

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

Lease Serial No.  
NMSF-078064

6. If Indian, Allottee or Tribe Name  
N/A

7. If Unit or CA Agreement, Name and No.  
N/A

8. Lease Name and Well No.  
PETE MORROW 1-T

9. API Well No.  
30-045-32694

10. Field and Pool, or Exploratory  
BASIN FRUITLAND COAL

11. Sec., T. R. M. or Blk. and Survey or Area  
J 1-25N-12W NMPM

12. County or Parish  
SAN JUAN

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 RESOURCES, INC.

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 1505 FSL & 1420 FEL  
At proposed prod. zone SAME

14. Distance in miles and direction from nearest town or post office\*  
22 AIR MILES SE OF FARMINGTON

15. Distance from proposed\*  
location to nearest  
property or lease line, ft.  
(Also to nearest drig. unit line, if any) 1,420'

16. No. of acres in lease  
2,559.60

17. Spacing Unit dedicated to this well  
S2 320

18. Distance from proposed location\*  
to nearest well, drilling, completed,  
applied for, on this lease, ft. 2,196'

19. Proposed Depth  
1,350'

20. BLM/BIA Bond No. on file  
BLM STATE WIDE 886201C

21. Elevations (Show whether DF, KDB, RT, GL, etc.)  
6,278' GL

22. Approximate date work will start\*  
06/01/2005

23. Estimated duration  
2 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.
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 *Brian Wood*  
Title CONSULTANT

Name (Printed/Typed)  
BRIAN WOOD

Date  
11/14/2004

PHONE: (505) 466-8120

FAX: (505) 466-9682

Approved by (Signature) *Wayne Townsend*  
Title Acting APM

Name (Printed/Typed) *Wayne Townsend*  
Office FFO

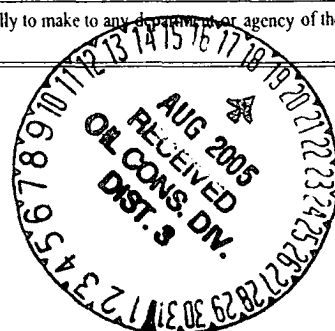
Date 8/17/05

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)

NMOCD



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

State of New Mexico  
Energy, Minerals & Mining Resources Department  
OIL CONSERVATION DIVISION  
2040 South Pacheco  
Santa Fe, NM 87505

