

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 669534
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 EXPLORATION COMPANY, LLC		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. WEST BISTI COAL 14 COM 1 T
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 690 FNL & 2280 FWL At proposed prod. zone SAME		9. API Well No. 30-045-33371
14. Distance in miles and direction from nearest town or post office* 23 AIR MILES S OF FARMINGTON		10. Field and Pool, or Exploratory BASIN FRUITLAND COAL
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 360' (690' to CA)	16. No. of acres in lease 40.00	11. Sec., T. R. M. or Blk. and Survey or Area C 14-25N-13W NMPM
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. N/A	19. Proposed Depth 1,475'	12. County or Parish SAN JUAN
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6,388' GL	22. Approximate date work will start* 05/01/2006	13. State NM
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 	Name (Printed/Typed) BRIAN WOOD	Date 09/22/2005
Title CONSULTANT		
PHONE: (505) 466-8120 FAX: (505) 466-9682		
Approved by (Signature) 	Name (Printed/Typed) AFM	Date 9/11/06
Title OFFICE		

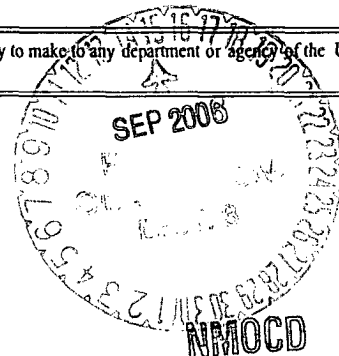
Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.  
Conditions of approval, if any, are attached.

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".



