

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

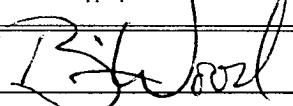
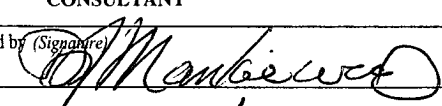
RCVD OCT 25 '10
OIL CONS. DIV.
DIST. 3

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. BIA CONTRACT 77
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 JICARILLA APACHE NATION
2. Name of Operator ELM RIDGE EXPLORATION COMPANY, LLC		7. If Unit or CA Agreement, Name and No. N/A
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 77 PC #1
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 1950' FSL & 1510' FWL At proposed prod. zone SAME		9. API Well No. 30-039-29761
14. Distance in miles and direction from nearest town or post office* 5 AIR MILES ENE OF COUNSELOR, NM		10. Field and Pool, or Exploratory BALLARD PICTURED CLIFFS
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1,510'	16. No. of acres in lease 2,560	11. Sec., T. R. M. or Blk. and Survey or Area K 16-23N-5W NMPM
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 4,500'	19. Proposed Depth 2,300'	12. County or Parish RIO ARriba
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6,648' GL	22. Approximate date work will start* 03/15/2006	13. State NM
23. Estimated duration 3 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. |

25. Signature 	Name (Printed/Typed) BRIAN WOOD	Date 01/10/2006
Title CONSULTANT		
PHONE: (505) 466-8120 FAX: (505) 466-9682		
Approved by (Signature) 	Name (Printed/Typed)	Date 10/20/10
Title AFM	Office 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.

*(Instructions on page 2)

HOLD ON FOR COMPLIANCE

DEC 02 2010

NMOCD

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, 1997
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

RECEIVED

070 FARMINGTON NM

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30.039-29761		*Pool Code 71439	*Pool Name BALLARD PICTURED CLIFFS
*Property Code 38391	*Property Name JICARILLA 77 PC		*Well Number 1
*GRID No. 149052	*Operator Name ELM RIDGE EXPLORATION COMPANY, LLC.		*Elevation 6648'

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
K	16	23N	5W		1950	SOUTH	1510	WEST	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 160.0 Acres - (SW/4)					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

<div>16</div> <div>LAT: 36.222602°N LONG: 107.369920°W DATUM: NAD1927</div>	<div>17 OPERATOR CERTIFICATION</div> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Brian Wood</i></p> <p>Signature</p> <p>BRIAN WOOD</p> <p>Printed Name</p> <p>CONSULTANT</p> <p>Title</p> <p>JAN. 10, 2006</p> <p>Date</p>
	<div>18 SURVEYOR CERTIFICATION</div> <p>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.</p> <p>Survey Date: SEPTEMBER 19, 2005</p> <p>Signature and Seal of Professional Surveyor</p> <div><p>JASON C. EDWARDS</p><p>Certificate Number 15269</p></div>

Elm Ridge Exploration Company, LLC
Jicarilla 77 PC #1
1950' FSL & 1510' FWL
Sec. 16, T. 23 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	000'	5'	+6,648'
Ojo Alamo Ss	1,498'	1,503'	+5,150'
Kirtland Shale	1,848'	1,853'	+4,800'
Pictured Cliffs Ss	2,048'	2,053'	+4,600'
Total Depth (TD)*	2,300'	2,305'	+4,348'

2. NOTABLE ZONES

Oil & Gas Zones

Ojo Alamo
Pictured Cliffs

Water Zones

San Jose

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 drilling contract has not yet been awarded, thus the exact BOP model to be used is 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 Exploration Company, LLC
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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"	23	K-55	ST & C	New	250'
6-3/4"	4-1/2"	10.5	J-55	LT & C	New	2,300'

Surface casing will be cemented to the surface with ≈ 70 cubic feet (≈ 60 sacks) Class B with 1/4#/sk Flocele + 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.

Production casing will be cemented to the surface with ≈ 565 cubic feet (≈ 479 sacks) Class B with 1/4#/sk Flocele + 2% CaCl_2 . Yield = 1.18 cubic feet per sack. Weight = 15.2 pounds per gallon. Volume = 75% excess. At least six centralizers will be used.

5. MUD PROGRAM

A nine 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.

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6. CORES, TESTS, & LOGS

No cores or drill stem tests are planned. DIL/GR log may be run from TD to surface. CNL/FSC log may be run over certain intervals.

