

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

5. Lease Serial No.

11 BDA 360

6. If Indian, Allottee or Tribe Name

JICARILLA APACHE

7. Unit or CA Agreement, Name and No.

N/A

8. Lease Name and Well No.

CHACON AMIGOS 9

9. API Well No.

30-043-21005

10. Field and Pool, or Exploratory

LINDRITH GALL-DAK, WEST

11. Sec., T. R. M. or Blk. and Survey or Area

H 2-22N-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

1615' FNL & 820' FEL

At proposed prod. zone

SAME

14. Distance in miles and direction from nearest town or post office*

16 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) 1,615'

16. No. of acres in lease

2541

17. Spacing Unit dedicated to this well

NE4

RCVD MAR 3 '11

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.

825' (360 #3 (PC))

19. Proposed Depth

7,100'

20. BLM/BIA Bond No. on file

BIA NATION WIDE 88644TC

OIL CONS. DIV.

21. Elevations (Show whether DF, KDB, RT, GL, etc.)

7,138' GL

22. Approximate date work will start*

02/15/2006

23. Estimated duration

4 WEEKS

DIST. 3

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.

2. A Drilling Plan.

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).

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 authorized officer.

25. Signature

[Signature]

Name (Printed/Typed)

BRIAN WOOD

Date

12/06/2005

Title

CONSULTANT

PHONE: (505) 466-8120

FAX: (505) 466-9682

Approved by (Signature)

[Signature]
AFM

Name (Printed/Typed)

Office

FFO

Date

3/1/2011

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.

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.

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

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

HOLD 6104 FOR COMPLIANCE

MAR 16 2011

[Signature]

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, 1994

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 36-043-21005 | | *Pool Code 39189 | *Pool Name LINDRITH GALLUP - DAKOTA, WEST |
| *Property Code 22998 | *Property Name CHACON AMIGOS | | *Well Number 9 |
| *OGRID No. 149052 | *Operator Name ELM RIDGE RESOURCES, INC. | | *Elevation 7138 |

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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| H | 2 | 22N | 3W | | 1615 | NORTH | 820 | EAST | 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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

| | | | |
|--------------------------------------|-------------------------------|----------------------------------|-------------------------|
| ¹² Dedicated Acres 160 | 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 | ¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature Printed Name BRIAN WOOD Title CONSULTANT Date DEC. 6, 2005 |
| | 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: APRIL 6, 2005 Signature and Seal of Professional Surveyor JASON C. EDWARDS Certificate Number 15269 |
| | |

First stage volume will be $\approx 1,375$ cubic feet. First stage will consist of ≈ 340 sacks Halliburton light with 65/35 poz mix + 1/4 pound per sack Flocele + 2% CaCl_2 (yield = 1.87 cubic feet per sack & weight = 12.7 pounds per gallon) followed by ≈ 630 sacks Class B + 2% CaCl_2 (yield = 1.18 cubic feet per sack & weight = 15.2 pounds per gallon).

Second stage volume will be $\approx 2,100$ cubic feet. Second stage will consist of $\approx 1,100$ sacks of Halliburton light with 65/35 poz mix + 1/4 pound per sack Flocele + 2% CaCl_2 (yield = 1.87 cubic feet per sack & weight = 12.7 pounds per gallon) followed by ≈ 50 sacks Class B + 2% CaCl_2 (yield = 1.18 cubic feet per sack & weight = 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' - 350' | Fresh water gel | 9.0 | 50 | NC | 9 |
| 350' - TD' | Fresh water gel | 9.0 | 38-50 | 6.0 | 9 |

Sufficient material to maintain mud properties, control lost circulation, and contain 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. DIL/GR logs will be run from TD to surface. CNL/FDC logs may be run over selected segments. Samples will be collected every 10' from $\approx 5,000'$ to TD. Samples will be collected every 30' elsewhere.

Elm Ridge Exploration Company, LLC
Chacon Amigos 9
1615' FNL & 820' FEL
Sec. 2, T. 22 N., R. 3 W.
Sandoval County, New Mexico

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7. DOWN HOLE CONDITIONS

No abnormal pressures, temperatures, or hydrogen sulfide are expected. Maximum bottom hole pressure will be $\leq 2,840$ psi.

