

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

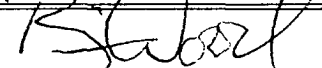
FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM-070322
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. CARSON
3a. Address P. O. BOX 156 BLOOMFIELD, NM 87413		8. Lease Name and Well No. CARSON UNIT 10 332 T
3b. Phone No. (include area code) (505) 632-3476		9. API Well No. 30-045- 32994
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 1380 FSL & 1245 FEL 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* 22 AIR MILES SW OF BLOOMFIELD		11. Sec., T. R. M. or Blk. and Survey or Area I 10-25N-12W NMPM
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1,245'	16. No. of acres in lease 1,000	17. Spacing Unit dedicated to this well E2
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 948' (Elm's CU 33)	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.) 6,206' GL	22. Approximate date work will start* 09/01/2005	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. | 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 03/19/2005
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Title **CONSULTANT** PHONE: (505) 466-8120 FAX: (505) 466-9682

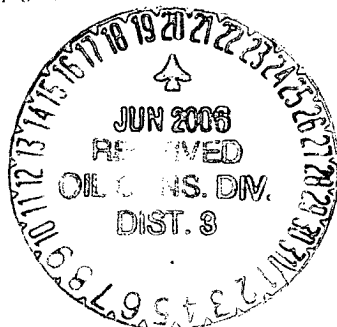
Approved by (Signature) 	Name (Printed/Typed)	Date 6/19/06
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Title AFM	Office FTO
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Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights 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)



NMCCD

RECEIVED
JUN 22 09 10 52
FARMINGTON NM

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

AP# Number 30-045-32994	Pool Code 71629	Pool Name BASIN FRUITLAND COAL
Property Code 27294	Property Name Carson Unit 10	Well Number # 332 T
OGRD No. 149052	Operator Name ELM RIDGE RESOURCES	Elevation 6206'

Surface Location									County
UL or Lot 1	Sec. 10	Twp. 25 N.	Rge. 12 W.	Lot Ldn.	Feet from 1380'	North/South South	Feet from 1245'	East/West East	SAN JUAN