Form C - 102

☐ AMENDED REPORT

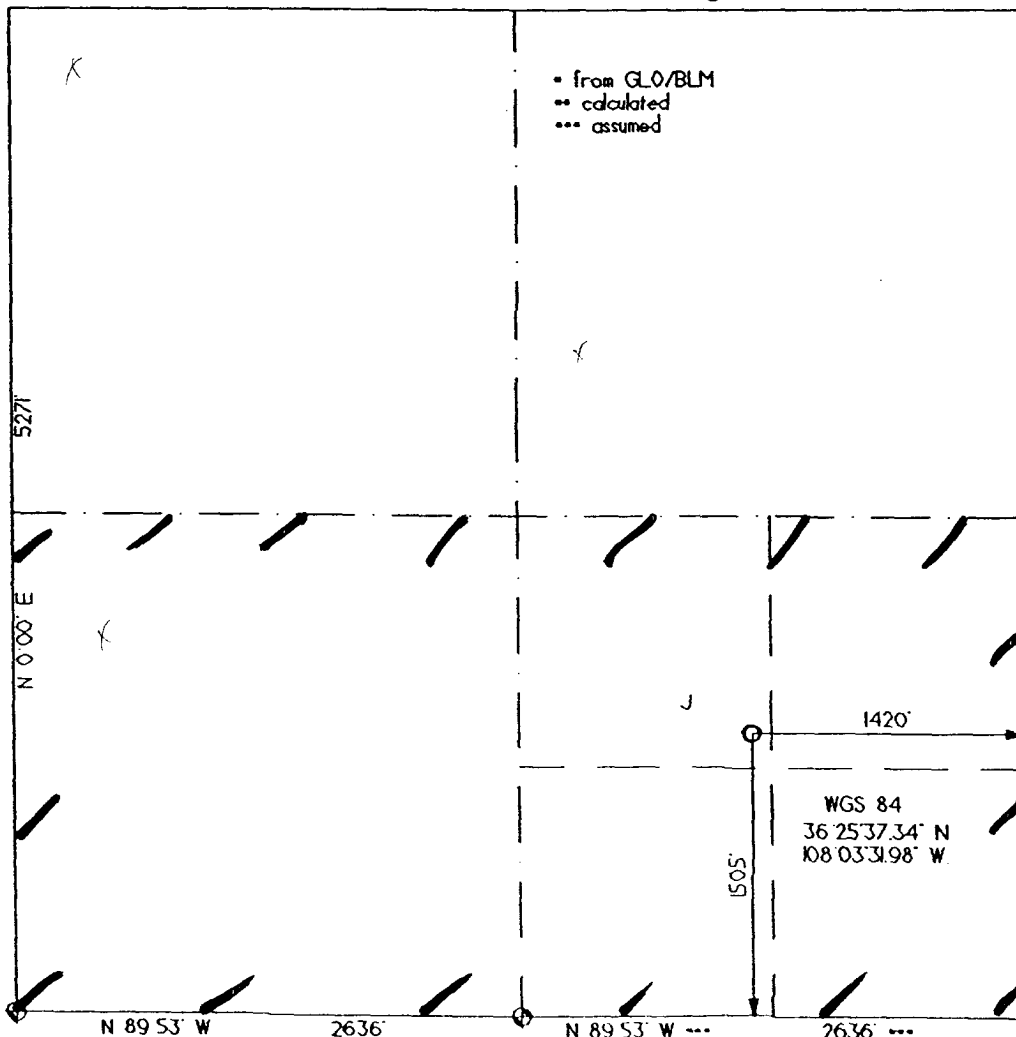
WELL LOCATION AND ACREAGE DEDICATION PLAT

APA Number	Pool Code 71629	Pool Name BASIN FRUITLAND COAL
Property Code 27246	Property Name PETE MORROW	Well Number IT
OGPD No. 149052	Operator Name ELM RIDGE RESOURCES	Elevation 6278'

Surface Location									County
UL or Lot J	Sec. 1	Twp. 25 N.	Rge. 12 W.	Lot Lch.	Feet from >	North/South	Feet from >	East/West	SAN JUAN
					1505'	SOUTH	1420'	EAST	

Bottom Hole Location if Different From Surface									County
UL or Lot	Sec.	Twp.	Rge.	Lot Lch.	Feet from >	North/South	Feet from >	East/West	
Dedication 320	Joint ?	Consolidation	Order No.						

NO ALLOWABLE WILL ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION  
East • 5280' •



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

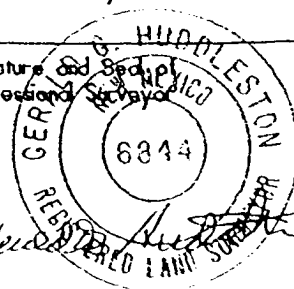
Date NOV. 14, 2004

SURVEYOR CERTIFICATION

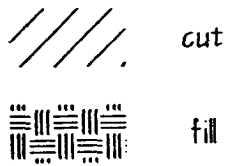
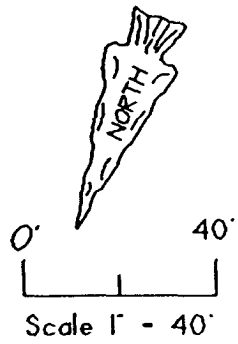
I hereby certify that the well location on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey 8/05/04

