00	0.00	0.00
2,700.0	22.39	89.99	2,564.2	-4,627.8	0.1	715.6	715.6	0.00	0.00	0.00
2,800.0	22.39	89.99	2,656.6	-4,535.4	0.1	753.7	753.7	0.00	0.00	0.00
2,900.0	22.39	89.99	2,749.1	-4,442.9	0.2	791.8	791.8	0.00	0.00	0.00
3,000.0	22.39	89.99	2,841.6	-4,350.4	0.2	829.9	829.9	0.00	0.00	0.00
3,100.0	22.39	89.99	2,934.0	-4,258.0	0.2	868.0	868.0	0.00	0.00	0.00
3,200.0	22.39	89.99	3,026.5	-4,165.5	0.2	906.0	906.0	0.00	0.00	0.00
3,300.0	22.39	89.99	3,119.0	-4,073.0	0.2	944.1	944.1	0.00	0.00	0.00
3,400.0	22.39	89.99	3,211.4	-3,980.6	0.2	982.2	982.2	0.00	0.00	0.00
3,500.0	22.39	89.99	3,303.9	-3,888.1	0.2	1,020.3	1,020.3	0.00	0.00	0.00
3,600.0	22.39	89.99	3,396.4	-3,795.6	0.2	1,058.4	1,058.4	0.00	0.00	0.00
3,700.0	22.39	89.99	3,488.8	-3,703.2	0.2	1,096.5	1,096.5	0.00	0.00	0.00
3,800.0	22.39	89.99	3,581.3	-3,610.7	0.2	1,134.5	1,134.5	0.00	0.00	0.00
3,900.0	22.39	89.99	3,673.7	-3,518.3	0.2	1,172.6	1,172.6	0.00	0.00	0.00
4,000.0	22.39	89.99	3,766.2	-3,425.8	0.2	1,210.7	1,210.7	0.00	0.00	0.00
4,100.0	22.39	89.99	3,858.7	-3,333.3	0.2	1,248.8	1,248.8	0.00	0.00	0.00
4,200.0	22.39	89.99	3,951.1	-3,240.9	0.3	1,286.9	1,286.9	0.00	0.00	0.00
4,300.0	22.39	89.99	4,043.6	-3,148.4	0.3	1,325.0	1,325.0	0.00	0.00	0.00
Start Drop to 0°										
4,303.9	22.39	89.99	4,047.2	-3,144.8	0.3	1,326.4	1,326.4	0.00	0.00	0.00
4,400.0	19.98	89.99	4,136.8	-3,055.2	0.3	1,361.2	1,361.2	2.50	-2.50	0.00
4,500.0	17.48	89.99	4,231.5	-2,960.5	0.3	1,393.3	1,393.3	2.50	-2.50	0.00

Mesa West Directional

Planning Report



Database:	EDM 5000.1 Single User Db	Local Co-ordinate Reference:	Well Bonanza #11
Company:	Elm Ridge Exploration Company	TVD Reference:	Est RKB @ 7192.0usft
Project:	Bonanza (Nad83)	MD Reference:	Est RKB @ 7192.0usft
Site:	Bonanza #11 T-22-N,R-3-W	North Reference:	True
Well:	Bonanza #11	Survey Calculation Method:	Minimum Curvature
Wellbore:	DD		
Design:	#1		

Planned Survey										
Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	Subsea (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
4,600.0	14.98	89.99	4,327.5	-2,864.5	0.3	1,421.2	1,421.2	2.50	-2.50	0.00
4,700.0	12.48	89.99	4,424.6	-2,767.4	0.3	1,445.0	1,445.0	2.50	-2.50	0.00
4,800.0	9.98	89.99	4,522.7	-2,669.3	0.3	1,464.4	1,464.4	2.50	-2.50	0.00
4,900.0	7.48	89.99	4,621.6	-2,570.4	0.3	1,479.6	1,479.6	2.50	-2.50	0.00
5,000.0	4.98	89.99	4,721.0	-2,471.0	0.3	1,490.5	1,490.5	2.50	-2.50	0.00
5,100.0	2.48	89.99	4,820.7	-2,371.3	0.3	1,497.0	1,497.0	2.50	-2.50	0.00
5,199.3	0.00	0.00	4,920.0	-2,272.0	0.3	1,499.1	1,499.1	2.50	-2.50	0.00
Tgt. 5249.3' MD & 4970' TVD										
5,249.3	0.00	0.00	4,970.0	-2,222.0	0.3	1,499.1	1,499.1	0.00	0.00	0.00
TD at 7479.3' MD										
7,479.3	0.00	0.00	7,200.0	8.0	0.3	1,499.1	1,499.1	0.00	0.00	0.00

Design Targets									
Target Name	Dip Angle (°)	Dip Dir. (°)	TVD (usft)	+N/-S (usft)	+E/-W (usft)	Northing (usft)	Easting (usft)	Latitude	Longitude
Top Mancos Tgt. - hit/miss target - Shape - Point	0.00	0.00	4,970.0	0.3	1,499.1	1,877,435.87	1,387,735.78	36° 9' 24.299 N	107° 6' 21.481 W