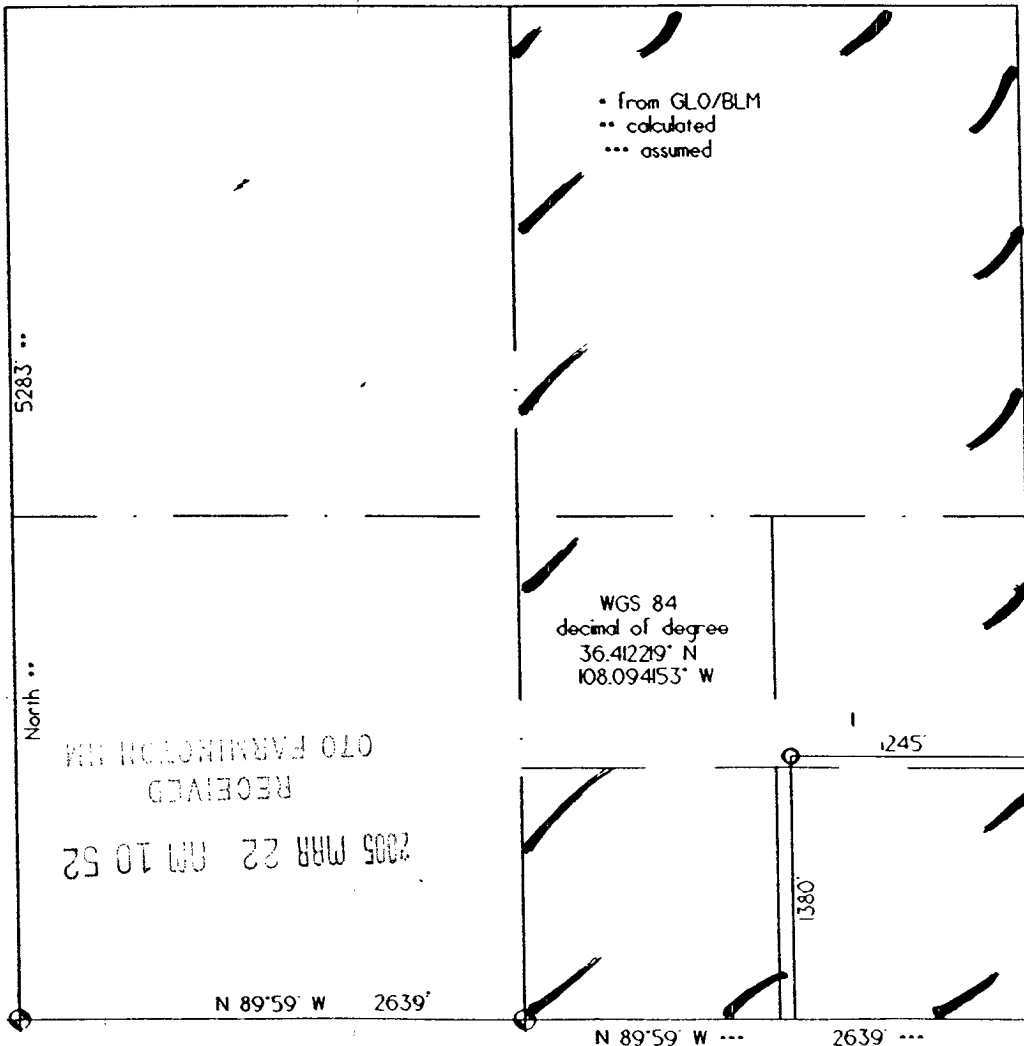
Bottom Hole Location If Different From Surface									County
UL or Lot	Sec.	Twp.	Rge.	Lot Ldn.	Feet from	North/South	Feet from	East/West	

Dedication 820	Joint ? .	Consolidation .	Order No. .
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NO ALLOWABLE WILL ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

S 89°59' W ..

5277 ..



OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature

Brian Wood

Printed Name **BRIAN WOOD**

Title **CONSULTANT**

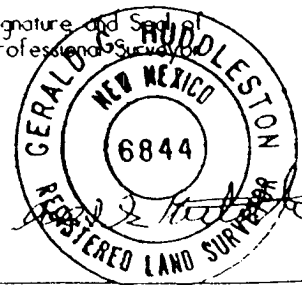
Date **MAR. 19, 2005**

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 rev: **11/30/04**

Signature and Seal of Professional Surveyor



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

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

Form C-103
May 27, 2004

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.)		WELL API NO. 30-045-32994
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator ELM RIDGE RESOURCES, INC.		6. State Oil & Gas Lease No. NMNM-070322
3. Address of Operator P.O. BOX 156, BLOOMFIELD, NM 87413		7. Lease Name or Unit Agreement Name CARSON UNIT 10
4. Well Location Unit Letter I : 1380 feet from the SOUTH line and 1245 feet from the EAST line Section 10 Township 25N Range 12W NMPM County SAN JUAN		8. Well Number 332 T
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 6,206' GL		9. OGRID Number 149052
Pit or Below-grade Tank Application <input checked="" type="checkbox"/> or Closure <input type="checkbox"/>		
Pit type DRILLING Depth to Groundwater ~50' Distance from nearest fresh water well >1000' 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:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: DRILLING PIT <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

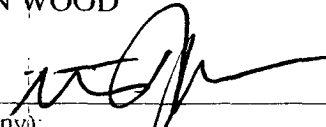
13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

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  TITLE CONSULTANT DATE 3-19-05

Type or print name BRIAN WOOD
For State Use Only

E-mail address: brian@permitswest.com Telephone No. 466-8120

APPROVED BY:  TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 4 DATE JUN 20 2006

Conditions of Approval (if any):