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

Form C - 102

RECEIVED  
070 FARMINGTON NM AMENDED REPORT

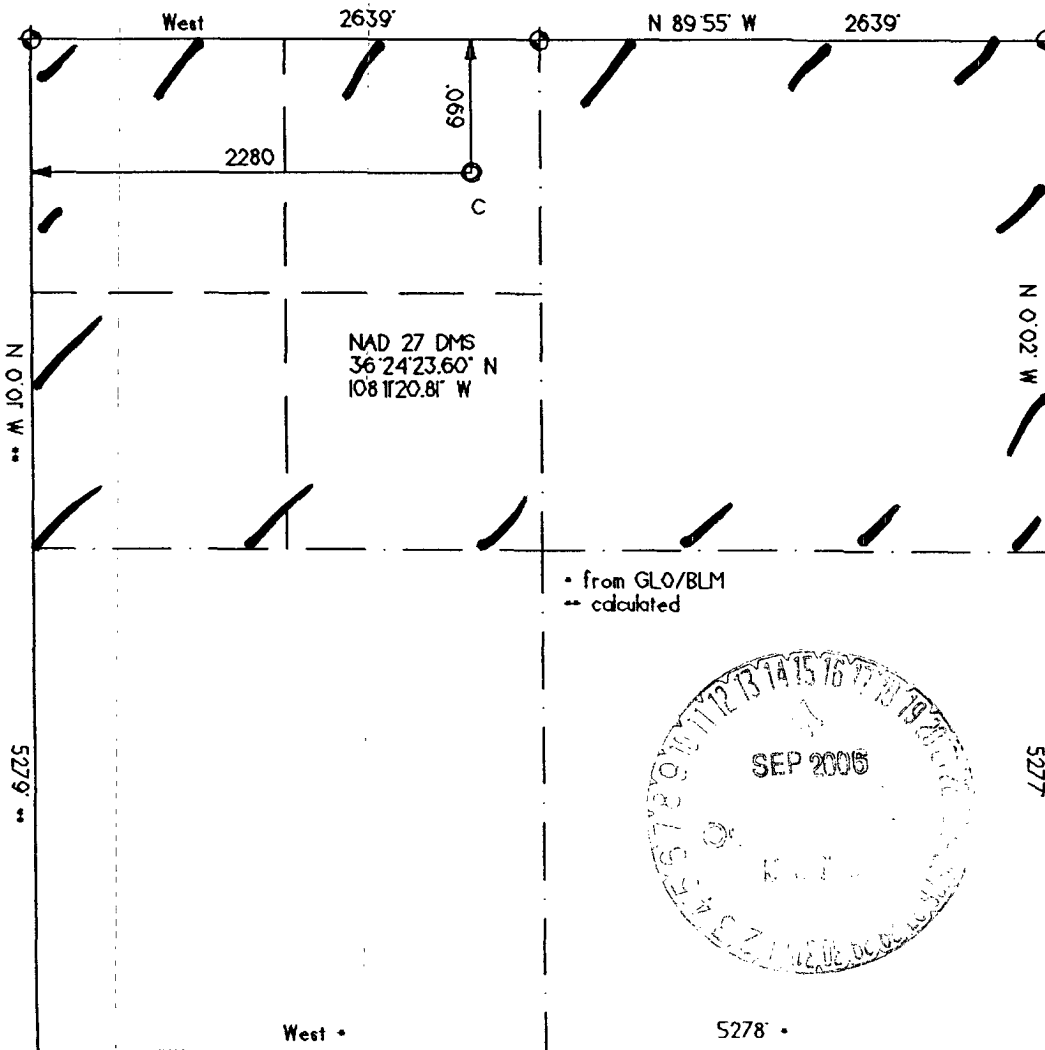
WELL LOCATION AND ACREAGE DEDICATION PLAT

APA Number <b>30-045-33371</b>	Pool Code <b>71629</b>	Pool Name <b>BASIN FRUITLAND COAL</b>
Property Code <b>27265</b>	Property Name <b>WEST BISTI COAL 14 COM</b>	Well Number <b>1 T</b>
OGFD No. <b>149052</b>	Operator Name <b>ELM RIDGE EXPLORATION COMPANY, LLC</b>	Elevation <b>6388'</b>

Surface Location									
UL or Lot <b>C</b>	Sec. <b>14</b>	Twp. <b>25 N.</b>	Rge. <b>13 W.</b>	Lot lch.	Feet from <b>690'</b>	North/South <b>NORTH</b>	Feet from <b>2280'</b>	East/West <b>WEST</b>	County <b>SAN JUAN</b>

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

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



<b>OPERATOR CERTIFICATION</b>	
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	<b>BRIAN WOOD</b>
Title	<b>CONSULTANT</b>
Date	<b>SEPT. 22, 2005</b>
<b>SURVEYOR CERTIFICATION</b>	
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	<b>06-03-05</b>
Signature and Seal of Professional Surveyor	<i>Gerard Huddleston</i>

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

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b> (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. <b>30-045-</b>
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 <b>ELM RIDGE EXPLORATION COMPANY, LLC</b>		6. <del>State</del> Oil & Gas Lease No. <b>NMNM-069534</b>
3. Address of Operator <b>P.O. BOX 156, BLOOMFIELD, NM 87413</b>		7. Lease Name or Unit Agreement Name <b>WEST BISTI COAL 14 COM</b>
4. Well Location Unit Letter <b>C</b> : <b>690</b> feet from the <b>NORTH</b> line and <b>2280</b> feet from the <b>WEST</b> line Section <b>14</b> Township <b>25N</b> Range <b>13W</b> NMPM County <b>SAN JUAN</b>		8. Well Number <b>1 T</b>
11. Elevation (Show whether DR, RKB, RT, GR, etc.) <b>6,388' GL</b>		9. OGRID Number <b>149052</b>
Pit or Below-grade Tank Application <input checked="" type="checkbox"/> or Closure <input type="checkbox"/>		10. Pool name or Wildcat <b>BASIN FRUITLAND COAL</b>
Pit type <b>DRILLING</b> Depth to Groundwater <b>&gt;100'</b> Distance from nearest fresh water well <b>&gt;5,280'</b> Distance from nearest surface water <b>&gt;500'</b>		
Pit Liner Thickness: <b>12 mil</b> Below-Grade Tank: Volume _____ bbls; Construction Material _____		

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

<b>NOTICE OF INTENTION TO:</b>		<b>SUBSEQUENT REPORT OF:</b>	
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: <b>DRILLING PIT</b> <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 ☐.