8. OTHER INFORMATION

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

Surface Use Plan

1. DIRECTIONS & EXISTING ROADS (See Pages 11 & 12)

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

Go North 3.0 miles on J-37

Then turn right and go East 0.6 miles on J-22

Then bear left and go Northeast 1.5 miles on a dirt road

Then bear left and go Northwest 0.5 miles on a dirt road

Then turn right and go East 1.5 miles on a dirt road

Then turn sharply right and go Southwest 0.4 miles to the existing 360 3 pad

Then bear left and go South 739' cross country to the proposed pad

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

2. ROAD TO BE BUILT OR UPGRADED

About 739' of new road will be crowned and ditched with a $\approx 14'$ wide running surface. Maximum disturbed width will be $\approx 30'$. Maximum grade will be $\approx 1\%$. Maximum cut or fill will be $\approx 2'$. One 18" x 30' culvert will be installed at the entrance to the pad. No turn out or cattle guard is needed.

3. EXISTING WELLS (See Page 12)

There are 20 gas or oil wells and 3 plugged and abandoned wells within a mile radius. There are no water or injection wells within a mile.

4. PROPOSED PRODUCTION FACILITIES (See Page 13)

Production facilities will include a separator, dehydrator, meter run, and ≈ 210

barrel tank. All surface equipment will be painted a flat juniper green color.

A polyethylene $\approx 4\text{-}1\frac{1}{2}$ " O. D. gas line will be laid west 140.27' from the south side of the pad to an existing pipeline. The new line will operate at ≤ 100 psi, be tested to ≥ 150 psi, and will be buried ≥ 36 " deep.

5. WATER SUPPLY

Water will be trucked from Cuba, Lindrith, or Lybrook.

6. CONSTRUCTION MATERIALS & METHODS

NM One Call will be notified (1-800-321-ALERT) at least 48 hours before construction starts. The top 6" of soil will be bladed and piled east of the pad. A diversion ditch will be cut on the north side of the pad.

7. WASTE DISPOSAL

A minimum 12 mil plastic liner will be installed in the reserve pit. The reserve pit will be fenced sheep tight on 3 sides with woven wire fence topped with barbed wire. The fourth side will be fenced once the rig moves off. The fence will be kept in good repair while the pit dries. Once dry, contents of the reserve pit will be buried in place.

All trash will be placed in a portable trash cage. It will be hauled to an approved landfill. There will be no burial or burning. Human waste will be disposed of in chemical toilets.

8. ANCILLARY FACILITIES

There will be no air strip or camp. Camper trailers may be on location for the

company man, tool pusher, and mud logger.

9. WELL SITE LAYOUT

See Pages 14 and 15 for depictions of the well pad, cross section, cut and fill diagram, reserve pit, trash cage, access onto the location, parking, living facilities, and rig orientation.

10. RECLAMATION

Reclamation starts once the reserve pit is dry. It usually takes a year for a reserve pit to fully evaporate, at which point it will be back filled. The pad, road, pipeline, and back filled pit will be contoured to a natural appearance, soil spread evenly over disturbed areas, and disturbed areas ripped or harrowed. The south half seed mix will be drilled as prescribed by the BIA and Tribe. Bladed brush will be used as mulch.

If the well is a producer, then the reserve pit and any other areas not needed for work overs will be reclaimed as previously described. All of the topsoil pile will be used to reclaim the reserve pit.

11. SURFACE OWNER

All construction is on lease and on surface and minerals owned by the Jicarilla Apache Nation.

12. OTHER INFORMATION

The nearest clinics are an hour plus drive away in Cuba and Dulce. The nearest hospital is over two hours away in southwest Farmington.

Elm Ridge Exploration Company, LLC
Chacon Amigos 9
1615' FNL & 820' FEL
Sec. 2, T. 22 N., R. 3 W.
Sandoval County, New Mexico

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Land use will be ...

Road: 30' x 739' = 0.51 acre

Well Site: 170' x 270' = 1.05 acres

+ Pipeline: 30' x 140.27' = 0.10 acres

Total = 1.66 acres

13. REPRESENTATION & CERTIFICATION

Anyone having questions concerning the APD should call:

Brian Wood, Consultant

Permits West, Inc.