Plan Annotations				
Measured Depth (usft)	Vertical Depth (usft)	Local Coordinates		Comment
		+N/-S (usft)	+E/-W (usft)	
600.0	600.0	0.0	0.0	KOP:600'
1,047.7	1,036.4	0.0	86.4	Start 3256.1' hold at 1047.7' MD
4,303.9	4,047.2	0.3	1,326.4	Start Drop to 0°
5,249.3	4,970.0	0.3	1,499.1	Tgt. 5249.3' MD & 4970' TVD
7,479.3	7,200.0	0.3	1,499.1	TD at 7479.3' MD

Elm Ridge Exploration Company, LLC

PAGE 1

Bonanza 11

SHL: 660 FNL & 1800 FWL Sec. 12, T. 22 N., R. 3 W.

BHL: 660 FNL & 1979 FEL Sec. 12, T. 22 N., R. 3 W.

Sandoval County, New Mexico

Drilling Program

1. ESTIMATED FORMATION TOPS

<u>Formation Name</u>	<u>TVD</u>	<u>KB Depth</u>	<u>Elevation</u>
San Jose	0'	10'	+7,180'
Nacimiento	1,015'	1,025'	+6,165'
Ojo Alamo	2,260'	2,270'	+4,920'
Kirtland	2,375'	2,380'	+4,805'
Fruitland Coal	2,510'	2,520'	+4,670'
Pictured Cliffs Ss	2,615'	2,625'	+4,565'
Lewis shale	2,740'	2,750'	+4,440'
Chacra Ss	3,365'	3,375'	+3,815'
Cliff House Ss	4,105'	4,115'	+3,075'
Menefee	4,200'	4,210'	+2,980'
Point Lookout Ss	4,680'	4,690'	+2,500'
Mancos Shale	4,975'	4,985'	+2,205'
Gallup Ss	5,700'	5,710'	+1,480'
Greenhorn	6,720'	6,730'	+460'
Graneros	6,780'	6,790'	+400'
Dakota Ss	6,810'	6,820'	+370'
Total Depth*	7,200'	7,210'	-20'

* measured depth = 7,400'

2. NOTABLE ZONES

Oil & Gas Zones

Ojo Alamo

Pictured Cliffs

Chacra

Gallup

Dakota

Water Zones

San Jose

Ojo Alamo

Fruitland

Coal Zone

Fruitland

Bonanza 11

SHL: 660 FNL & 1800 FWL Sec. 12, T. 22 N., R. 3 W.

BHL: 660 FNL & 1979 FEL Sec. 12, T. 22 N., R. 3 W.

Sandoval County, New Mexico

All water zones will be protected with casing, cement, and weighted mud. Fresh water will be recorded by depth. Oil and gas shows will be tested for commercial potential based on the well site geologist's recommendations.

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 the 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

Hole Size	O. D.	Weight (lb/ft)	Grade	Type	Age	Setting Depth
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	7,400'

	Drift inch	Torque feet-pounds	Burst psi	Collapse psi	Tension 1000 psi	Pressure Test psi
Surface	7.972	3070	2950	1370	381	1000
Production	4.653	2020	4810	4040	248	3500

Bonanza 11

SHL: 660 FNL & 1800 FWL Sec. 12, T. 22 N., R. 3 W.

BHL: 660 FNL & 1979 FEL Sec. 12, T. 22 N., R. 3 W.

Sandoval County, New Mexico

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 stage tool will be set at $\approx 4,775'$ ($\approx 200'$ above the Mancos). Will pressure test to 2,000-psi for 30-minutes.

First stage volume will be $\approx 1,377$ cubic feet. First stage will consist of 370 sacks (≈ 692 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 685 sacks (808 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 $\approx 1,583$ cubic feet. Second stage will consist of ≈ 815 sacks (1,524 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

Elm Ridge Exploration Company, LLC

PAGE 5

Bonanza 11

SHL: 660 FNL & 1800 FWL Sec. 12, T. 22 N., R. 3 W.

BHL: 660 FNL & 1979 FEL Sec. 12, T. 22 N., R. 3 W.

Sandoval County, New Mexico

Sufficient material to maintain mud properties, control lost circulation, and contain a blowout will be available at the well site while drilling. Rig personnel will check the mud hourly. Material to soak up possible oil or fuel spills will be on site.

6. CORES, TESTS, & LOGS

No core or drill stem test is 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 $\leq 3,139$ 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.

Elm Ridge Exploration Company, LLC

PAGE 6

Bonanza 11

SHL: 660 FNL & 1800 FWL Sec. 12, T. 22 N., R. 3 W.

BHL: 660 FNL & 1979 FEL Sec. 12, T. 22 N., R. 3 W.

