

2005 JUN 3 AM 10 31

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

OTO FARMINGTON NM

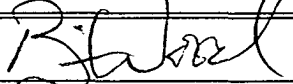
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM-933917
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 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		8. Lease Name and Well No. WEST BISTI COAL 13 2-T
3b. Phone No. (include area code) (505) 632-3476		9. API Well No. 30-045- 33136
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 1255 FNL & 1230 FWL At proposed prod. zone SAME		10. Field and Pool, or Exploratory BASIN FRUITLAND COAL
14. Distance in miles and direction from nearest town or post office* 23 AIR MILES S OF FARMINGTON		11. Sec., T. R. M. or Blk. and Survey or Area 0 13-25N-13W NMPM
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1,230'	16. No. of acres in lease 720	17. Spacing Unit dedicated to this well W2 320
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1,636' (13-2)	19. Proposed Depth 1,475'	20. BLM/BIA Bond No. on file BLM STATE WIDE 886201C
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6,430' GL	22. Approximate date work will start* 11/01/2005	23. Estimated duration 2 WEEKS

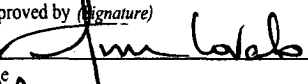
24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature 	Name (Printed/Typed) BRIAN WOOD	Date 05/22/2005
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Title CONSULTANT PHONE: (505) 466-8120 FAX: (505) 466-9682

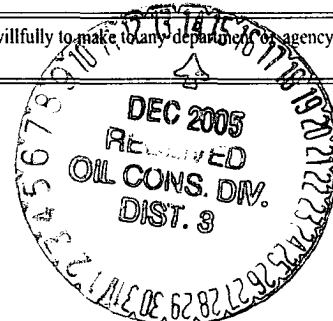
Approved by (Signature) 	Name (Printed/Typed)	Date 12/9/05
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Title Acting ADM Office

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)



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

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

NMOCD

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

Form C - 102

☐ AMENDED REPORT

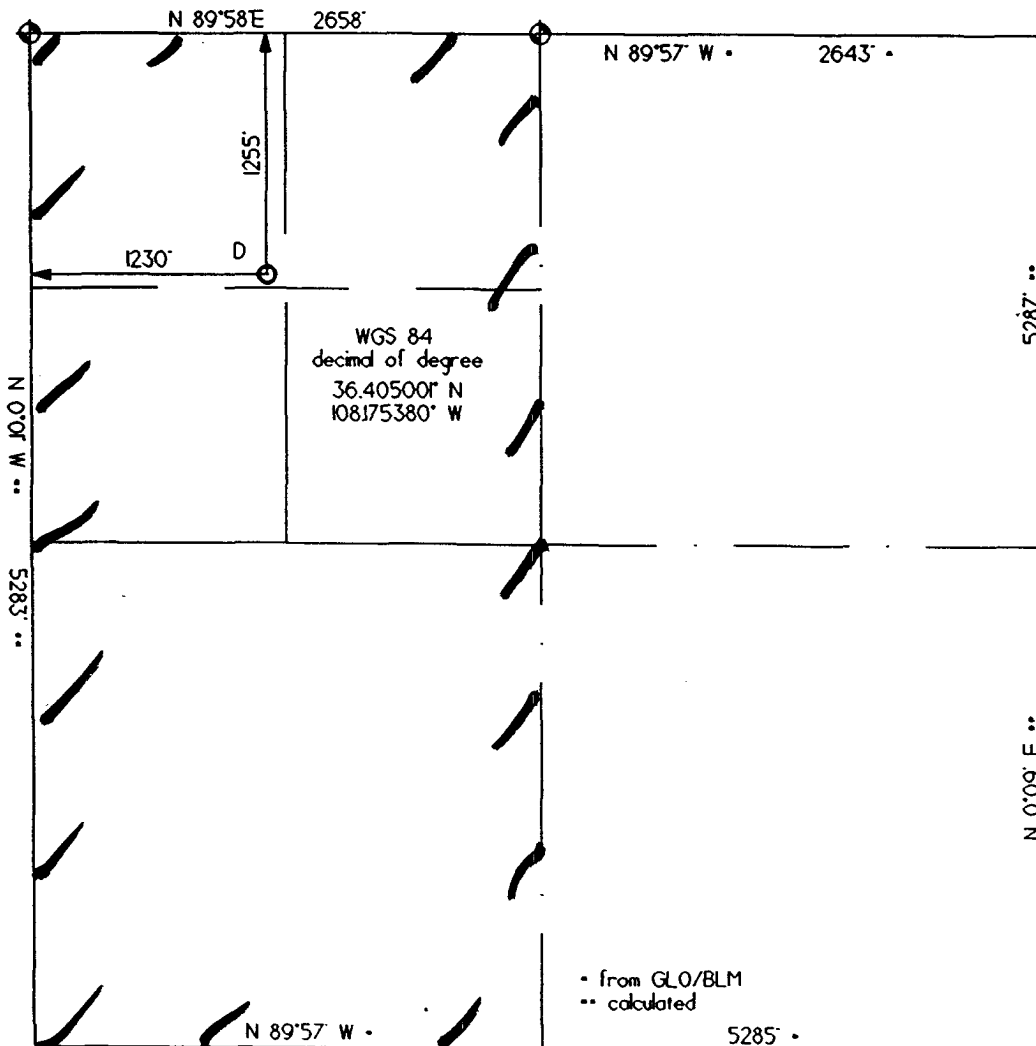
WELL LOCATION AND ACREAGE DEDICATION PLAT