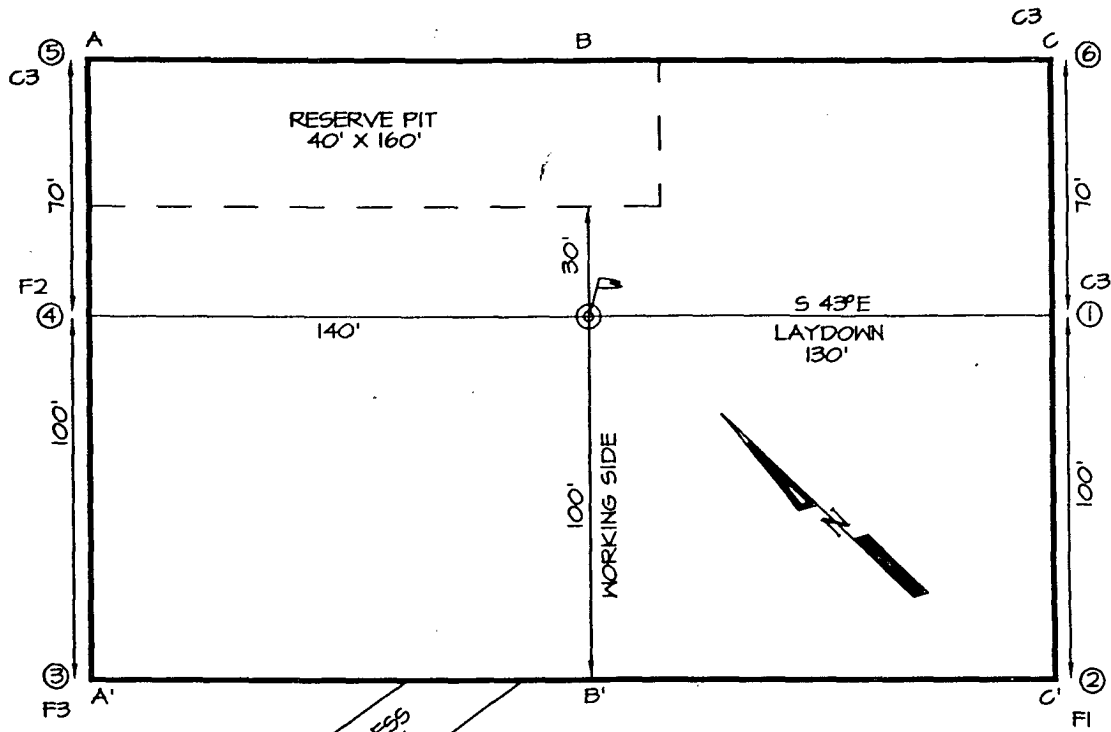
7. DOWN HOLE CONDITIONS

No abnormal pressures, temperatures, nor hydrogen sulfide are expected. Maximum expected bottom hole pressure will be ≤ 920 psi.

8. OTHER INFORMATION

The anticipated spud date is upon approval. It is expected it will take <1 week to drill and ≈ 2 weeks to complete the well.

ELM RIDGE EXPLORATION COMPANY, LLC: JICARILLA 77 PC #1
1950' FSL & 1510' FWL, SECTION 16, T23N, R5W, NMPM
RIO ARriba COUNTY, NEW MEXICO ELEVATION: 6648'

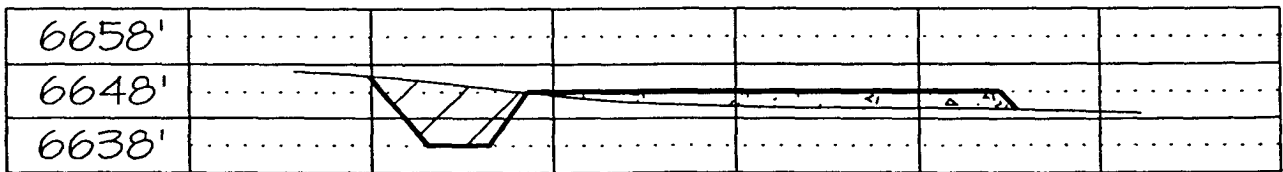


NEW ACCESS
1801' 0-5%

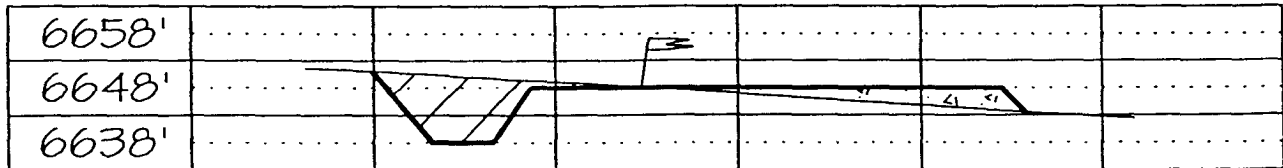
LATITUDE: 36.22260°
LONGITUDE: 107.36992°
 DATUM: NAD1927

NOTE:
 BEFORE ANY CONSTRUCTION BEGINS,
 CONTRACTOR IS ADVISED TO CALL
 ONE-CALL FOR LOCATION OF ANY
 MARKED OR UNMARKED PIPELINES OR
 CABLES IN THE AREA OF THIS PROJECT.

