

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER			5. Lease Serial No. NMSF-078064		
1b. Type of Well: <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <small>WATER DISPOSAL WELL</small> <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone			6. If Indian, Allottee or Tribe Name N/A		
2. Name of Operator ELM RIDGE RESOURCES, INC.			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. CARSON WDW #242		
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 719' FNL & 1802' FWL At proposed prod. zone SAME			9. API Well No. 30-045- 32447		
14. Distance in miles and direction from nearest town or post office* 22 AIR MILES SOUTH OF BLOOMFIELD			10. Field and Pool, or Exploratory SWD; ENTRADA		
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1,802'			11. Sec., T., R., M., or Blk. and Survey or Area 24-25n-12w NMPM		
16. No. of Acres in lease 2,5559.60		17. Spacing Unit dedicated to this well N/A			
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1,428'		19. Proposed Depth 7,100'		20. BLM/BIA Bond No. on file #886201C (BLM - NATION WIDE)	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6,425' GL		22. Approximate date work will start* UPON APPROVAL		23. Estimated duration 1 MONTH	

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. |

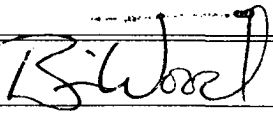
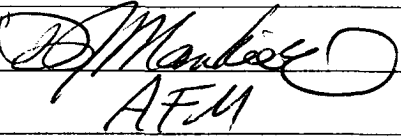
Comments

Note new address.

ALL OPERATIONS AUTHORIZED ARE
IN COMPLIANCE WITH ATTACHED
REQUIREMENTS.

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

cc: BLM (&OCD), Elm (D & F)

25. Signature 		Name (Printed/Typed) BRIAN WOOD		Date 6-26-04	
Title CONSULTANT		PHONE: 505 466-8120		FAX: 505 466-9682	
Approved by (Signature) 		Name (Printed/Typed) AFM		Date 2-23-05	
Title AFM		Office FFO			

Application approval does not warrant or certify the 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.

NMOC

DISTRICT I
P.O. Box 1980, Hobbs, N.M. 88241-1980

State of New Mexico
Energy, Minerals & Natural Resources Department

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

DISTRICT II
P.O. Drawer DD, Artesia, N.M. 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, NM 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-32447	² Pool Code 96436	³ Pool Name SWD; ENTRADA
⁴ Property Code 34680	⁵ Property Name CARSON UNIT WDW	⁶ Well Number 242
⁷ OGRID No. 149052	⁸ Operator Name ELM RIDGE RESOURCES, INC.	⁹ Elevation 6425

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
	24	25N	12W	C	719	NORTH	1802	WEST	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	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

<p>16</p> <p>SECTION 24</p> <p>2004 JUN 28 AM 10:12 RECEIVED 070 FARMINGTON NM</p>	<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p> Signature BRIAN WOOD Printed Name CONSULTANT Title JUNE 21, 2003 Date</p>
	<p>18 SURVEYOR CERTIFICATION</p> <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>APRIL 4, 2002 Date of Survey</p> <p>Signature and Seal of Professional Surveyor</p> <p> Edgar L. Risenhoover Professional Surveyor New Mexico License 5979</p>

Elm Ridge Resources, Inc.
Carson WDW #242
719' FNL & 1802' FWL
Sec. 24, T. 25 N., R. 12 W.
San Juan 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>Sub Sea Elevatio</u>
Nacimiento	000'	12'	+6,425'
Fruitland Coal	1,150'	1,062'	+5,275'
Pictured Cliffs	1,332'	1,344'	+5,093'
Lewis Shale	1,415'	1,427'	+5,010'
Cliff House	1,582'	1,594'	+4,843'
Allison Menefee	2,081'	2,093'	+4,344'
Point Lookout	3,716'	3,728'	+2,709'
Mancos Shale	3,862'	3,874'	+2,563'
Gallup Sandstone	4,779'	4,791'	+1,646'
Sanostee	5,225'	5,237'	+1,200'
Dakota Sandstone	5,675'	5,687'	+750'
Morrison	5,900'	5,912'	+525'
Entrada Sandstone	6,900'	6,912'	-475'
Chinle Shale	7,000'	7,012'	-575'
Total Depth (TD)*	7,100'	7,112'	-675'

* all elevations reflect the ungraded ground level of 6,425'

2. NOTABLE ZONES

Oil & Gas Zones

Fruitland Coal
Pictured Cliffs
Dakota
Gallup

Water Zones

Nacimiento
Fruitland

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

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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 3,000 psi model is on PAGE 3. Maximum bottom hole pressure will be $\leq 2,840$ psi.

