

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0136
Expires January 31, 2004

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. IMDA 751-05-1025, Tract B
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 Ute Mountain Ute
2. Name of Operator Elk San Juan, Inc.		7. If Unit or CA Agreement, Name and No.
3a. Address 1401 17th Strret, Suite 700 Denver, CO 80202	3b. Phone No. (include area code) 303.296.4505	8. Lease Name and Well No. Ute Mountain Tribal No. 14-D
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 1085' FSL - 1385' FEL, Section 14, T31N, R15W, NMPM At proposed prod. zone Same		9. API Well No. 30-045-33417
11. Sec., T. R. M. or Blk. and Survey or Area Section 14, T31N, R15W, NMPM		10. Field and Pool, or Exploratory Basin Dakota
14. Distance in miles and direction from nearest town or post office* 12 miles North of Kirtland, New Mexico		12. County or Parish San Juan
13. State NM		
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1256	16. No. of acres in lease 3160	17. Spacing Unit dedicated to this well E/2-320.0 acs.
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 500 (P&A)	19. Proposed Depth 3262'	20. BLM/BIA Bond No. on file B001404
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5584' GL	22. Approximate date work will start* 09/01/2005	23. Estimated duration 25 days
24. Attachments Venting / Flaring approved for 30 days per NTL-4A		

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. |

25. Signature <i>Robert E. Fielder</i>	Name (Printed/Typed) Robert E. Fielder	Date 07/13/2005
Title Agent		APPROVED FOR A PERIOD NOT TO EXCEED 1 YEAR
Approved by (Signature) <i>Brian W. Davis</i>	Name (Printed/Typed) Acting Field Office Manager	Date NOV 3 2005
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.

*(Instructions on page 2)

SEE ATTACHED
CONDITIONS OF APPROVAL

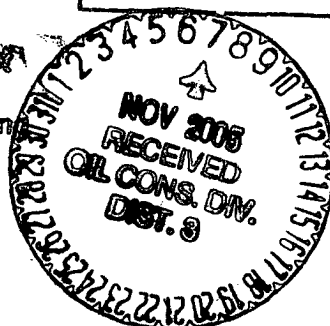
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JUL 19 2005

Bureau of Land Management
Durango, Colorado

Approval of this agreement does not warrant or certify that the operator thereof and other holders of operating rights hold legal or equitable title to those rights in the subject lease which are committed hereto...



✓

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
PO Drawer DD, Artesia, NM 88211-0719

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-33417		*Pool Code 71599	*Pool Name BASIN DAKOTA
*Property Code 35229	*Property Name UTE MOUNTAIN TRIBAL		*Well Number 14D
*GRID No. 234144	*Operator Name ELK SAN JUAN, INC.		*Elevation 5584'

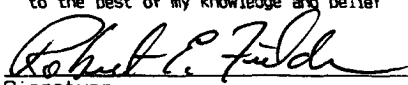

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	14	31N	15W		1085	SOUTH	1385	EAST	SAN JUAN

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 320.0 Acres - E/2					¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No.

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

16	5281.32'	14	5281.32'	IMDA 751-05-1025	Tract B	5280.00'	5280.00'	1385'	1085'	LAT: 36°53.8018' N LONG: 108°22.9052' W DATUM: NAD27	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  Signature Robert E. Fielder Printed Name Agent Title July 13, 2005 Date
	5281.32'		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 belief. Date of Survey: MAY 19, 2005 Signature and Seal of Professional Surveyor  JASON C. EDWARDS Certificate Number 15269								

Elk San Juan, Inc.
Ute Mountain Tribal No. 14-D
1085' FSL & 1385' FEL
Section 14, T31N, R15W, NMPM
San Juan County, New Mexico

TEN POINT DRILLING PROGRAM

1. **Surface Formation:** Menefee
2. **Surface Elevation:** 5584' GL.
3. **Estimated Formation Tops:**

<u>Formation</u>	<u>Top - feet</u>	<u>Expected Production</u>
Menefee	surface	
Pt. Lookout	220	
Upper Mancos	1218	
Gallup	2216	GAS/OIL
Tocito	2272	
Sanastee	2470	
Lower Mancos	2499	
Greenhorn	2912	
Graneros	2974	GAS
Dakota	3024	GAS
Burro Canyon	3185	
Morrison	3262	
TOTAL DEPTH	3262	

4. **Surface Hole Program:**

Bit: Drill a 12 1/4" hole to 350' using a mill tooth, IADC Class 116 or 117 bit. WOB: all. RPM: 70 - 100.