APA Number 30-045-33136	Pool Code 71629	Pool Name BASIN FRUITLAND COAL
Property Code 27253	Property Name WEST BISTI COAL I3	Well Number 2 T
OGRID No. 149052	Operator Name ELM RIDGE RESOURCES	Elevation 6430'

Surface Location									
UL or Lot D	Sec. 13	Twp. 25 N.	Rge. 13 W.	Lot Idh.	Feet from > 1255'	North/South NORTH	Feet from > 1230'	East/West WEST	County SAN JUAN

Bottom Hole Location If Different From Surface									
UL or Lot	Sec.	Twp.	Rge.	Lot Idh.	Feet from >	North/South	Feet from >	East/West	County
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



OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature <i>Brian Wood</i> Printed Name BRIAN WOOD	
Title CONSULTANT	
Date MAY 22, 2005	
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 11/30/03	
Signature and Seal of Professional Surveyor 	

• from GLO/BLM
•• calculated

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.	30-045-33136
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>	
6. State Oil & Gas Lease No. NMNM-033917	
7. Lease Name or Unit Agreement Name WEST BISTI COAL 13	
8. Well Number	2-T
9. OGRID Number	149052
10. Pool name or Wildcat BASIN FRUITLAND COAL	

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 RESOURCES, INC.

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

4. Well Location

Unit Letter D : 1255 feet from the NORTH line and 1230 feet from the WEST line
Section 13 Township 25N Range 13W NMPM County SAN JUAN

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
6,430' GL

Pit or Below-grade Tank Application ☒ or Closure ☐

Pit type DRILLING Depth to Groundwater >100' Distance from nearest fresh water well >1000' Distance from nearest surface water >1000'

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 ☐

OTHER: DRILLING PIT ☒

SUBSEQUENT REPORT OF:

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

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 & closed according to NMOCD guidelines ☒, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Brian Wood TITLE CONSULTANT DATE 5-22-05

Type or print name BRIAN WOOD E-mail address: brian@permitswest.com Telephone No. (505) 466-8120
For State Use Only

APPROVED BY: [Signature] DEPUTY OIL & GAS INSPECTOR, DIST. 88 TITLE DATE DEC 14 2005
Conditions of Approval (if any):

Elm Ridge Resources, Inc.
West Bisti Coal 13 2-T
1255' FNL & 1230' FWL
Sec. 13, T. 25 N., R. 13 W.
San Juan County, New Mexico

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Drilling Program

1. ESTIMATED FORMATION TOPS

<u>Formation</u>	<u>GL Depth</u>	<u>KB Depth</u>	<u>Elevation</u>
Nacimiento	000'	5'	+6,430'
Fruitland	1,120'	1,125'	+5,310'
Pictured Cliffs	1,305'	1,310'	+5,125'
Lewis shale	1,360'	1,365'	+5,070'
Total Depth (TD)	1,475'	1,480'	+4,955'

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 \approx 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.
West Bisti Coal 13 2-T
1255' FNL & 1230' FWL
Sec. 13, T. 25 N., R. 13 W.
San Juan County, New Mexico

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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>Setting Depth</u>
8-5/8"	7"	20	K-55	ST & C	New	120'
6-3/4"	4-1/2"	10.5	J-55	ST & C LT & C	New	1,475'

Surface casing will be cemented to the surface with ≈ 35 cubic feet (≈ 30 sacks) Class B + 1/4 pound per sack cello flake + 2% 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 ≈ 225 cubic feet (≈ 110 sacks) of Class B with 2% metasilicate (yield = 2.06 cubic feet per sack and weight = 12.5 pounds per gallon). Tail with ≈ 125 cubic feet (≈ 105 sacks) of Class B with 2% CaCl_2 (yield = 1.18 cubic feet per sack and weight = 15.2 pounds per gallon). Total cement volume will be ≈ 350 cubic feet based on $>100\%$ excess and circulating to surface.

5. MUD PROGRAM

A 9 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.

