

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

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-036254A
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 27194
3a. Address P. O. BOX 189 FARMINGTON, NM 87499	3b. Phone No. (include area code) (505) 632-3476	8. Lease Name and Well No. BISTI COAL 9 1st
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 1042 FNL & 1722 FWL At proposed prod. zone SAME		9. API Well No. 30-045-32102
14. Distance in miles and direction from nearest town or post office* 22 AIR MILES SSW OF BLOOMFIELD		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) 1,042	16. No. of Acres in lease 320	11. Sec., T., R., M., or Blk. and Survey or Area 9-25n-12w NMPM
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 2,399	19. Proposed Depth 1,350	12. County or Parish SAN JUAN
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6,184 GL	22. Approximate date work will start* UPON APPROVAL	13. State NM
17. Spacing Unit dedicated to this well N2 = 320 ACRES		
20. BLM/BIA Bond No. on file #886201C (BLM - STATE WIDE)		
23. Estimated duration 2 WEEKS		

24. Attachments

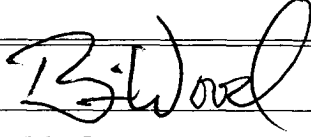
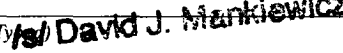
The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- | | |
|---|--|
| 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. |

Comments

On site inspector: Ralph Mason.
Well number changed from 1-S on Notice of Staking to 1-TER Well #: 3654
ER Lease #: 691DRILLING OPERATIONS AUTHORIZED ARE
SUBJECT TO COMPLIANCE WITH ATTACHED
"GENERAL REQUIREMENTS".This action is subject to technical and
procedural review pursuant to 43 CFR 3165.3
and appeal pursuant to 43 CFR 3165.4

cc:BLM (&OCD), Elm (D & F)

25. Signature 	Name (Printed/Typed) BRIAN WOOD	Date 12-29-03
Title CONSULTANT	PHONE: 505 466-8120	FAX: 505 466-9682
Approved by (Signature) 	Name (Printed/Typed) David J. Mankiewicz	Date
Title	Office	FEB - 4 2004

Application approval does not warrant or certify the 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.

NMOC

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 30-045-32102	Pool Code 71629	Pool Name BASIN FRUITLAND COAL
Property Code 27194	Property Name BISTI COAL 9	Well Number 1T
OGRID No. 149052	Operator Name ELM RIDGE RESOURCES	Elevation 6184'