Mud: Use a fresh water base spud mud with the following properties:

<u>Interval (ft)</u>	<u>Weight (ppg)</u>	<u>Ph</u>	<u>Vis(sec/qt)</u>	<u>Water Loss</u>
0 - 350	8.6 or less	9.0-9.5	40 - 50	No Control

Casing and Cementing: A string of 8 5/8" 24# J-55 or K-55 ST&C casing will be set and cemented to the surface in a single stage with 245 sacks of Class "B" cement (yield = 1.18 cf/sk) containing 3% CaCl₂ and 1/4 lb/sack celloflake. Slurry volume assumes 100% excess over calculated hole volume. If cement does not circulate to surface, cement will be topped off using 1" pipe down the 12 1/4" by 8 5/8" annulus. Minimum clearance between couplings and hole is 1.3125". Prior to drilling out the shoe, casing and BOPE will be tested to a minimum of 600 psig. Safety factors utilized in the design of this casing string were: burst = 1.1; collapse = 1.125; and tension = 1.8.

WOC 12 HOURS. Nipple up 11" 3000# BOPE. Pressure test wellhead and surface BOPE to full working pressure. Pressure test surface casing and BOPE to 600 psi for 15 minutes prior to drilling surface shoe.

Centralizers: Run three (3) 8 5/8" X 12 1/4" regular bowspring centralizers. Install first one on stop ring in middle of shoe joint.

Drilling Program
Elk San Juan, Inc.
Ute Mountain Tribal No. 14-D
Page Two

4. **Surface Hole Program:** - continued

Float Equipment: Cement nose guide shoe thread locked. Also thread lock connection between first and second joint run.

5. Production Hole Program:

Bit: Drill a 7 $\frac{7}{8}$ " hole to 3262' using TCI, IADC Class 447 bit. WOB: 35-45K. RPM: 60 - 75.

Mud: Use a fresh water base LSND mud with the following properties:

<u>Interval (ft)</u>	<u>Weight (ppg)</u>	<u>Ph</u>	<u>Vis(sec/qt)</u>	<u>Water Loss</u>
350 - 2400	8.6 - 8.8	9.0-9.5	28 - 35	10 - 12
2400 - 3262	8.9 - 9.2	9.0-9.5	35 - 50	8 - 10

Fresh water will be used for dilution and building volume. Sufficient materials will be on location at all times to maintain mud properties and to control any lost circulation problem or unforeseen abnormal pressures. The mud volume in the rig pits will be visually monitored and recorded on a routine basis.

Note: Raise **viscosity** to 55 - 60 for logging. Thin to 40 - 45 viscosity to run casing.

pH is to be maintained with lime or caustic soda at the recommended levels to assure drill pipe corrosion protection.

Drispac will be used for control of fluid loss.

Hole will be drilled to top of Gallup using polymer and drispac additions to water. Mud up before drilling into Gallup.

Lost Circulation is expected and can occur in the Gallup/Tocito/Sanastee interval. 5 - 10% LCM will be added to the system as soon as mud up is complete and before drilling into the Tocito. Mud weights should be controlled as low as possible with solids control equipment then as low as practical with water dilution.

Pressure Control: A 3M psi BOP well control system will be utilized. BOP's and choke manifold will be installed and pressure tested to full working pressure before drilling out from under surface casing. Mechanical operation of pipe rams will be checked daily and blind rams will be checked on each trip out of hole. 5 $\frac{1}{2}$ " rams will be installed before running production casing. A full opening internal blowout preventor or drill pipe safety valve will be on the drill floor at all times and will be capable of fitting all connections.

Drilling Program
Elk San Juan, Inc.
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5. Production Hole Program: - continued

Logging Program: Dual Induction and Formation Density/Compensated Neutron logs will be run from TD to surface casing shoe.

Casing and Cementing Program: Run 5½" 15.5 ppf J-55 production casing from surface to TD and cement in a single stage with 325 sacks (598.0 cf) of 65/35 Class G POZ containing 6% gel, 5 pps gilsonite, 0.25 pps celloflake and 0.5% FLA mixed at 12.4 PPG to yield 1.84 cf/sk. Tail in with 200 sacks (248.0 cf) of 50/50 Class G Poz with 2% gel, 5 pps gilsonite, 0.25 pps celloflake, 0.2% FLA and 0.1% dispersant mixed at 13.5 PPG to yield 1.24 cf/sk.