Elm Ridge Resources, Inc.
West Bisti Coal 13 2-T
1255' FNL & 1230' FWL
Sec. 13, T. 25 N., R. 13 W.
San Juan County, New Mexico

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6. CORES, TESTS, & LOGS

No core or drill stem test is planned. DIL/GR log will be run from TD to surface. CNL/FSC log will be run over certain intervals.

7. DOWN HOLE CONDITIONS

No abnormal pressures, temperatures, nor hydrogen sulfide are expected. Maximum pressure will be ≤ 590 psi.

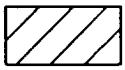
8. OTHER INFORMATION

The anticipated spud date is upon approval. It is expected it will take 5 days to drill and 1 week to complete the well.

West Bisti Coal 13 # 2 T
well pad and section



Scale 1" = 40'

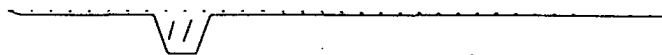
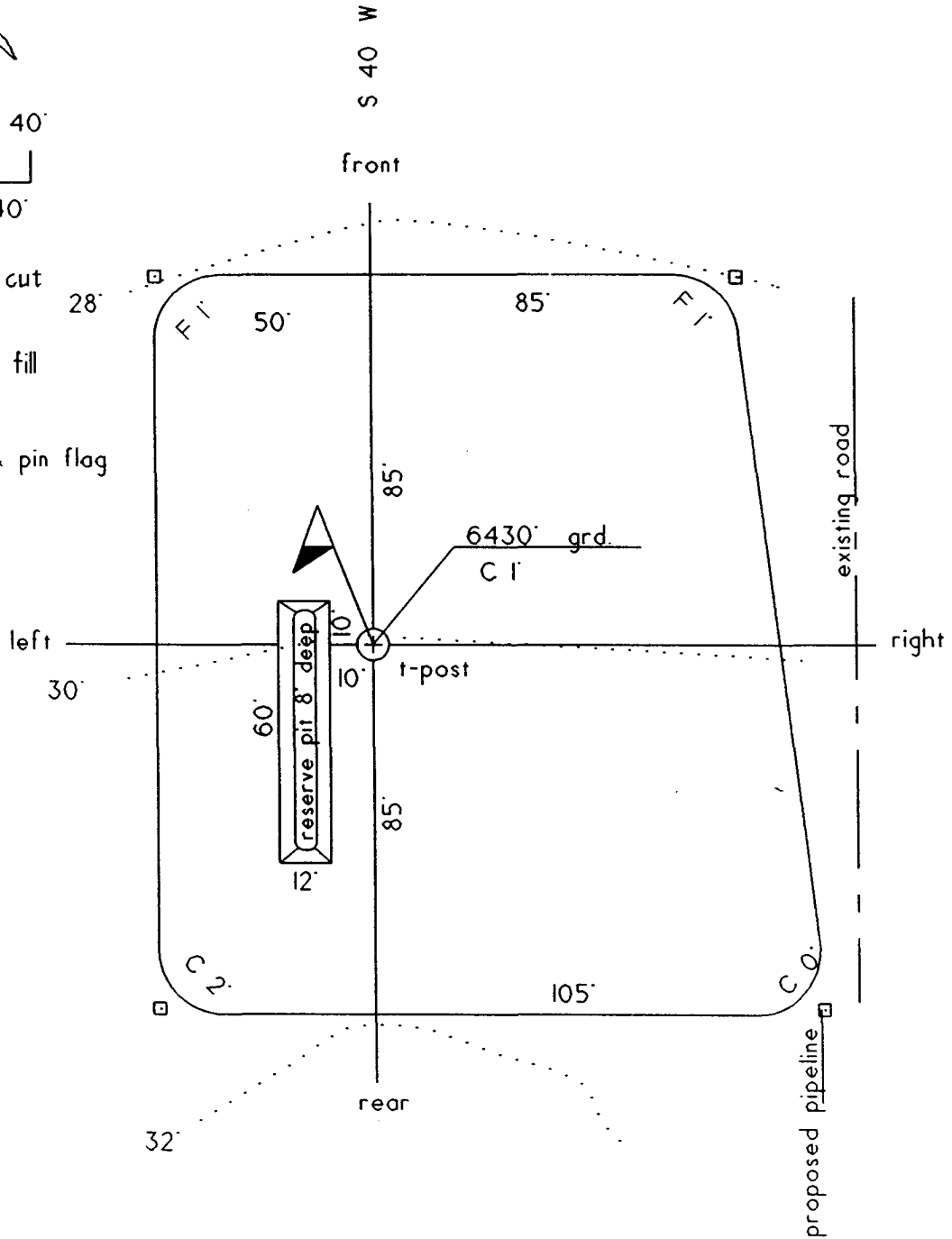


cut



fill

□ set stake & pin flag



section

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.