37 Verano Loop

Santa Fe, NM 87508

(505) 466-8120

FAX: (505) 466-9682

Cellular: (505) 699-2276

The field representative will be:

Terry Lindeman

Elm Ridge Exploration Company, LLC

P. O. Box 189

Farmington, NM 87499

(505) 632-3476

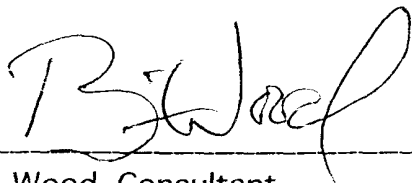
Elm Ridge Exploration Company, LLC has the necessary consents from the proper lease owners to conduct lease operations in conjunction with this well. Bond coverage pursuant to 43 CFR 3104 for lease activities and operations is being provided by Elm Ridge Exploration Company, LLC.

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with operations proposed herein will be performed by Elm Ridge Exploration Company, LLC, and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement

Elm Ridge Exploration Company, LLC
Chacon Amigos 9
1615' FNL & 820' FEL
Sec. 2, T. 22 N., R. 3 W.
Sandoval County, New Mexico

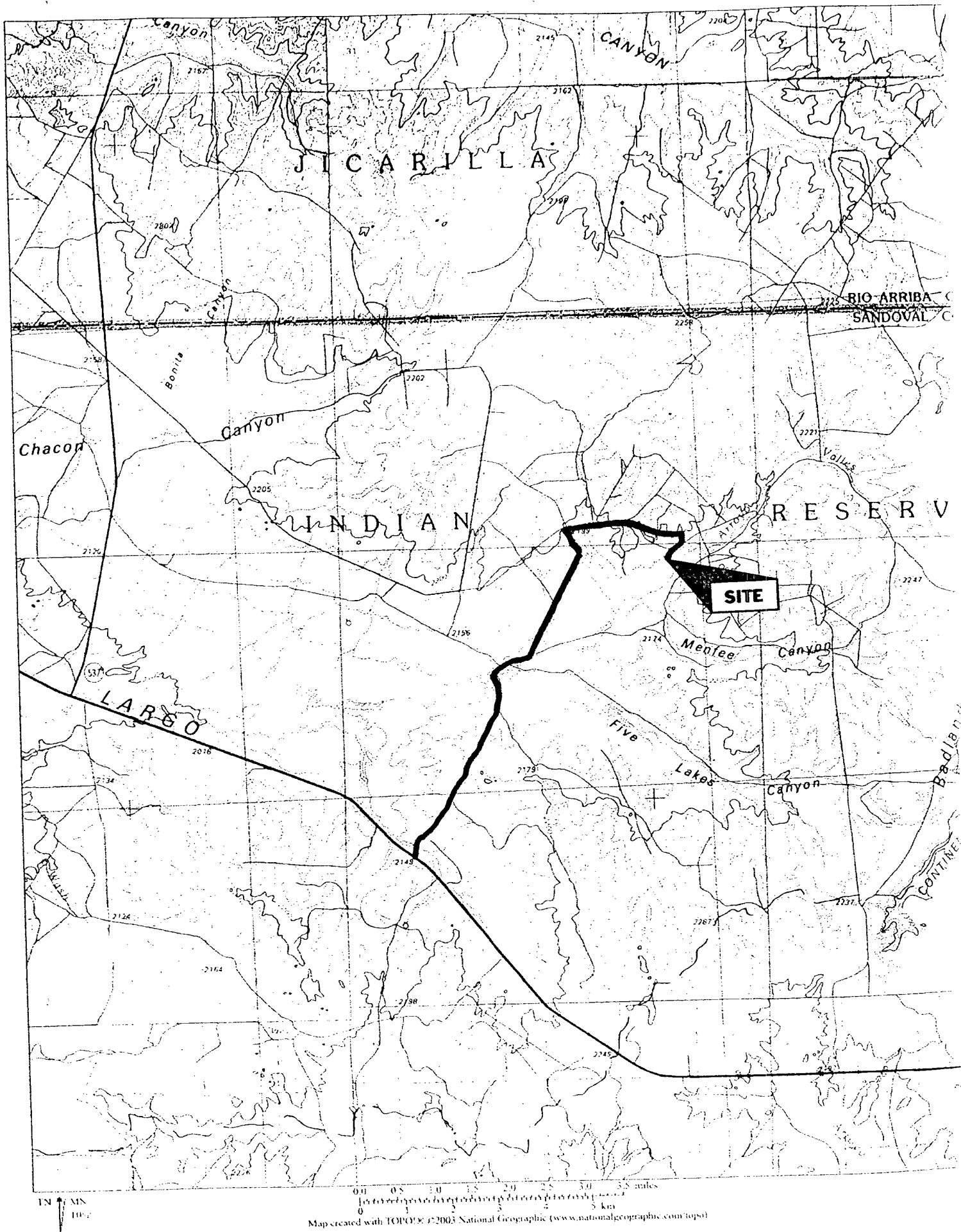
PAGE 10

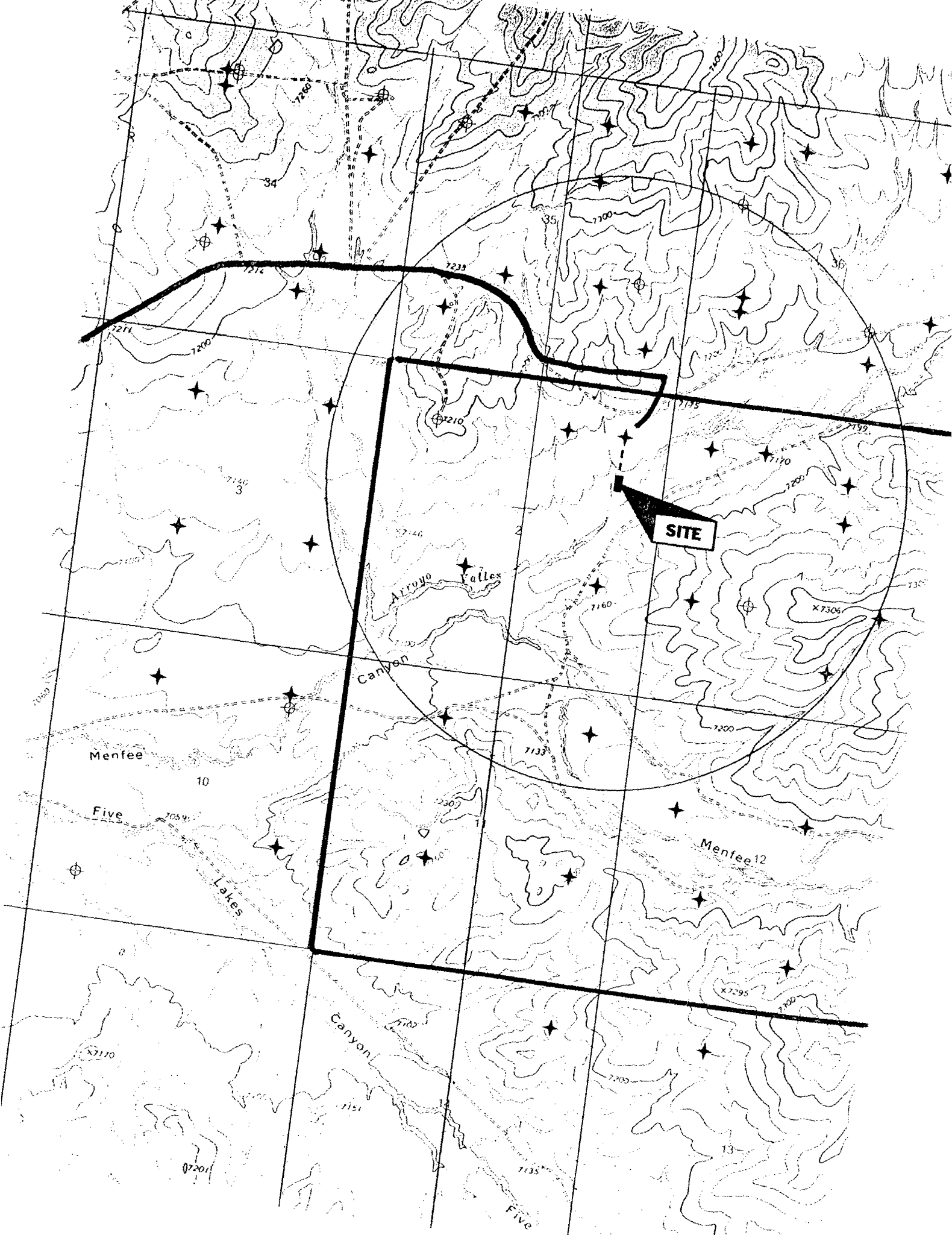
is subject to the provisions of 18 U. S. C. 1001 for the filing of a false statement.