Slurry volumes assume a 50% excess over gauge hole volume. Minimum clearance between couplings and hole is 0.9125". Safety factors utilized in the design of this casing string were: burst = 1.1; collapse = 1.125; and tension = 1.8.

Centralizers: 10 - 5½" X 7½" bowspring centralizers will be run across all prospective pays and 4 - 5½" X 7½" turbolizers will be spaced so that three (3) are through the Gallup - Upper Mancos interval and one is at the base of the Pt. Lookout.

Float Equipment: Cement nose float shoe, 1 joint 5½" casing and float collar.

NOTE: If significant mud losses are encountered in the Gallup/Tocito interval a mechanical DV tool will be run in the casing string and spaced just above the loss zone. The casing will be cemented in two stages with the same slurry types and a volume equivalent to the total volume noted above. The Durango Area BLM office will be notified of this change in plans prior to implementation and the revised stage volumes provided at time of notification.

6. Auxiliary Equipment:

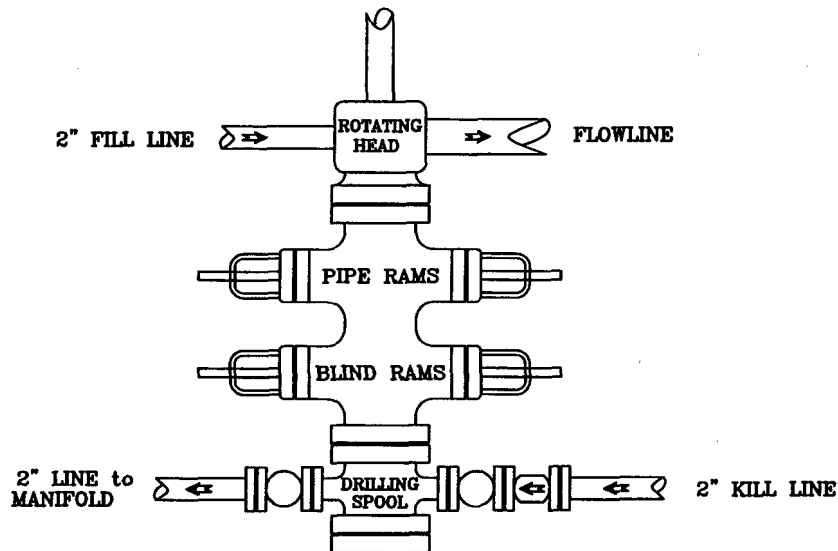
An upper kelly cock will be utilized. The handle will be available on the rig floor at all times

7. Logging Program:

Dual Induction and Epithermal Neutron / Formation Density will be run from TD to surface casing shoe. Deep induction curve will be merged onto the porosity log.

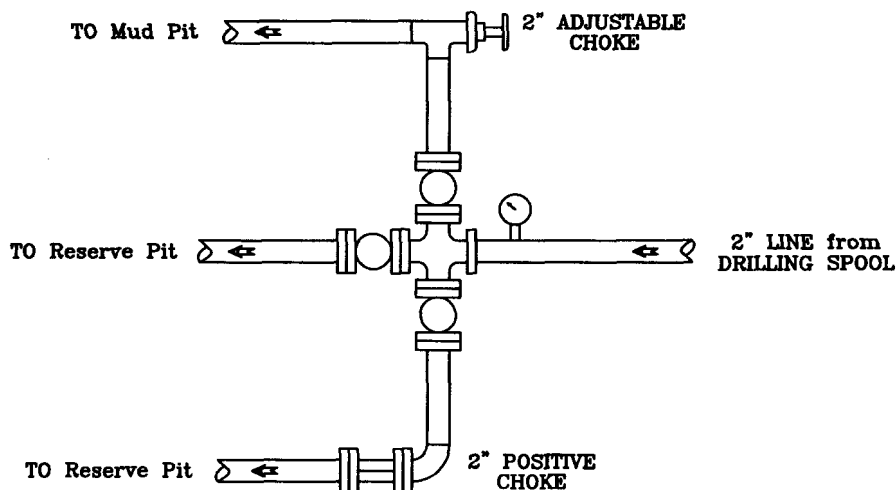
PRESSURE CONTROL

Wellhead Assembly



Preventer and Spools are to have a
6" Bore or larger and a 2000 PSI
or higher Pressure Rating

Choke Manifold



Elk San Juan, Inc.

