

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS
**Do not use this form for proposals to drill or to re-enter an
abandoned well. Use Form 3160-3 (APD) for such proposals.**

5. Lease Serial No.
IMDA 751-05-1025, Tract A

6. If Indian, Allottee or Tribe Name
Ute Mountain Ute

SUBMIT IN TRIPLICATE – Other instructions on page 2.

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

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

8. Well Name and No.
Ute Mountain Tribal No. 24-43

2. Name of Operator
Elk San Juan, Inc.

9. API Well No.
30-045-34114

3a. Address
1401 17th Street, Suite 700
Denver, CO 80202

3b. Phone No. (include area code)
303.296.4505

10. Field and Pool or Exploratory Area
Verde Gallup

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
660' FSL - 1650' FEL, Section 24, T31N, R15W, NMPM

11. Country or Parish, State
San Juan, New Mexico

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other _____
	<input checked="" type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Elk San Juan, Inc. proposes to change the pool for this well to Verde Gallup (Pool Code 62510) and amend the drilling program as outlined in the attached 10 Point Drilling Plan. Elk San Juan, Inc., by the amended drilling program, will use a smaller footprint location as illustrated in the new Wellsite Layout attached. A C-102 with the revised acreage dedication is also attached.

**SEE ATTACHED
CONDITIONS OF APPROVAL**

RECEIVED

MAR - 6 2008

Bureau of Land Management
Durango, Colorado

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)
Robert E. Fielder

Title Agent

RCVD MAR 17 '08

OIL CONS. DIV.

DIST. 3

Signature

Robert E. Fielder

Date 03/04/2008

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

[Signature]

Title

Spru

Date

3/10/08

Office

Spru

Conditions of approval, if any, are attached. Approval of this notice 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.

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)

B **NMOCD**

**Elk San Juan, Inc.
Ute Mountain Tribal No. 24-43
660' FSL & 1650' FEL
Section 24, T31N, R15W, NMPM
San Juan County, New Mexico**

TEN POINT DRILLING PROGRAM

1. **Surface Formation:** Lewis
2. **Surface Elevation:** 5549' GL.
3. **Estimated Formation Tops:**

<u>Formation</u>	<u>Top - feet</u>	<u>Expected Production</u>
Lewis	surface	
Cliff House	667	
Menefee	836	
Pt. Lookout	1629	
Upper Mancos	2028	
Intermediate TD	2300	
Gallup	2990	GAS/OIL
Tocito	3066	
Sanastee	3252	
Juana Lopez	3469	
TOTAL DEPTH	3700	

4. **Surface Hole Program:**

Bit: Drill a 12 1/4" hole to 120' using a mill tooth, IADC Class 116 or 117 bit. WOB: all. RPM: 70 - 100.

Mud: Use a fresh water base spud mud with the following properties:

<u>Interval (ft)</u>	<u>Weight (ppg)</u>	<u>Ph</u>	<u>Vis(sec/qt)</u>	<u>Water Loss</u>
0 - 120	8.6 or less	9.0-9.5	40 - 50	No Control

Casing and Cementing: A string of 9 5/8" 36# J-55 or K-55 ST&C casing will be set and cemented to the surface in a single stage with 65 sacks of Class "B" cement (yield = 1.18 cf/sk) containing 3% CaCl₂ and 1/4 lb/sack celloflake.

Slurry volume assumes 100% excess over calculated hole volume.

If cement does not circulate to surface, cement will be topped off using 1" pipe down the 12 1/4" by 9 5/8" annulus. Minimum clearance between couplings and hole is 0.8125".

Prior to drilling out the shoe, casing and BOPE will be tested to a minimum of 600 psig. Safety factors utilized in the design of this casing string were: burst = 1.1; collapse = 1.125; and tension = 1.8.

Drilling Program
Elk San Juan, Inc.
Ute Mountain Tribal No. 24-43
Page Two

Surface Hole Program: - continued

WOC 12 HOURS. Nipple up 11" 3000# BOPE. Pressure test wellhead and surface BOPE to full working pressure. Pressure test surface casing and BOPE to 600 psi for 15 minutes prior to drilling surface shoe.

Centralizers: Run two (2) 9 $\frac{5}{8}$ " X 12 $\frac{1}{4}$ " regular bowspring centralizers. Install first one on stop ring in middle of shoe joint.

Float Equipment: Cement nose guide shoe thread locked. Also thread lock connection between first and second joint run.