Elm Ridge Resources, Inc.
Carson Unit 10 332 T
1380' FSL & 1245' FEL
Sec. 10, T. 25 N., R. 12 W.
San Juan County, New Mexico

PAGE 1

Drilling Program

1. ESTIMATED FORMATION TOPS

<u>Formation</u>	<u>GL Depth</u>	<u>KB Depth</u>	<u>Elevation</u>
Nacimiento	000'	5'	+6,206'
Kirtland Shale	106'	111'	+6,100'
Fruitland Shale	776'	781'	+5,430'
Base Fruitland Coal	1,046'	1,051'	+5,160'
Pictured Cliffs	1,066'	1,071'	+5,140'
Lewis Shale	1,206'	1,211'	+5,000'
Total Depth (TD)*	1,350'	1,355'	+4,856'

2. NOTABLE ZONES

<u>Oil & Gas Zones</u>	<u>Water Zones</u>	<u>Coal Zones</u>
Fruitland Coal	Nacimiento	Fruitland
Pictured Cliffs		

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

Elm Ridge Resources, Inc.
Carson Unit 10 332 T
1380' FSL & 1245' FEL
Sec. 10, T. 25 N., R. 12 W.
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PAGE 2

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>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	New	1,350'

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 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 ≈ 215 cubic feet (≈ 105 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 is ~~240~~ cubic feet based on 75% excess and circulating to surface.

