

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
APPLICATION FOR PERMIT TO DRILL OR REENTER

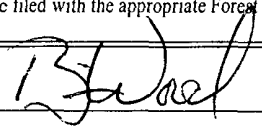
FORM APPROVED
OMB No 1004-0137
Expires March 31, 2007

1a Type of work. <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		070 FARMINGTON NM	
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	
2 Name of Operator ELM RIDGE EXPLORATION COMPANY, LLC			
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 1115' FNL & 1530' FEL At proposed prod. zone SAME		7 If Unit or CA Agreement, Name and No N/A	
10 Field and Pool, or Exploratory BLANCO PICTURED CLIFFS S.		8. Lease Name and Well No. JICARILLA APACHE F 17	
9. API Well No 30-039-29872		11 Sec., T. R. M. or Blk and Survey or Area B 21-25N-15W NMPM	
12 County or Parish RIO ARRIBA		13 State NM	
14 Distance in miles and direction from nearest town or post office* 14 AIR MILES NNE OF COUNSELORS		15. Distance from proposed* location to nearest property or lease line, ft (Also to nearest drig. unit line, if any) 1,525'	
16. No. of acres in lease 2,559.40		17. Spacing Unit dedicated to this well NE4	
18 Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 542' (F-11)		19 Proposed Depth 3,000'	
20. BLM/BIA Bond No. on file BIA NATION WIDE 886441C		21. Elevations (Show whether DF, KDB, RT, GL, etc) 6,732' GL	
22. Approximate date work will start* 05/07/2006		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 04/03/2006
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Title CONSULTANT PHONE: (505) 466-8120 FAX: (505) 466-9682

Approved by (Signature) Original Signed: Stephen Mason	Name (Printed/Typed)	Date JUL 16 2009
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Title	Office
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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)

A COMPLETE C-144 MUST BE SUBMITTED TO AND APPROVED BY THE NMOCD FOR: A PIT, CLOSED LOOP SYSTEM, BELOW GRADE TANK, OR PROPOSED ALTERNATIVE METHOD, PURSUANT TO NMOCD PART 19.15.17, PRIOR TO THE USE OR CONSTRUCTION OF THE ABOVE APPLICATIONS.

**NOTIFY AZTEC OCD 24 HRS.
PRIOR TO CASING & CEMENT**

JUL 24 2008



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

DISTRICT I
P.O. Box 1980, Hobbs, N.M. 88241-1980
DISTRICT II
811 South First, Artesia, N.M. 88210
DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410
DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

P.O. 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

2006 APR 11 AM 8 23

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-29872	² Pool Code 72439	³ Pool Name BLANCO P. C. SOUTH
⁴ Property Code 19029	⁵ Property Name JICARILLA APACHE F	
⁶ OGRID No. 149052	⁷ Operator Name ELM RIDGE EXPLORATION	
		⁸ Well Number 17
		⁹ Elevation 6732

¹⁰ Surface Location


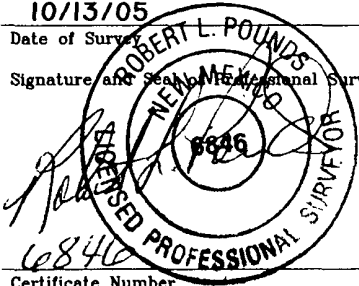
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	21	25 N	5 W		1115	NORTH	1530	EAST	RIO ARRIBA

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

¹² Dedicated Acres 160	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

<div>16 N 89°49'17" E</div> <div>5307.18'</div> <div>SECTION 21</div> <div>N 0°10'18" E</div> <div>S 89°53'56" W</div>									
<div>17 OPERATOR CERTIFICATION</div> <div>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</div> <div></div> <div>Signature BRIAN WOOD</div> <div>Printed Name CONSULTANT</div> <div>Title APRIL 3, 2006</div> <div>Date</div>									
<div>18 SURVEYOR CERTIFICATION</div> <div>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.</div> <div>10/13/05</div> <div>Date of Survey</div> <div></div> <div>Signature and Seal of Professional Surveyor</div> <div>6846</div> <div>Certificate Number</div>									

Elm Ridge Exploration Company, LLC
Jicarilla Apache F 17
1115' FNL & 1530' FEL
Sec. 21, T. 25 N., R. 5 W.
Rio Arriba 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>
San Jose	0'	10'	+6,732'
Ojo Alamo	2,132'	2,142'	+4,600'
Kirtland-Fruitland	2,467'	2,477'	+4,265'
Pictured Cliffs	2,857'	2,867'	+3,875'
Lewis Shale	2,932'	2,942'	+3,800'
Total Depth (TD)	3,000'	3,010'	+3,732'

2. NOTABLE ZONES

<u>Oil & Gas Zones</u>	<u>Water Zones</u>	<u>Coal Zones</u>
Ojo Alamo	San Jose	Fruitland
Fruitland	Ojo Alamo	
Pictured Cliffs	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 drilling contract has not yet been awarded, thus the exact BOP model to be used is 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

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and collars will be available on the rig floor in 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</u>	<u>Grade</u>	<u>Type</u>	<u>Age</u>	<u>Setting Depth</u>
12-1/4"	8-5/8"	24#	J-55 or K-55	S T & C	New	250'
7-7/8"	5-1/2"	10.5# 15.5	J-55	L T & C	New	3,000'

Surface casing will be cemented to the surface with ≈ 206 cubic feet (≈ 175 sacks) Class B with 1/4#/sk Flocele + 2% CaCl_2 . Yield = 1.18 cubic feet per sack. Weight = 15.2 pounds per gallon. Volume = 100% excess. Centralizers will be installed on the middle of the shoe joint and every other centralizer thereafter. Thread lock the guide shoe and bottom of float collar only. Use API casing dope.