5. Intermediate Hole Program:

Bit: Drill an 8 $\frac{3}{4}$ " hole to 2300' using TCI, IADC Class 447 bits. WOB: 5-45K. RPM: 60 - 100. **Note:** Slow rpm to 55-60 while drilling sands of the mesa Verde group.

Mud: Use fresh water and polymer with the following properties for as much of this interval as possible as dictated by hole conditions:

<u>Interval(ft)</u>	<u>Weight(ppg)</u>	<u>Ph</u>	<u>Vis(sec/qt)</u>	<u>Water Loss</u>
120 - 2300	8.6 - 8.8	9.0-9.5	28 - 35	no control

Fresh water will be used for dilution and building volume.

If mud up is required, use a fresh water LSND system with the above properties. Water loss will be controlled in the 10-12 range. Sufficient materials will be on location at all times to maintain mud properties and to control any lost circulation problem or unforeseen abnormal pressures. The mud volume in the reserve pit will be visually monitored and recorded on a routine basis.

Note: Raise **viscosity** to 55 - 60 for logging. Thin to 40 - 45 viscosity to run casing.

pH is to be maintained with lime or caustic soda at the recommended levels to assure drill pipe corrosion protection.

Drispac will be used for control of fluid loss.

Lost Circulation can occur in the Mesa Verde sands. Mud weights should be controlled as low as possible with water dilution. If the addition of lost circulation material is required the well will be mudded up.

Drilling Program
Elk San Juan, Inc.
Ute Mountain Tribal No. 24-43
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5. Intermediate Hole Program: - continued

Pressure Control: A 3M psi BOP well control system will be utilized. BOP's and choke manifold will be installed and pressure tested to full working pressure before drilling out from under surface casing. Mechanical operation of pipe rams will be checked daily and blind rams will be checked on each trip out of hole. 7" rams will be installed before running production casing.

A full opening internal blowout preventor or drill pipe safety valve will be on the drill floor at all times and will be capable of fitting all connections.

Logging Program: Triple Combo from Intermediate TD to surface casing shoe.

Casing and Cementing Program: Run 7" 23 ppf J-55 production casing from surface to Intermediate TD and cement in single stage with 185 sacks (392.2 cf) of 65/35 Class G POZ containing 6% gel, 1 pps gilsonite, and 0.25 pps celloflake mixed at 12.1 ppg to yield 2.12 cf/sk. Tail in with 100 sacks (126.0 cf) of Class B with 2% CaCl_2 , 5 pps gilsonite and 0.25 pps celloflake mixed at 15.26 ppg to yield 1.26 cf/sk.

Slurry volumes assume a 50% excess over gauge hole volume. Cement volume will be adjusted to caliper plus 30% after logs are run. Minimum clearance between couplings and hole is 0.5470". Safety factors utilized in the design of this casing string were: burst = 1.1; collapse = 1.125; and tension = 1.8.

Centralizers: 5 - 7" X 8 $\frac{3}{4}$ " bowspring centralizers will be run across bottom section of string and 2 - 7" X 8 $\frac{3}{4}$ " turbolizers will be spaced so that one (1) is at base of Pt. Lookout and one (1) is at midpoint of base of the Mesa verde and surface casing shoe.

Float Equipment: Cement nose guide shoe, 1 joint 7" casing and float collar.

6. Production Hole Program:

Bit: Drill a 6 $\frac{3}{4}$ " hole to 3700' using TCI, IADC Class 447 bits.
WOB: 5-35K. **RPM:** 60 - 100.

Drilling Program
Elk San Juan, Inc.
Ute Mountain Tribal No. 24-43
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6. Production Hole Program: - continued

Mud: Use air/foam

If mud up is required use a fresh water base LSND system with the following properties: **Note:** Pull into intermediate casing to mud up.

<u>Interval(ft)</u>	<u>Weight(ppg)</u>	<u>Ph</u>	<u>Vis(sec/qt)</u>	<u>Water Loss</u>
2300 - 3700	8.6 - 8.8	9.0-9.5	28 - 35	6 - 8

Fresh water will be used for dilution and building volume.

Sufficient materials will be on location at all times to maintain mud properties and to control any lost circulation problem or unforeseen abnormal pressures. The mud volume in the reserve pit will be visually monitored and recorded on a routine basis.

Note: Raise **viscosity** to 55 - 60 for logging. Thin to 40 - 45 viscosity to run casing.

pH is to be maintained with lime or caustic soda at the recommended levels to assure drill pipe corrosion protection.

Drispac will be used for control of fluid loss.

Lost Circulation can occur in the Gallup sands. Mud weights should be controlled as low as possible with solids control equipment and water dilution. 5% LCM should be added on initial mud up if these intervals are open.