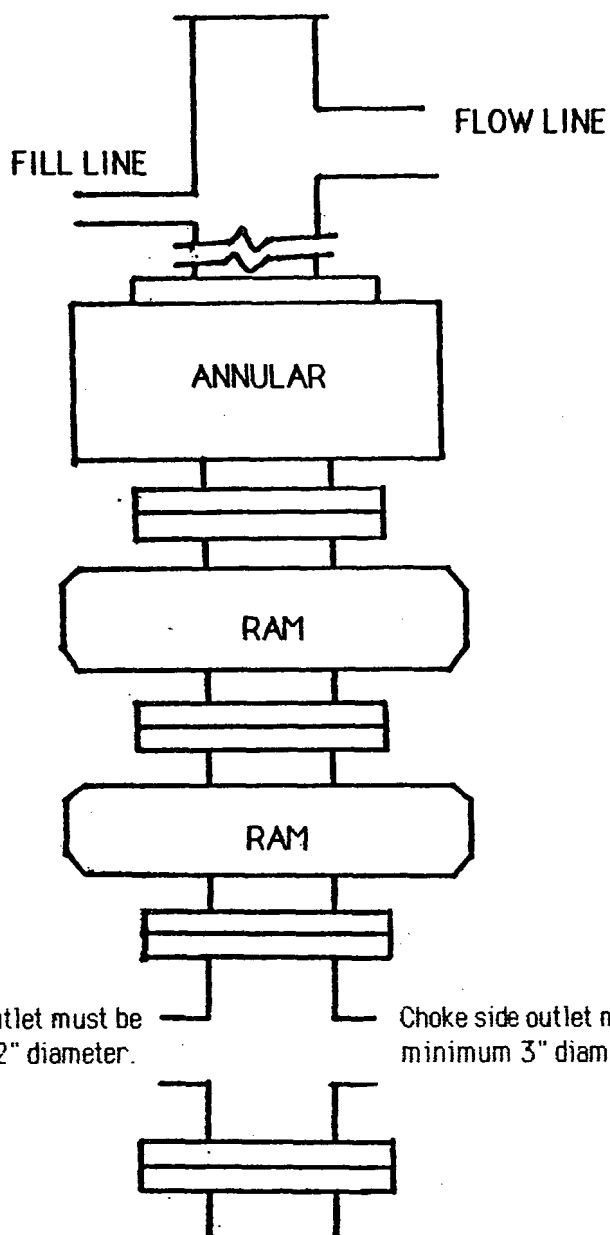
A $\geq 3,000$ psi BOP and choke manifold system will be installed and tested to 2,000 psi before drilling surface casing plug. It will remain in use until the well is completed or abandoned. A safety valve and sub with a full opening valve to fit the drill pipe and collars will be available on the rig floor in the open position at all times for use when kelly is not in use.

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>
12-1/4"	9-5/8"	36	J-55	S T & C	New	400'
8-3/4"	5-1/2"	17	J-55	L T & C	New	7,100'

Surface casing will be cemented to the surface with ≈ 251 cubic feet (≈ 213 sacks) Class G + 1/4 pound per sack cello flake + 2% CaCl_2 . Yield = 1.18 cubic feet per sack. Weight = 15.6 pounds per gallon. Volume = 100% excess. Four or more centralizers will be run. Thread lock guide shoe and bottom of float collar.



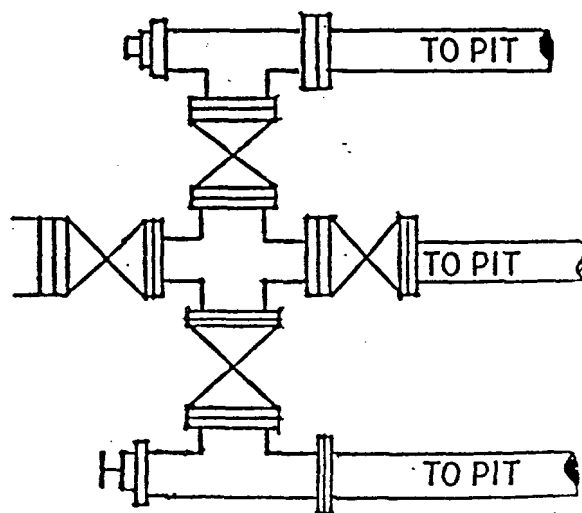
TYPICAL BOP STACK
& CHOKE MANIFOLD

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 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.



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.

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Production casing will be cemented to surface with $\approx 30\%$ excess. Top will be determined by visual observation and bond log. Lead cement will be $\approx 2,000$ sacks BJ Premium light high strength + 10% gypsum + 5% polymer + 1/4 pound per sack cellophane mixed @ 1.16 cubic feet per sack and 13.5 pounds per gallon. Tail with ≈ 50 sacks 50/50 Poz + gilsonite + Flocele + gel mixed @ 15.4 pounds per gallon and 1.3 cubic feet per sack. Centralizers will be set on the middle of the shoe joint and on every joint thereafter (≈ 31 centralizers).

5. MUD PROGRAM

<u>Depth</u>	<u>Type</u>	<u>ppg</u>	<u>Viscosity</u>	<u>Fluid Loss</u>	<u>pH</u>
0' - 400'	Fresh water gel chem	9.0	50	NC	9
400' - TD'	Fresh water gel chem	9.0	38 - 50	6.0	9

Sufficient material to maintain mud quality, control lost circulation, and contain a blowout will be at the well while drilling. Mud will be checked hourly by rig personnel. Material to soak up possible oil or fuel spills will be on site.

6. CORING, TESTING, & LOGGING

No core or DST is planned. Cement bond and DIL/GR logs will be run from TD to surface. CNL/FDC logs may be run over selected segments.

7. DOWN HOLE CONDITIONS

No abnormal pressures, temperatures, nor hydrogen sulfide are expected.

8. OTHER INFORMATION

Spud date is upon approval. It will take ≈ 1 month to drill and complete the well.