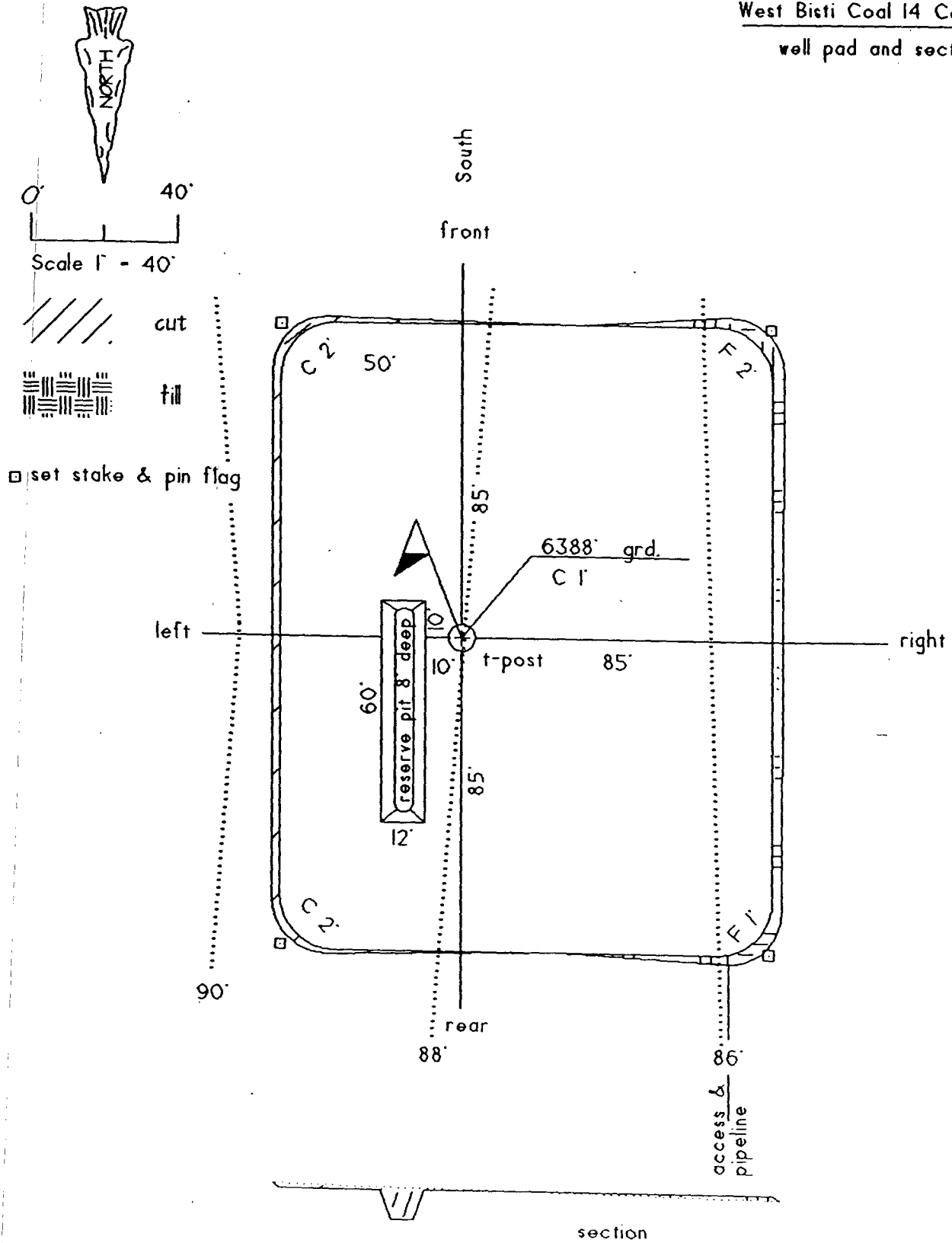
SIGNATURE Brian Wood TITLE **CONSULTANT** DATE **SEPT. 22, 2005**

Type or print name **BRIAN WOOD** E-mail address: **brian@permitswest.com** Telephone No. **(505)**

**For State Use Only**

APPROVED BY: [Signature] TITLE **DEPUTY OIL & GAS INSPECTOR, DIST. #** DATE **SEP 15 2006**  
Conditions of Approval (if any):

West Bisti Coal 14 Com 1 T  
well pad and section



Elm Ridge Exploration Company, LLC  
West Bisti Coal 14 Com 1 T  
690' FNL & 2280' FWL  
Sec. 14, T. 25 N., R. 13 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'	+6,388'
Fruitland	1,068'	1,073'	+5,320'
Pictured Cliffs	1,318'	1,323'	+5,070'
Lewis shale	1,438'	1,443'	+4,950'
Total Depth (TD)	1,475'	1,480'	+4,913'

### 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 Exploration Company, LLC  
West Bisti Coal 14 Com 1 T  
690' FNL & 2280' FWL  
Sec. 14, T. 25 N., R. 13 W.  
San Juan County, New Mexico

PAGE 2

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	<del>ST</del> & C	New	1,475'

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  $\approx 225$  cubic feet ( $\approx 110$  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 will be  $\approx 350$  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  $\approx 35$  will be used. Sufficient material to maintain mud properties, control lost circulation, and contain a blowout will be available at the well while drilling.

**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.