Pressure Control: A 3M psi BOP well control system will be utilized. BOP's and choke manifold will be installed and pressure tested to full working pressure before drilling out from under surface casing. Mechanical operation of pipe rams will be checked daily and blind rams will be checked on each trip out of hole. 4½" rams will be installed before running production casing.

A full opening internal blowout preventor or drill pipe safety valve will be on the drill floor at all times and will be capable of fitting all connections.

Logging Program: Triple Combo from Intermediate TD to surface casing shoe. FMI possible in Gallup section.

Drilling Program
Elk San Juan, Inc.
Ute Mountain Tribal No. 24-43
Page Five

Casing and Cementing Program: Run 4½" 11.6 ppf J-55 production casing as a liner from TD to 200 feet inside Intermediate casing. Liner will not be cemented. External casing packers and sliding sleeves will be used to isolate potential pay zones for stimulation.

Minimum clearance between couplings and hole is 0.6250". Safety factors utilized in the design of this casing string were: burst = 1.1; collapse = 1.125; and tension = 1.8.

Centralizers: none

Float Equipment: Float shoe, 1 joint 4½" casing and plug landing collar on bottom. Remainder will be determined after hole is drilled. Liner hanger with PBR will be installed in top of 4½" string and set at least 200 feet inside Intermediate casing.

7. Auxiliary Equipment:

An upper kelly cock will be utilized. The handle will be available on the rig floor at all times

8. Logging Program:

Dual Induction and Epithermal Neutron / Formation Density will be run from TD to surface casing shoe. Deep induction curve will be merged onto the porosity log.

Coring and Testing Program:

Extensive coring, at the direction of the wellsite geologist is anticipated in the Gallup interval. No drill stem tests are anticipated.

9. Abnormal Pressure:

None anticipated.

Estimated Bottom Hole Pressure:

500 - 1850 psig.

10. Anticipated Starting Date:

March 15, 2008

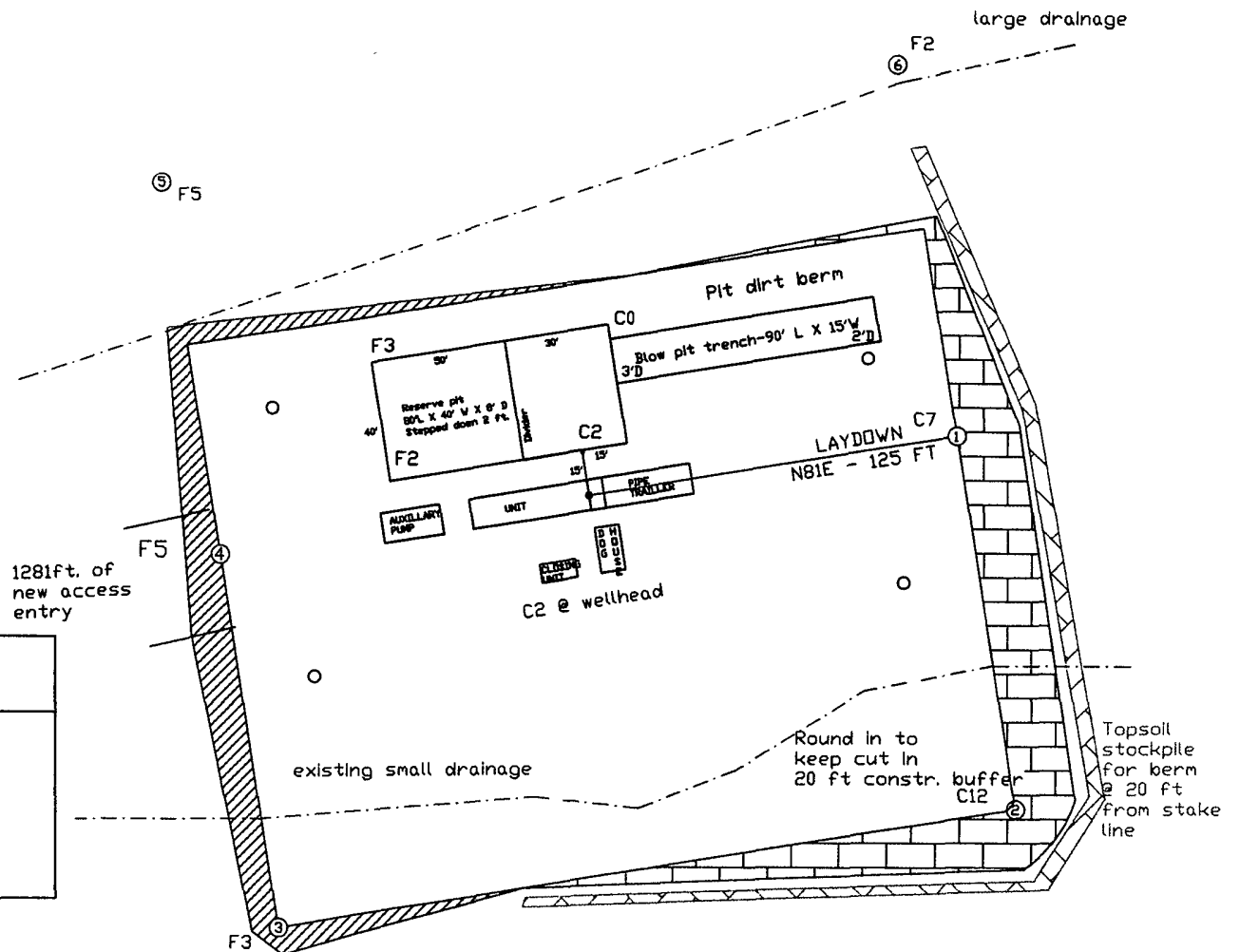
Duration of Operations: It is estimated a total of 15 days will be required for drilling operations and 10 days for the completion operation.