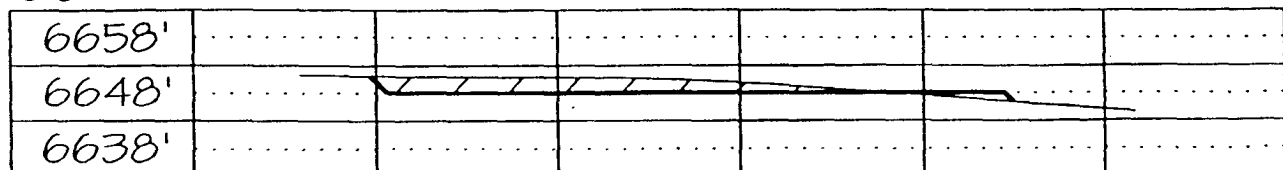
A-A'



B-B'



C-C'



DATE DRAWN: 10/14/05

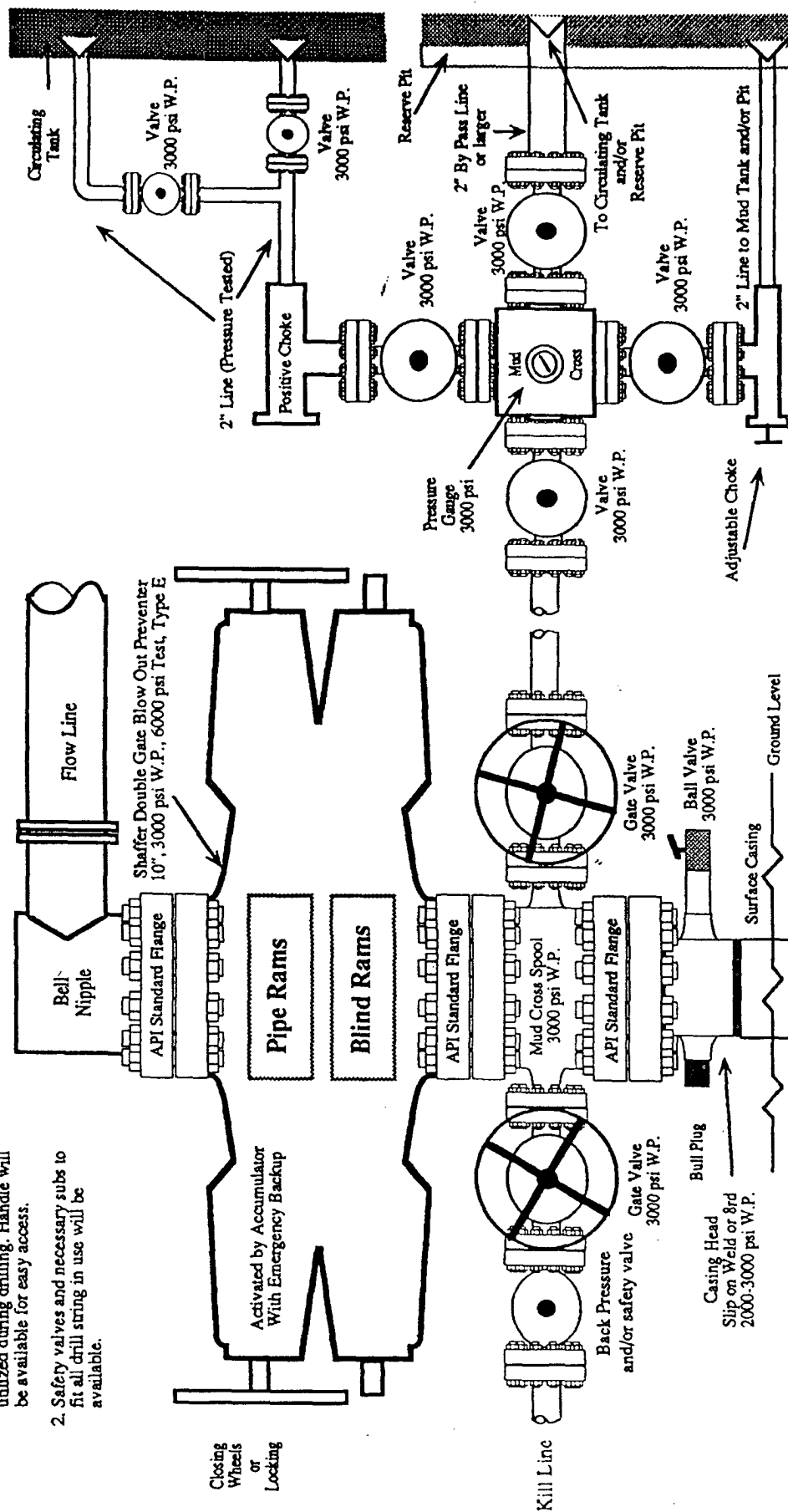
FILENAME: ELM024CF2

DRAWN BY: KER

CHECKED BY: JCE

2,000 PSI BOP SYSTEM

- 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.