Production casing will be cemented to the surface with ≈ 910 cubic feet (≈ 771 sacks) Class B with 1/4#/sk Flocele + 2% CaCl_2 . Yield = 1.18 cubic feet per sack. Weight = 15.2 pounds per gallon. Volume = 75% excess. About seven centralizers will be used.

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5. MUD PROGRAM

A nine 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.

6. CORES, TESTS, & LOGS

No cores or drill stem tests are planned. DIL/GR log may be run from TD to surface. CNL/FSC log may be run over certain intervals.

7. DOWN HOLE CONDITIONS

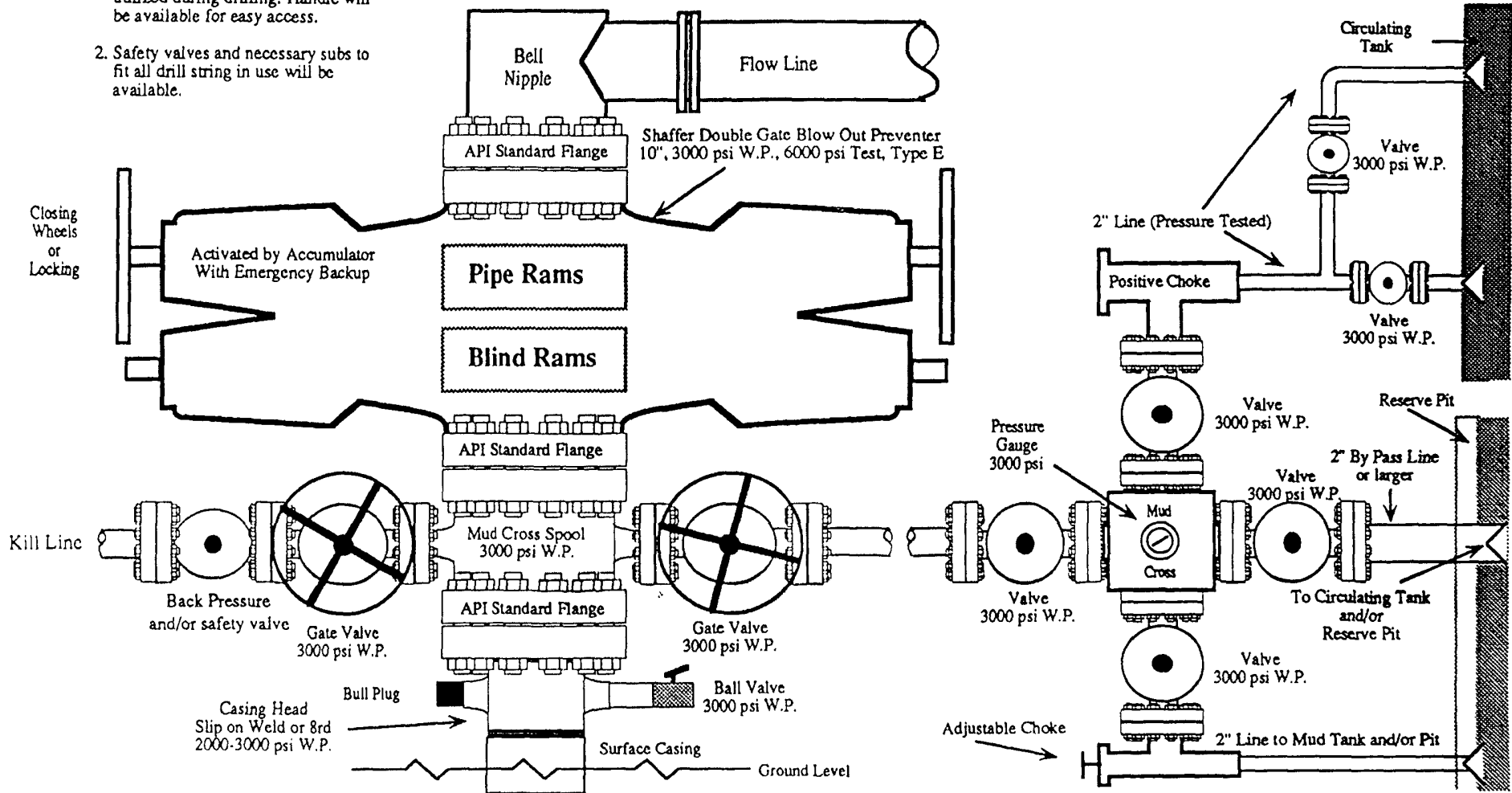
No abnormal pressures, temperatures, nor hydrogen sulfide are expected. Maximum pressure will be $\leq 1,200$ psi.

8. OTHER INFORMATION

The anticipated spud date is upon approval. It is expected it will take ≈ 1 week to drill and ≈ 2 weeks to complete the well.

2,000 PSI BOP SYSTEM

- 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.



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.