Scale: 1 Inch = 60 feet

Elk San Juan, Inc.

Drilling Wellsite Layout
Ute Mountain Tribal No. 24-43
660' FSL & 1650' FEL
Section 24, T31N, R15W, NMPM
San Juan Co., New Mexico



District I
PO Box 1980, Hobbs, NM 88241-1980

District II
PO Drawer DD, Artesia, NM 88211-0719

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-34114		*Pool Code 62510	*Pool Name Verde Gallup
*Property Code 35229	*Property Name UTE MOUNTAIN TRIBAL		*Well Number 24-43
*GRID No. 234144	*Operator Name ELK SAN JUAN, INC.		*Elevation 5549'

¹⁰ Surface Location

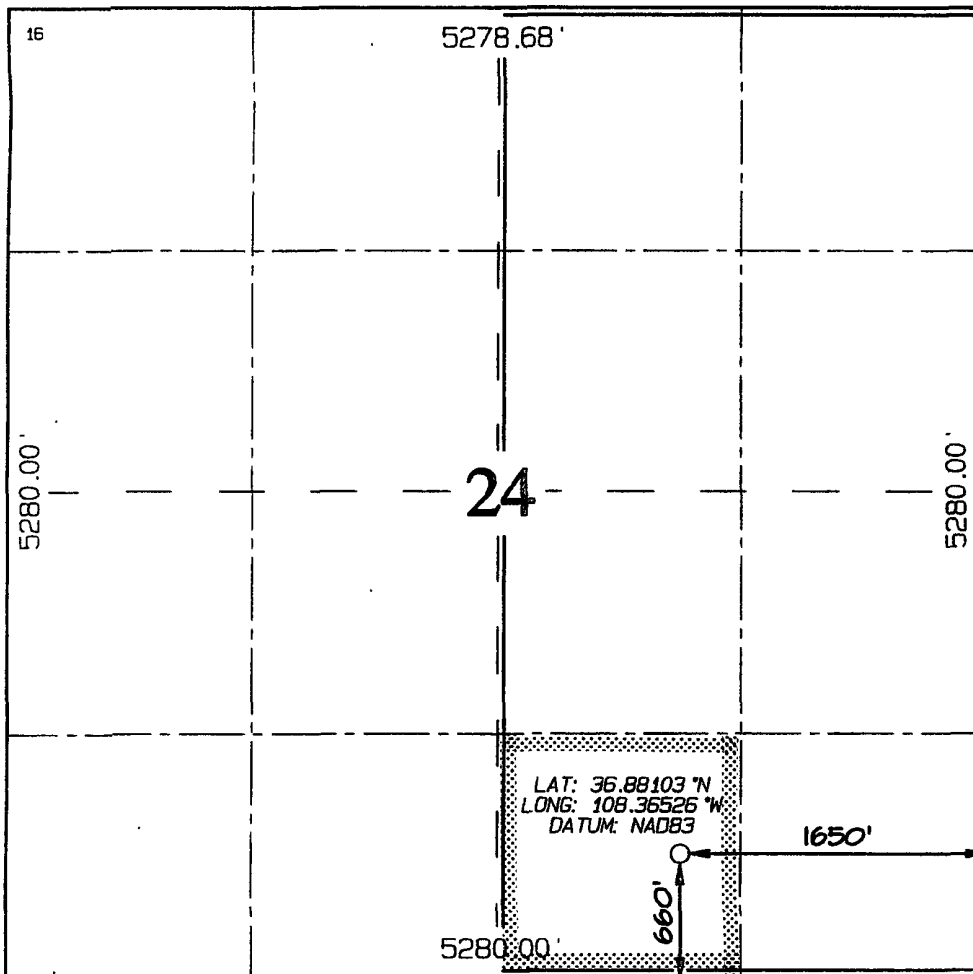
UL or lot no. 0	Section 24	Township 31N	Range 15W	Lot Idn	Feet from the 660	North/South line SOUTH	Feet from the 1650	East/West line EAST	County SAN JUAN
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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¹² Dedicated Acres SW/ SE/4 - 40 acs	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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