A handwritten signature in cursive script, appearing to read "B. Wood", written over a horizontal line.

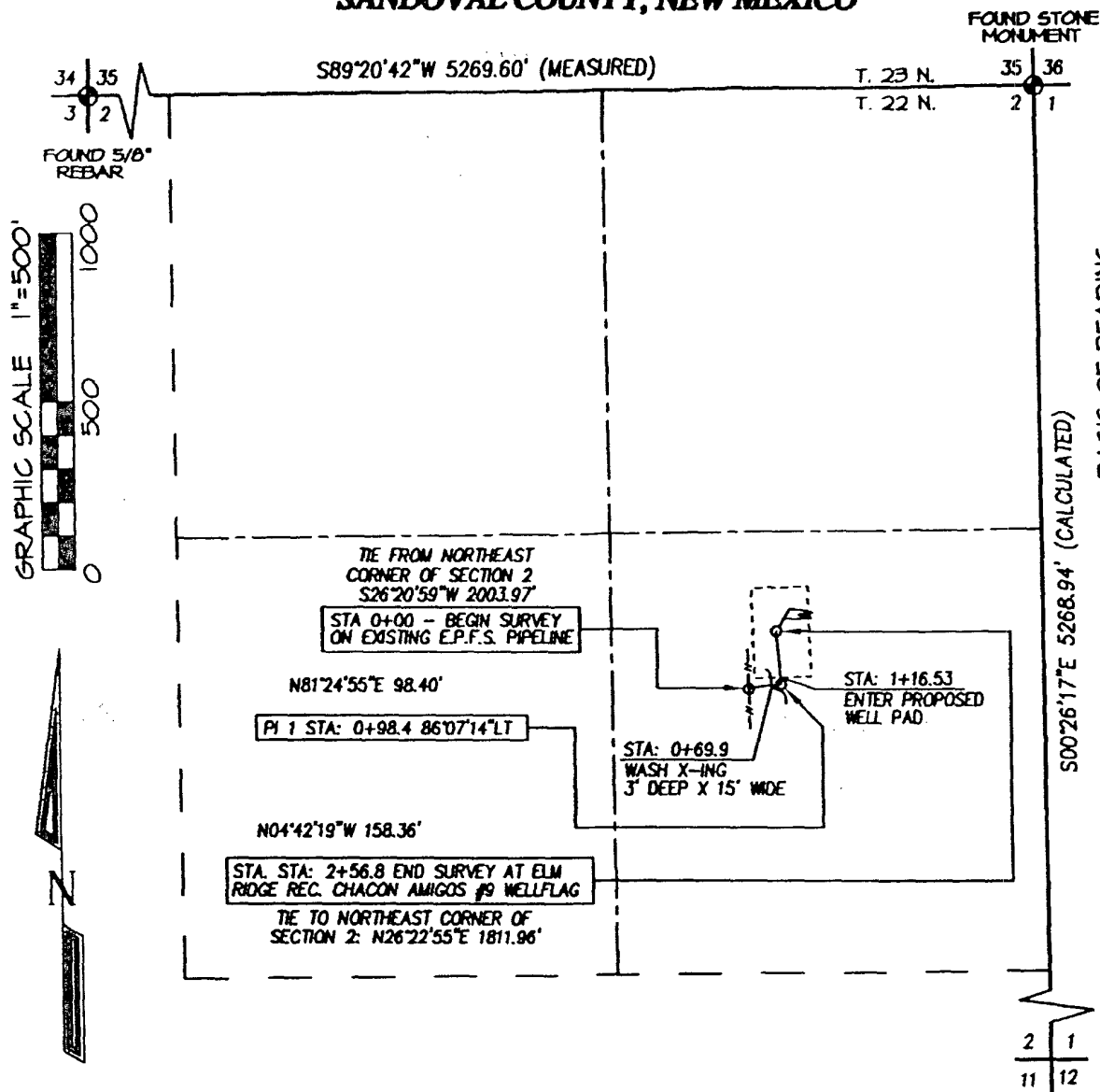
Brian Wood, Consultant

December 6, 2005





**ELM RIDGE RESOURCES, INC. CHACON AMIGOS #9 PROPOSED PIPELINE SURVEY
LOCATED IN THE SE/4 NE/4 OF SECTION 2, T22N, R3W, N.M.P.M
SANDOVAL COUNTY, NEW MEXICO**