Ute Mountain Tribal No. 14-D

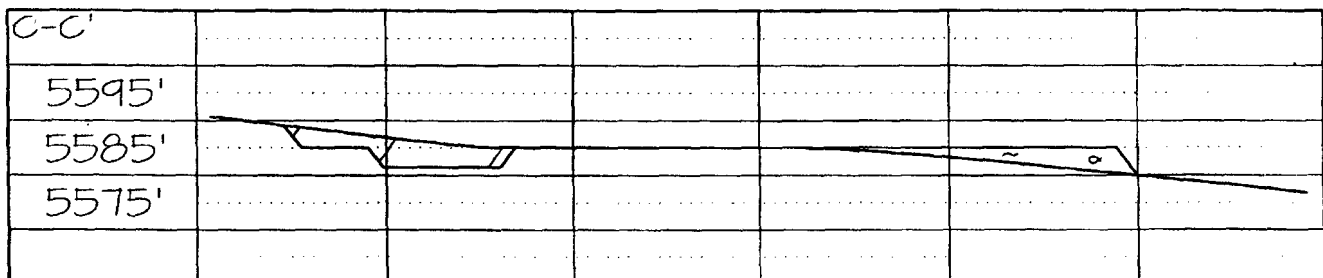
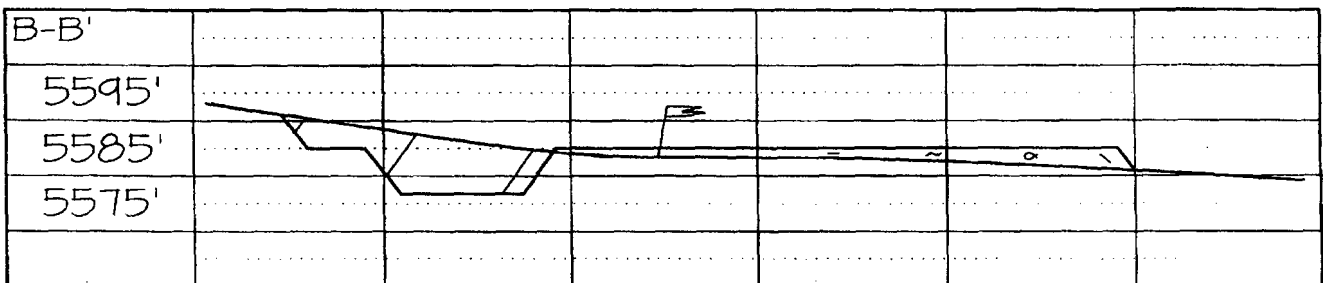
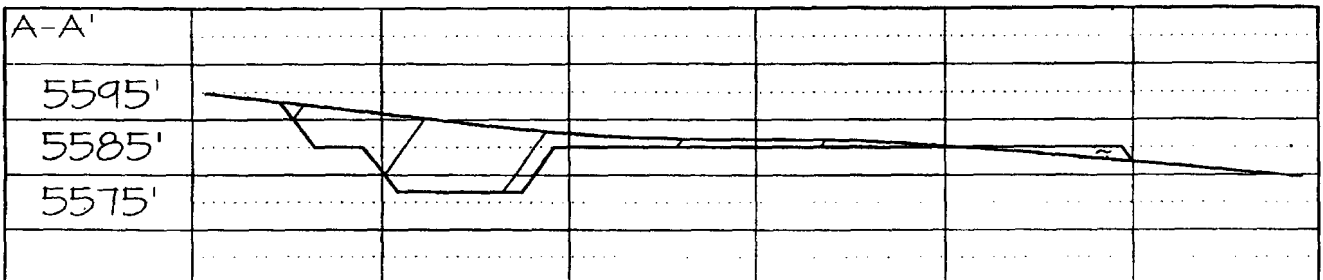
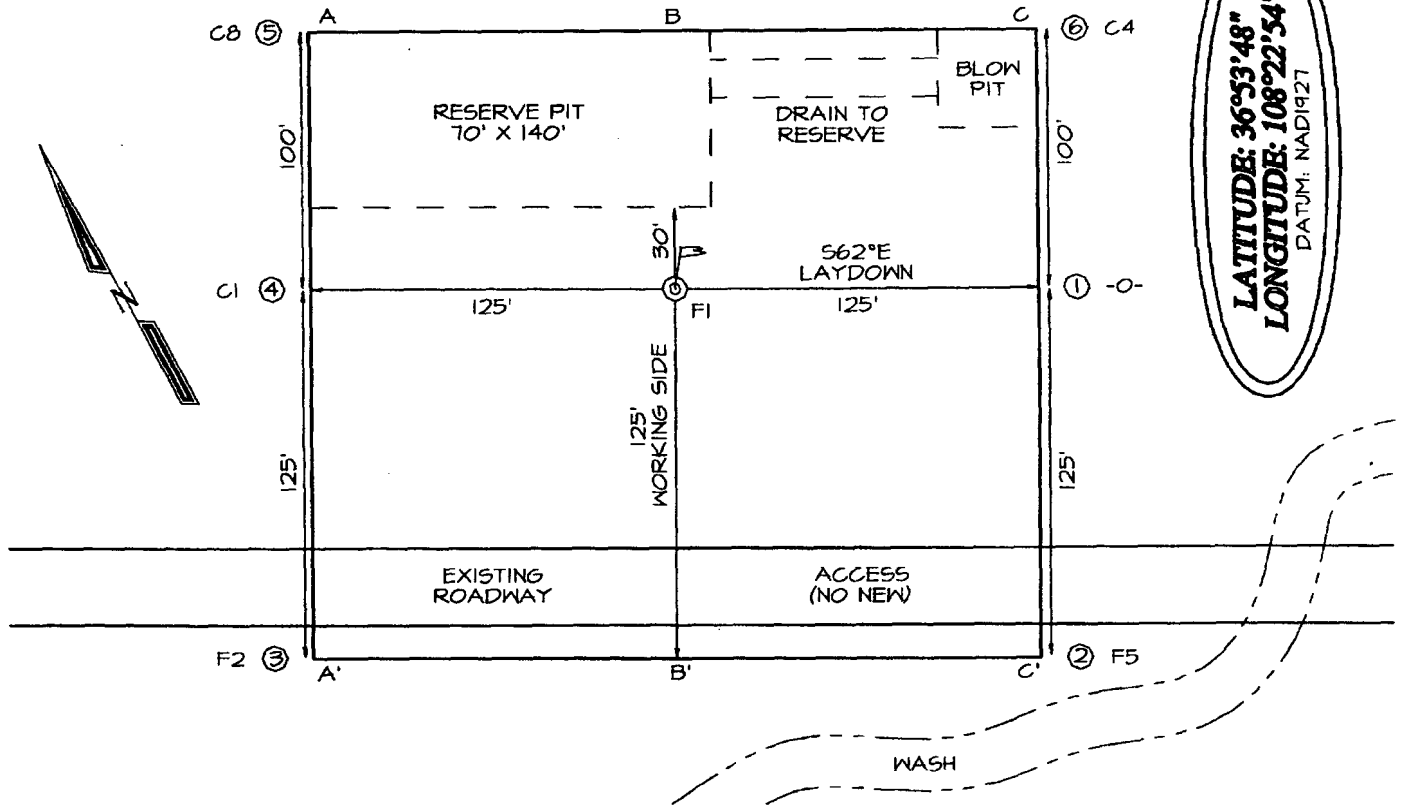
1085 ' FSL - 1385 ' FEL

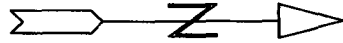
Section 14, T31N, R15W, NMPM

San Juan County, New Mexico

**ELK SAN JUAN, INC. UTE MOUNTAIN TRIBAL #14D
1085' FSL & 1385' FEL, SECTION 14, T31N, R15W, NMPM
SAN JUAN COUNTY, NEW MEXICO ELEVATION: 5584'**

**LATITUDE: 36°53'48"
LONGITUDE: 108°22'54"
DATUM: NAD1927**





Scale: 1 inch = 60 feet

Elk San Juan, Inc.

Drilling Wellsite Layout
Ute Mountain Tribal No. 14-D
1085' FSL & 1385' FEL
Section 14, T31N, R15W, NMPM
San Juan Co., New Mexico