¹⁷ OPERATOR CERTIFICATION

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

Robert E. Fielder
Signature

Robert E. Fielder

Printed Name

Agent

Title

March 4, 2008

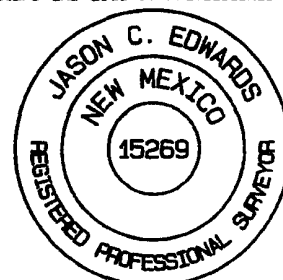
Date

¹⁸ SURVEYOR CERTIFICATION

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.

Date of Survey: JULY 11, 2006

Signature and Seal of Professional Surveyor



Jason C. Edwards
Certificate Number 15269

Elk San Juan, Inc.
Tribal IMDA: 751-05-1025, Tract A
Well: Ute Mountain Tribal 24-43
Location: 660' FSL & 1650' FEL
Sec. 24, T. 31 N., R. 14 W.
San Juan County, New Mexico

Conditions of Approval – Sundry Notice to change Drilling Plan:

1. All drilling locations must be built as drilled, not constructed back to back prior to drilling.
2. The BOP must have adjustable chokes.
3. No additional zones will be commingled without UMU Tribal and BLM approval.
4. Stabilized Bottom hole pressures must be taken from each perforated zone.
5. Notify this office during working hours **at least 72 hours** prior to:
 - a. spudding the well*
 - b. running casing strings and cementing
 - c. BOP tests
 - d. Drill Stem testing

* at this time provide phone numbers for the rig and your field representative (mobile and office) to facilitate the scheduling of BLM Technicians to witness the above operations.

6. All BOP tests will be performed with a test plug in place. BOP will be tested to full stack working pressure and annular preventer to 50% maximum stack working pressure. All accumulators will be function tested as per Onshore Order #2. All 2M or greater systems require **adjustable** chokes as per Onshore Order #2. 3M BOPs must have an Annular Preventer and the Choke line must be 3".
7. If a BLM Inspector is not present during the initial or second BOP test, please provide chart record.

Continued on page 2.

8. Submit copies of all logs to the BLM office in both paper and in Log ASCII Standard (LAS) format.

9. If any operations are to start over the weekend, notify this office by noon Friday. If any problems arise after hours or on weekends, call BLM personnel using the home phone numbers listed on the following 'INFORMATIONAL NOTICE - APD's'.

10. Well File Information: All tests and operations on any well in the subject lands shall be conducted at the Operators sole discretion. Provide to this office copies of the following, if conducted

- a. All wire line logs – Field and Final Print (Electrical, Radioactive, Sonic, Porosity, Velocity, etc. with digitized and log analysis, if available).
- b. Drill Stem tests - field data
- c. Core analysis - field data
- d. Mud Log - final prints
- e. Drill Stem tests - final prints
- f. Core analysis - final prints
- g. Revised Structure and Isopach maps
- h. Location (Surveyor's Plat & Drilling Permit
- i. Daily Drilling Report, Daily Workover report and final Drilling Summary
- j. Directional Survey
- k. Geological Report
- l. Completion Report
- m. Production Test Data (AOF Potential, GOR, etc.)
- n. 30 Day Well Production Test Record
- o. Bottom Hole Pressure Surveys
- p. Gas, Oil, and/or Water Analysis
- q. Monthly Oil, Gas, and/or Plant Products Purchasing Statements
- r. MMS Monthly OGOR and/or 4054 Monthly Report of Operations
- s. Sundry Notices to the BLM
- t. Wellbore profile
- u. Division Orders/Title Opinion
- v. Plug and Abandon Reports
- w. AFEs
- x. Other Information Requested by the Tribal Energy Department.