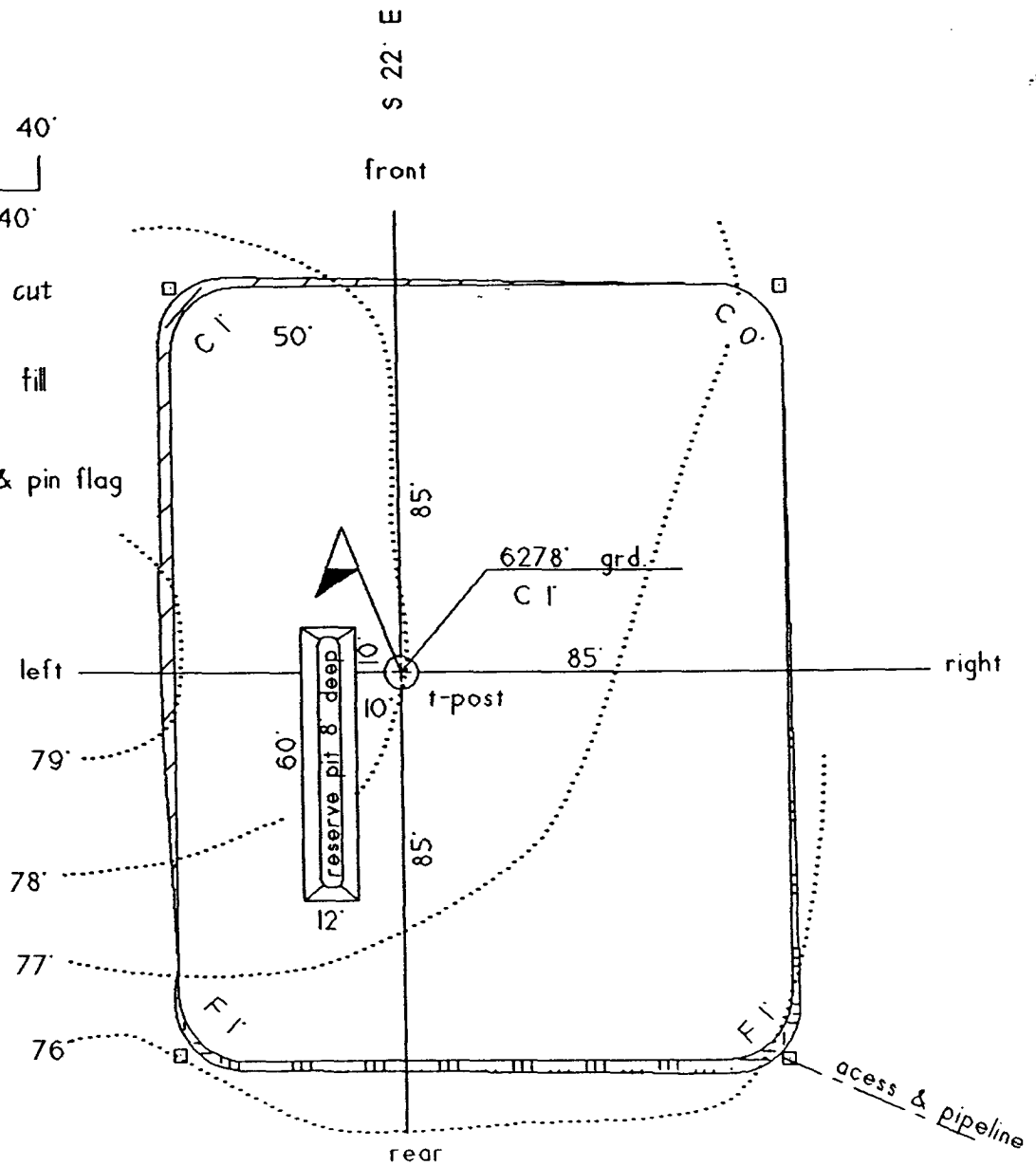
Signature and Seal of Professional Surveyor



Pete Morrow # 1 T  
well pad and section



□ set stake & pin flag



Elm Ridge Resources, Inc.  
Pete Morrow 1-T  
1505' FSL & 1420' FEL  
Sec. 1, 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>Elevation</u>
Nacimiento	000'	5'	+6,278'
Fruitland Formation	1,078'	1,083'	+5,200'
Basal Fruitland Coal	1,178'	1,183'	+5,100'
Pictured Cliffs	1,203'	1,208'	+5,075'
Total Depth (TD)*	1,350'	1,355'	+4,928'