340

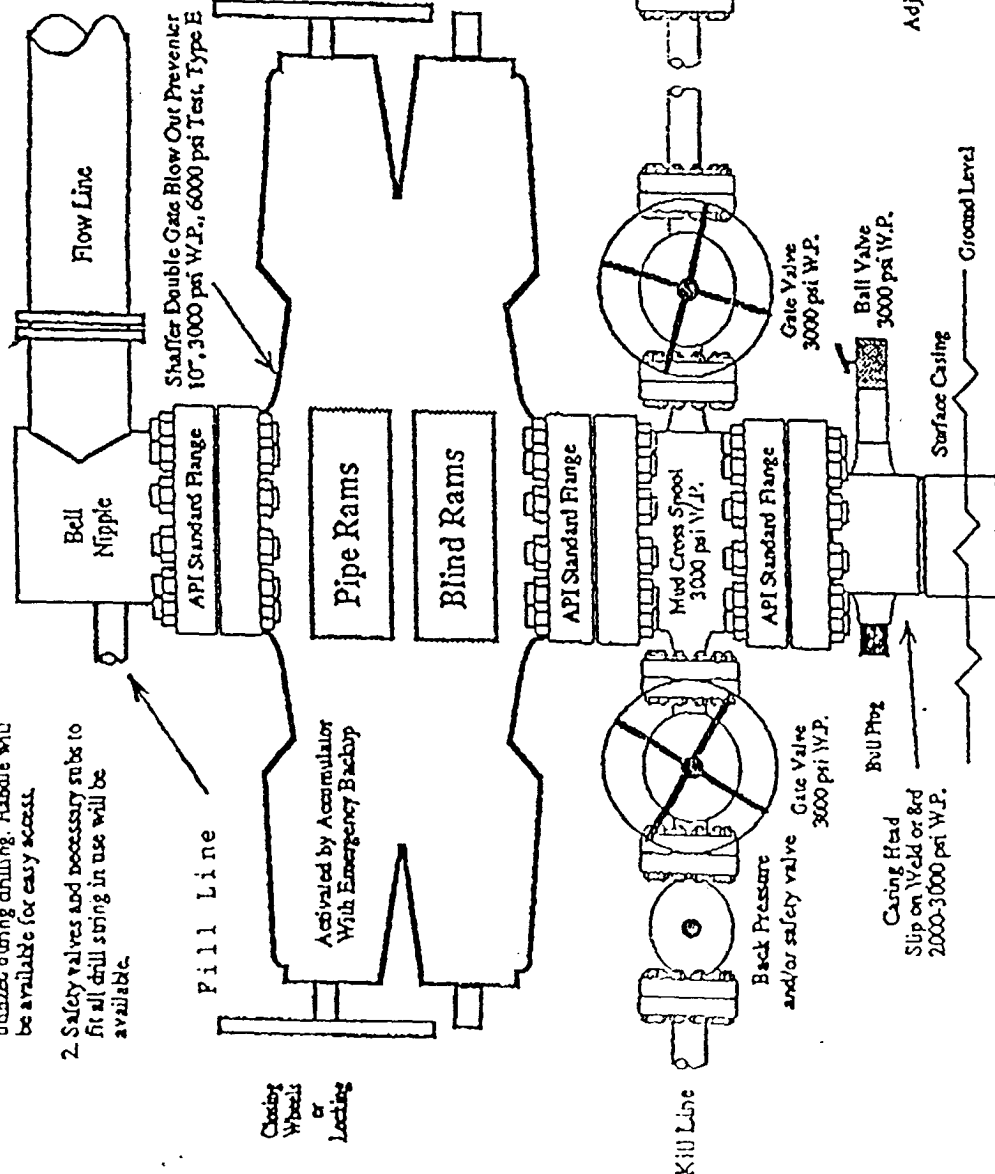
5. MUD PROGRAM

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.

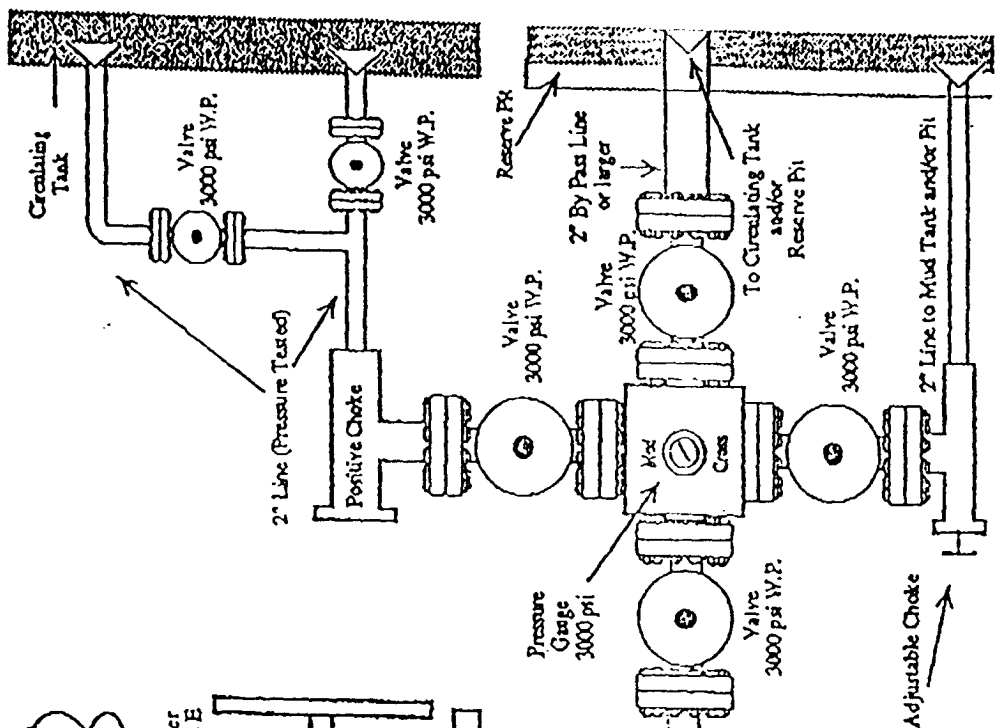
Pressure Control Equipment

Note: 1. An upper Kelly cock valve will be utilized during drilling. Handline will be available for easy access.

2. Safety valves and necessary sub 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.