BASIS OF BEARING:
REAL-TIME KINEMATIC GPS SURVEY SOLUTION OBTAINED FROM SATELLITES TRACKED ON APRIL 7, 2005 FROM A REFERENCE STATION POSITIONED IN THE NE/4 NE/4 OF SECTION 2, T22N, R3W

PLAT 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

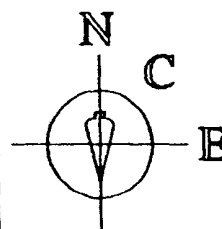


I, Jason C. Edwards, a registered professional surveyor under the laws of the State of New Mexico, hereby certify that this plat was prepared from field notes of an actual survey meeting the minimum requirements of the standards for easement surveys and is true and correct to the best of my knowledge and belief.

JASON C. EDWARDS Date: APRIL 22, 2005
Jason C. Edwards
New Mexico LS #15269

| OWNERSHIP | STATION | FEET/RODS |
|-------------------------------------|------------------|---------------|
| Jicarilla Apache Indian Reservation | 0+00.0 TO 2+56.8 | 256.8 / 15.56 |

Prepared for:
ELM RIDGE RESOURCES, INC.



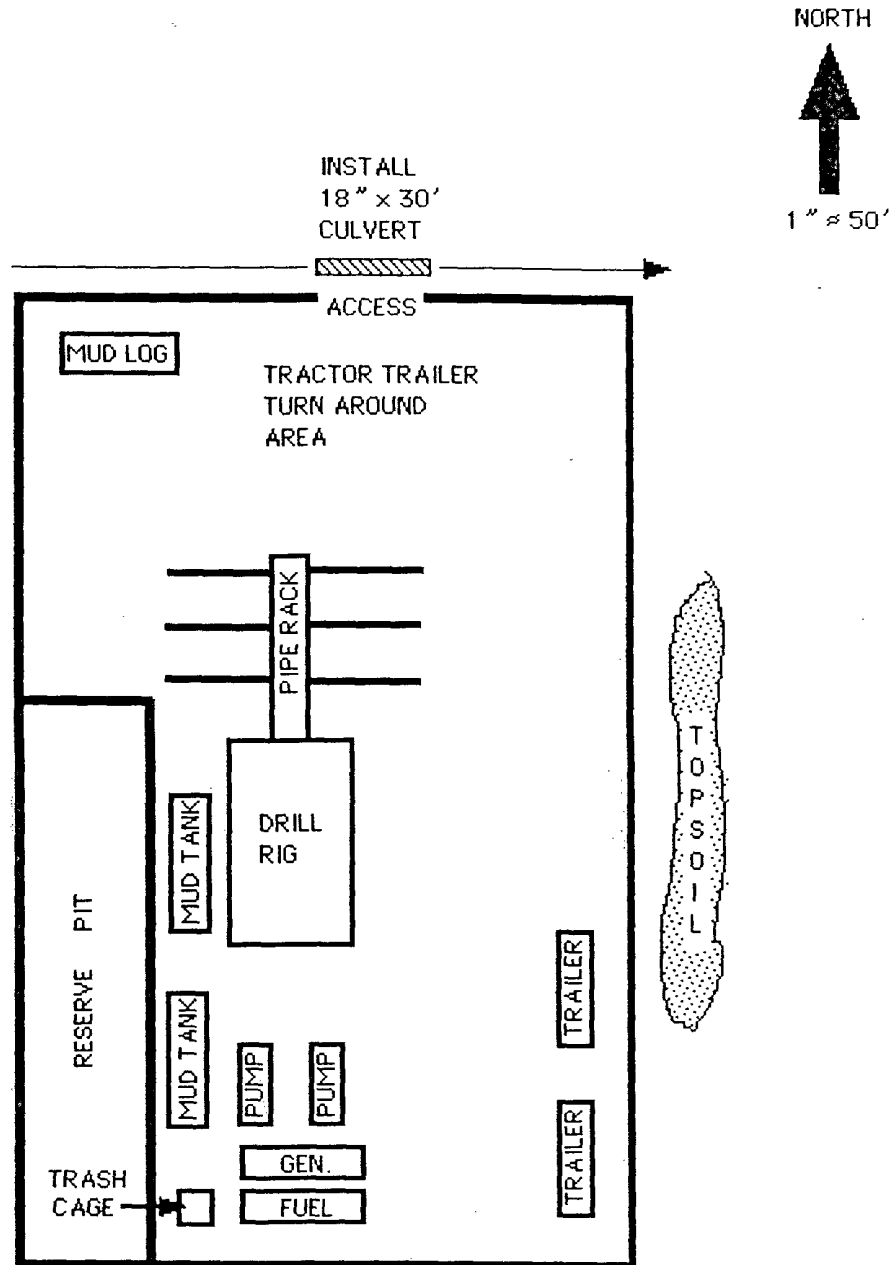
SURVEYS, INC.