### 2. NOTABLE ZONES

#### Oil & Gas Zones

Fruitland Coal  
Pictured Cliffs

#### Water Zones

Nacimiento

#### 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 exact drill rig and BOP model to be used are 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 Resources, Inc.  
Pete Morrow 1-T  
1505' FSL & 1420' FEL  
Sec. 1, T. 25 N., R. 12 W.  
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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"	20	K-55	S T & C	New	120'
6-3/4"	4-1/2"	10.5	J-55	L T & C	New	1,350'

Surface casing will be cemented to the surface with  $\approx 35$  cubic feet ( $\approx 30$  sacks) Class B + 1/4 pound per sack cello flake + 2%  $\text{CaCl}_2$ . Yield = 1.18 cubic feet per sack. Weight = 15.2 pounds per gallon. Volume = 100% excess. Two centralizers will be run. Thread lock guide shoe and bottom of float collar.

Production casing hole will be cleaned of rock chips by circulating  $\geq 150\%$  of the hole volume with mud to the surface. Thirty-five barrels of fresh water will then be circulated. Lead with  $\approx 215$  cubic feet ( $\approx 105$  sacks) of Class B with 2% metasilicate (yield = 2.06 cubic feet per sack and weight = 12.5 pounds per gallon). Tail with  $\approx 125$  cubic feet ( $\approx 105$  sacks) of Class B with 2%  $\text{CaCl}_2$  (yield = 1.18 cubic feet per sack and weight = 15.2 pounds per gallon). Total cement volume is ~~240~~ 340 cubic feet based on 75% excess and circulating to surface.