Sandoval County, New Mexico

Surface Use Plan

1. DIRECTIONS & EXISTING ROADS (See PAGES 10 & 11)

From the equivalent of Mile Post 80.5 on US 550...

Go NE 2.9 miles on gravel J-37

Then turn right and go ESE 1.3 miles on dirt J-38 to just past a cattle guard

Turn left and go Northeast 1.5 miles to a 3-way junction

Then turn right and go Southeast 0.4 mile on a dirt road

Turn left and go Northeast 0.1 mile to Elm Ridge's Chacon Amigos 10 pad

Then turn right and go East 813' to the Bonanza 10 pad

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

2. ROAD TO BE BUILT OR UPGRADED

No upgrade or new road construction is needed. Pad will overlap Bonanza 10 pad.

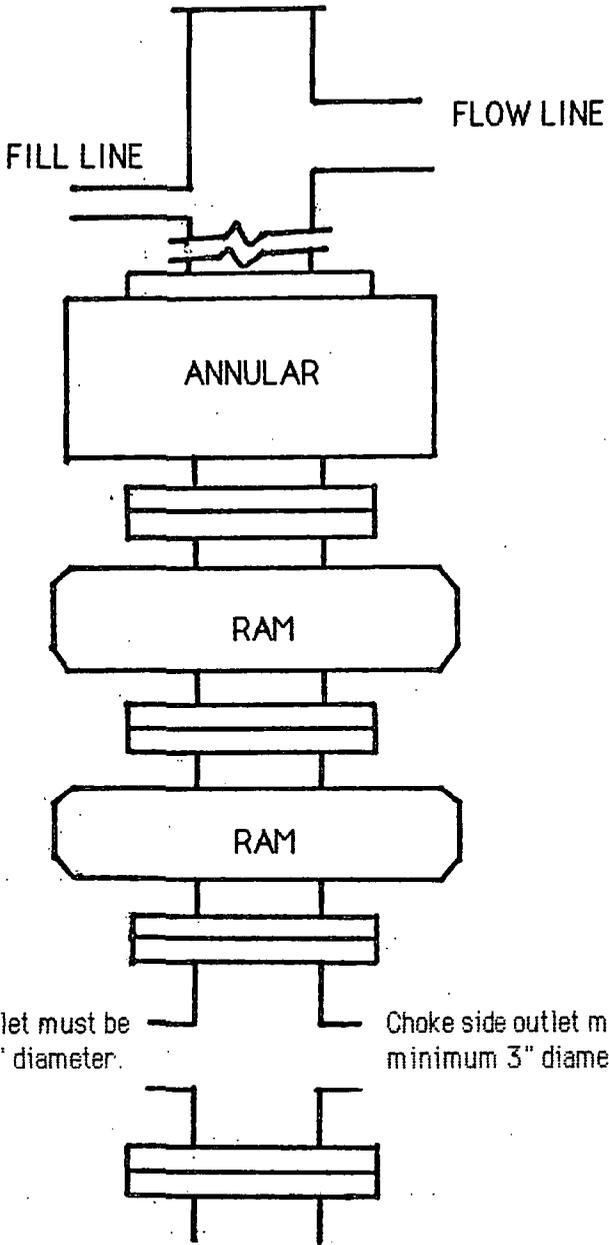
3. EXISTING WELLS (See PAGE 11)

Twenty gas or oil wells and two plugged and abandoned wells are within a mile radius. There are no water or injection wells within a mile.

4. PROPOSED PRODUCTION FACILITIES (See PAGES 12 & 13)

Production facilities will include a separator, dehydrator, meter run, and two ≈300 bbl tanks. All of the equipment will be painted a flat juniper green.

A 150.14' long steel 4-1/2" O. D. natural gas pipeline will be laid west to Elm Ridge's Bonanza 10 pad. The pipeline will be buried ≈36" deep.



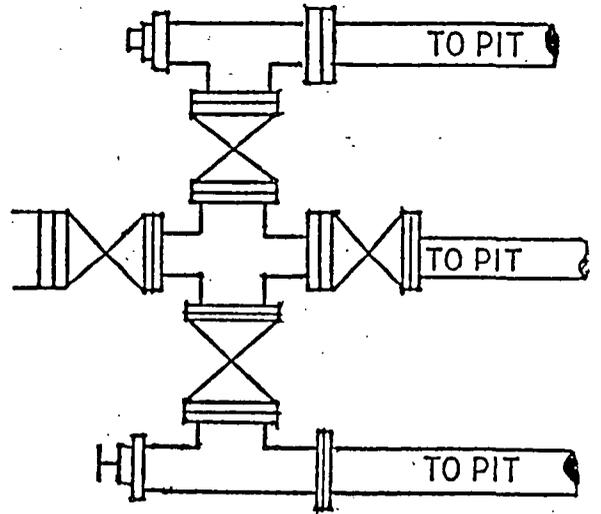
Kill side outlet must be minimum 2" diameter.

Choke side outlet must be minimum 3" diameter.

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

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.



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.