Land Surveyor:
Jason C. Edwards
Mailing Address:
Post Office Box 6612
Farmington, NM 87499
Business Address:
111 East Pecos Street
Farmington, NM 87402
(505) 325-2654 (Office)
(505) 326-5650 (Fax)

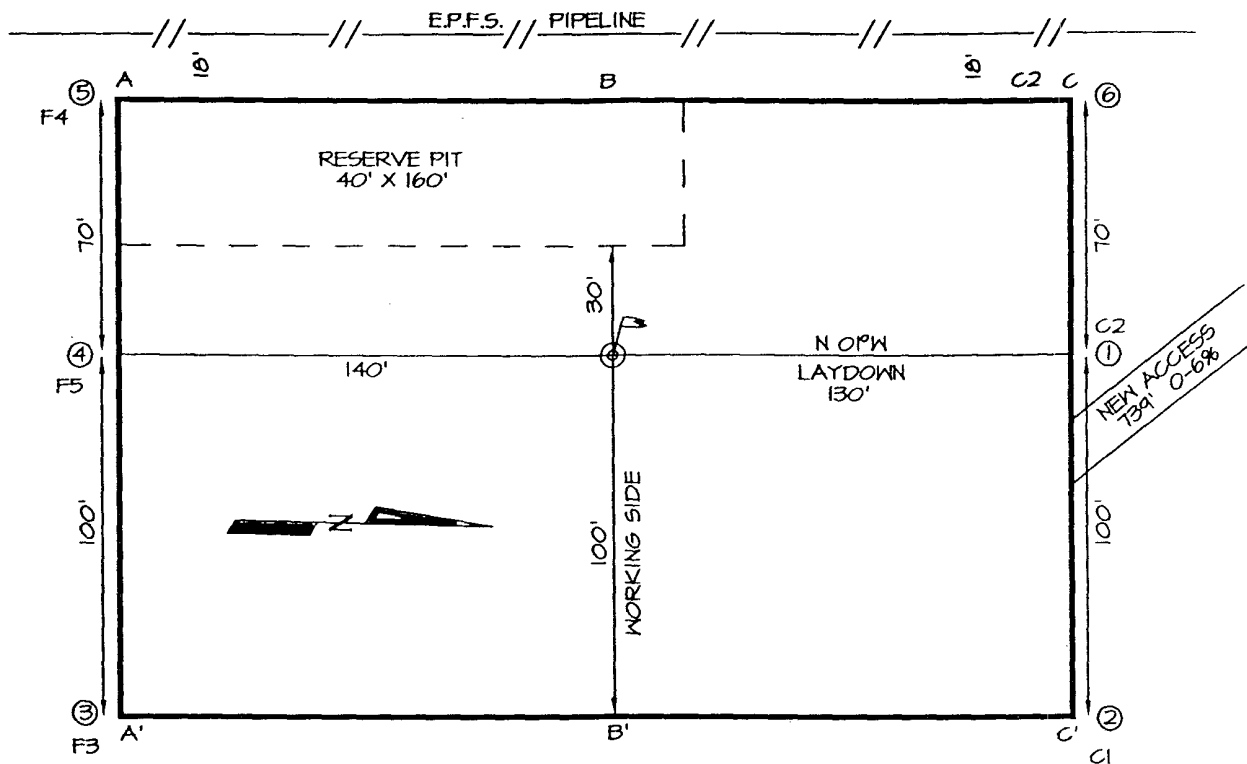
CHACED, JCE
DRAWN BY: KER
FILED BY: ELMHOF

Elm Ridge Exploration Company, LLC
Chacon Amigos 9
1615' FNL & 820' FEL
Sec. 2, T. 22 N., R. 3 W.
Sandoval County, New Mexico