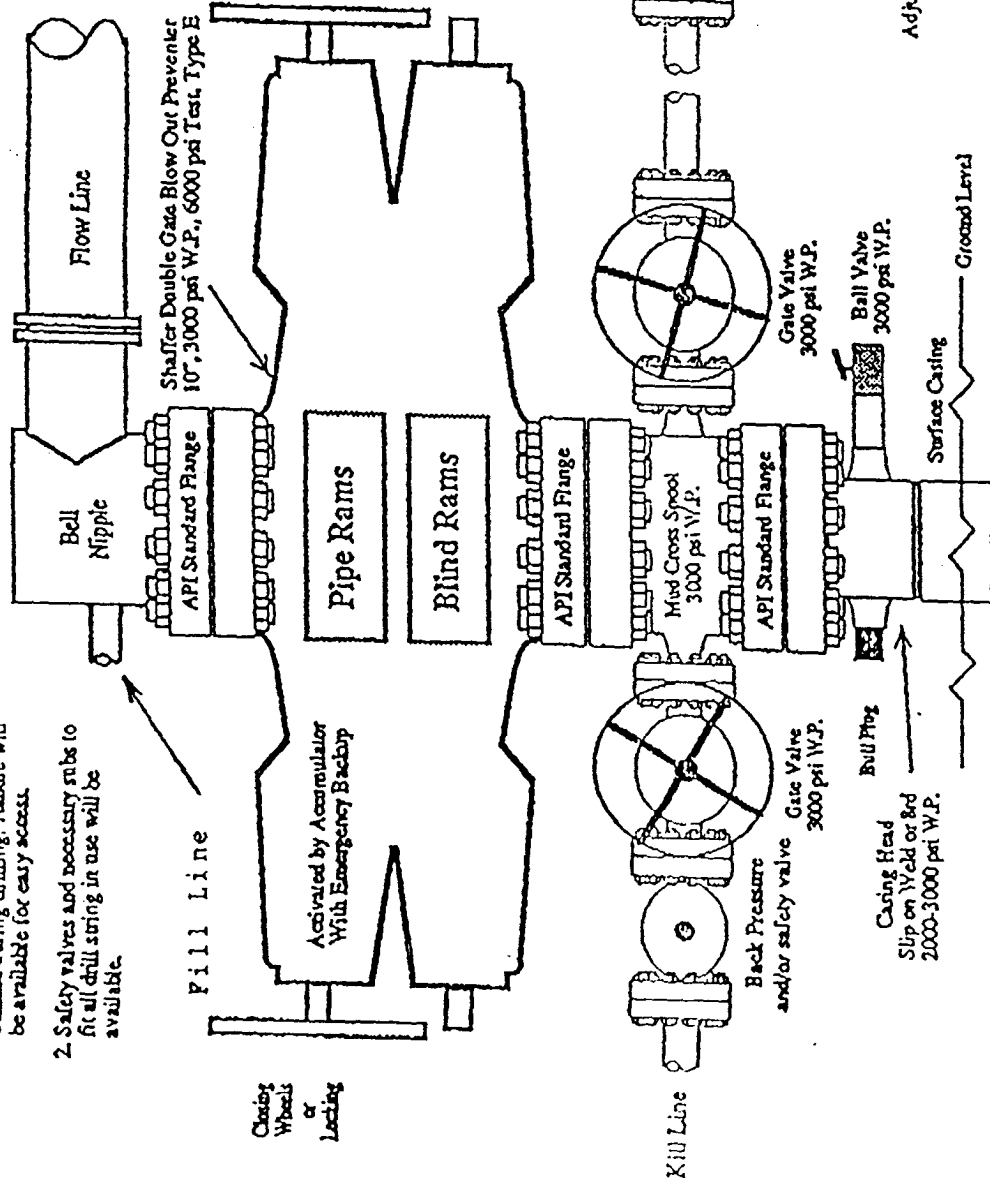
#### 5. MUD PROGRAM

A 9 pound polymer and fresh water mud system with a viscosity of  $\approx 35$  will be used. Sufficient material to maintain mud properties, control lost circulation, and contain a blowout will be available at the well while drilling.

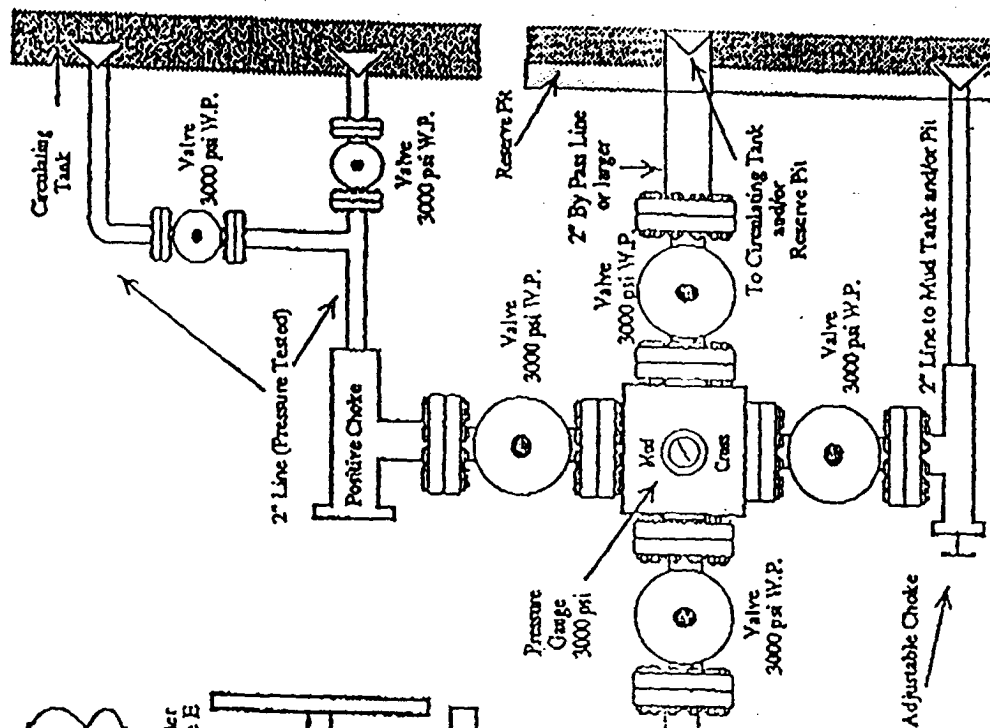
# Pressure Control Equipment

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.



Minimum 2" Choke Line.  
Minimum 2" Kill Line.  
At Least One 2" Minimum Kill Line Valve.



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.