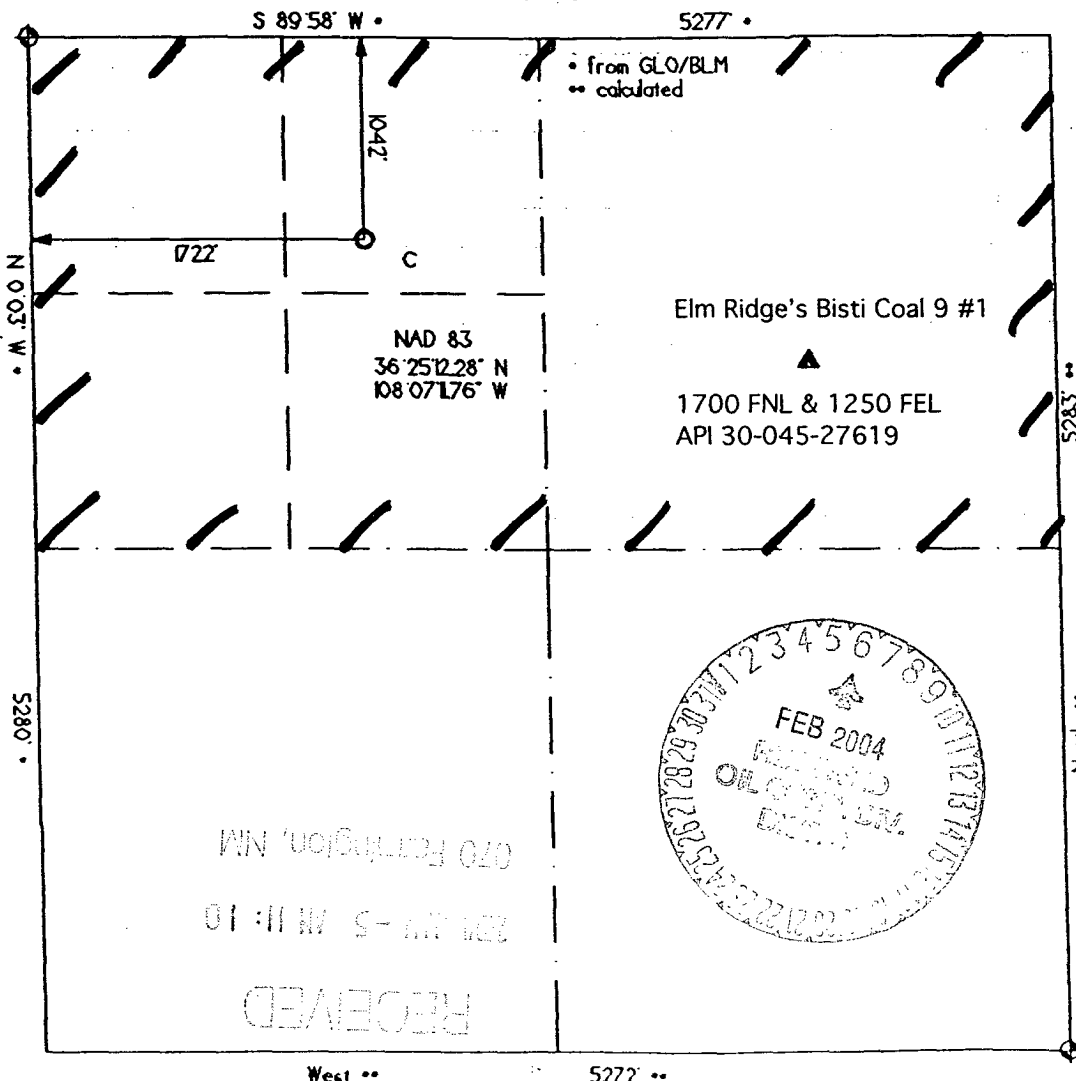
Surface Location

UL or Lot C	Sec. 9	Twp. 25 N.	Rge. 12 W.	Lot Lk. 1042'	Feet from 1042'	North/South NORTH	Feet from 1722'	East/West WEST	County SAN JUAN
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Bottom Hole Location If Different From Surface

UL or Lot	Sec.	Twp.	Rge.	Lot Lk.	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

Brian Wood

Printed Name

BRIAN WOOD

Title

CONSULTANT

Date

DEC. 30, 2003

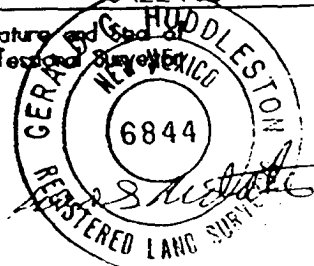
SURVEYOR CERTIFICATION

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

10-22-03

Signature and Seal of Professional Surveyor



Elm Ridge Resources, Inc.
Bisti Coal 9 1-T
1042' FNL & 1722' FWL
Sec. 9, T. 25 N., R. 12 W.
San Juan County, New Mexico

PAGE 1

Drilling Program

1. ESTIMATED FORMATION TOPS

<u>Formation Name</u>	<u>GL Depth</u>	<u>KB Depth</u>	<u>Sub Sea Elevatio</u>
Nacimiento	000'	5'	+6,184'
Basal Fruitland Coal	1,079'	1,084'	+5,105'
Pictured Cliffs	1,119'	1,124'	+5,065'
Lewis Shale	1,319'	1,324'	+4,865'
Total Depth (TD)*	1,350'	1,355'	+4,834'

* all elevations reflect the ungraded ground level of 6,184'

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 the open position at all times for use when kelly is not in use.

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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>GL 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 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 ≈ 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~~ ³⁴⁰ cubic feet based on 75% 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.