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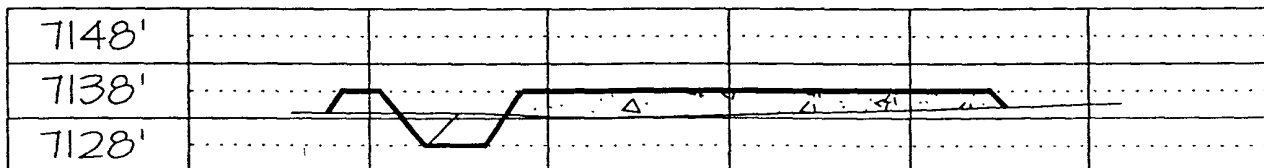
ELM RIDGE EXPLORATION COMPANY, LLC: CHACON AMIGOS #9
1615' FNL & 820' FEL, SECTION 2, T22N, R3W, NMPM
SANDOVAL COUNTY, NEW MEXICO ELEVATION: 7138'



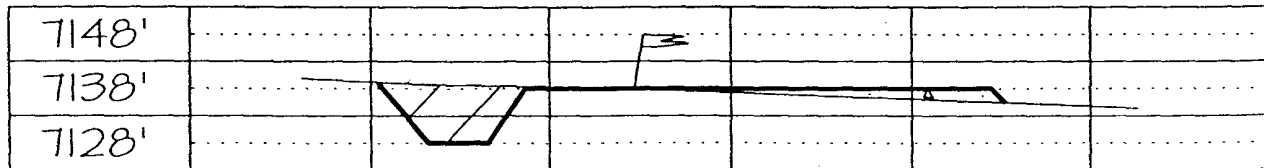
LATITUDE: 36.16847°
LONGITUDE: 107.11934°
 DATUM: NAD1927

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.

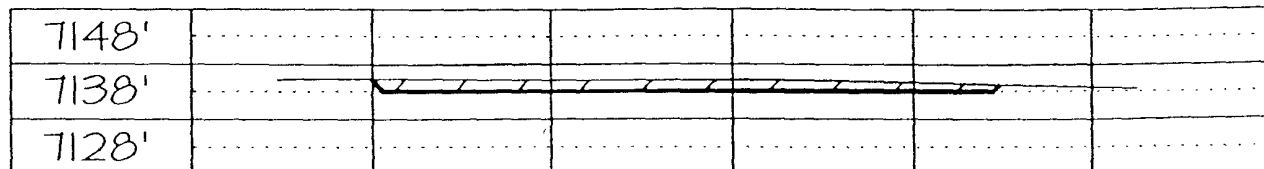
A-A'



B-B'



C-C'



DATE DRAWN: 4/14/05

FILENAME: ELM019CF

DRAWN BY: KER

CHECKED BY: JCE

Submit 3 Copies To Appropriate District
Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
May 27, 2004

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

| |
|--|
| WELL API NO. 30-043- |
| 5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/> |
| 6. State Oil & Gas Lease No. BIA 360 |
| 7. Lease Name or Unit Agreement Name CHACON AMIGOS |
| 8. Well Number 10 |
| 9. OGRID Number 149052 |
| 10. Pool name or Wildcat LINDRITH GALLUP-DAKOTA, WEST |

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well ☐ Gas Well ☒ Other

2. Name of Operator ELM RIDGE EXPLORATION COMPANY, LLC

3. Address of Operator P.O. BOX 156, BLOOMFIELD, NM 87413

4. Well Location
Unit Letter H : 1615 feet from the NORTH line and 820 feet from the EAST line
Section 2 Township 22N Range 3W NMPM County SANDOVAL

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
7,138' GL

Pit or Below-grade Tank Application ☒ or Closure ☐

Pit type DRILLING Depth to Groundwater ~100' Distance from nearest fresh water well >5,280' Distance from nearest surface water ~100'

Pit Liner Thickness: 12 mil Below-Grade Tank: Volume bbls; Construction Material

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: DRILLING PIT ☒

OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Brian Wood TITLE CONSULTANT DATE 12-6-05

Type or print name BRIAN WOOD
For State Use Only

E-mail address: brian@permitswest.com Telephone No. (505) 466-812

APPROVED BY: _____ TITLE _____ DATE _____
Conditions of Approval (if any):