

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

b. TYPE OF WELL

OIL WELL ☐

GAS WELL ☒

OTHER

SINGLE ZONE ☒

MULTIPLE ZONE ☐

2. NAME OF OPERATOR

Elm Ridge Resources, Inc.

(505) 632-3476

3. ADDRESS AND TELEPHONE NO.

P. O. Box 189, Farmington, NM 87499

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)

At surface

1307' FNL & 720' FEL

At proposed prod. zone

Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

8 air miles NW of Lybrook

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST

PROPERTY OR LEASE LINE, FT.

(Also to nearest drlg. unit line, if any)

720'

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED,

OR APPLIED FOR, ON THIS LEASE, FT.

3,313'

16. NO. OF ACRES IN LEASE

800

19. PROPOSED DEPTH

2,500'

17. NO. OF ACRES ASSIGNED TO THIS WELL

320

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

6,880' ungraded

22. APPROX. DATE WORK WILL START*

Sept. 1, 2001

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
8-5/8"	K-55 7"	23	250'	≈60 cu. ft. & to surface
6-3/4"	J-55 4-1/2"	10.5	2,500'	≈558 cu. ft. & to surface

procedural review pursuant to 43 CFR 3165.3
and appeal pursuant to 43 CFR 3165.4.

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED
DATE 10/10/01 BY 60322 UCBAW/AD

This APD is also a BLM road right-of-way application for an existing road needing no upgrading. The right-of-way portion crosses SESW 22-24n-8w, San Juan County, NM. Dimensions are 30' x 500' = 0.34 acres.

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

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout prevention program, if any.

24. SIGNED [Signature] TITLE Consultant (505) 466-8120 DATE 8-3-01

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE 8/30/01

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:

APPROVED BY /s/ Joel Farrell DATE _____

*See Instructions On Reverse Side

NMCA

State of New Mexico
Energy, Minerals & Mining Resources Department

Form C - 102

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

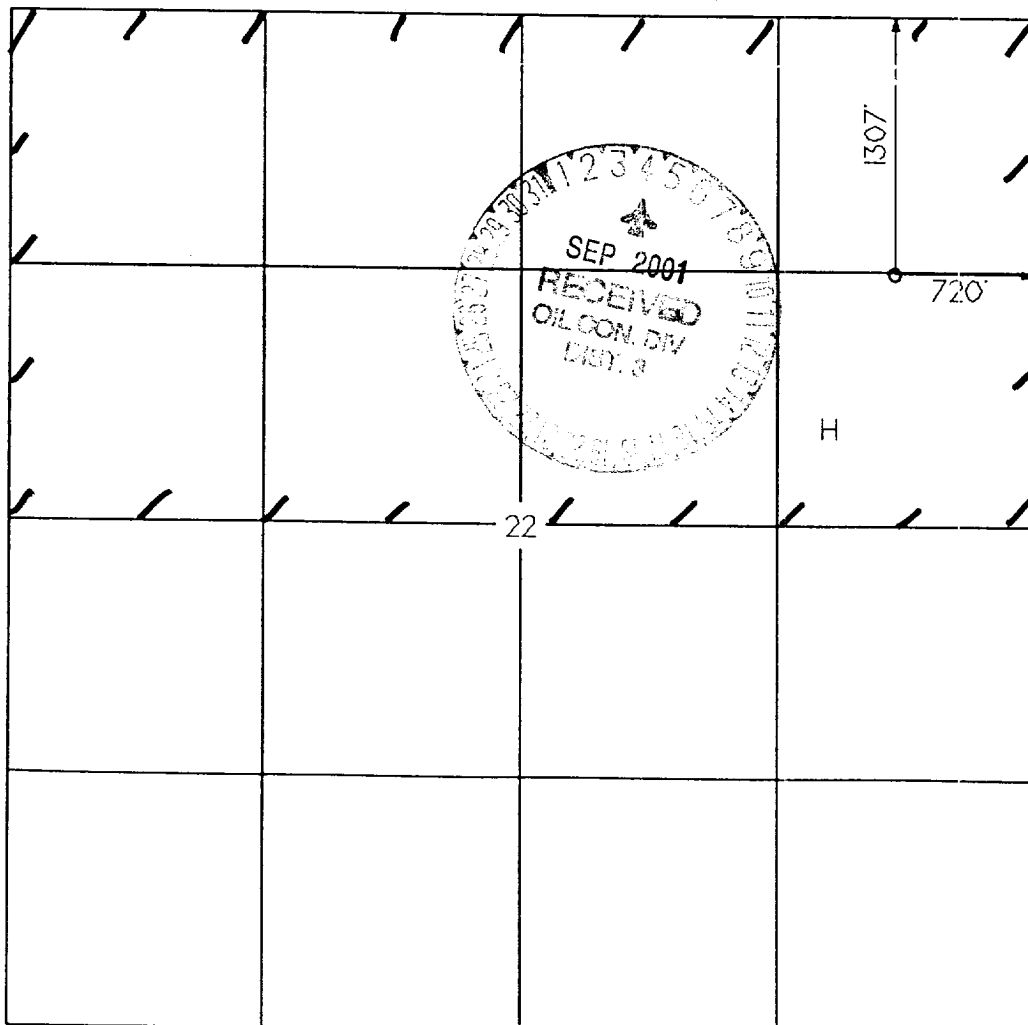
APA Number 30045-30772	Pool Code 71629	Pool Name BASIN FRUITLAND COAL
Property Code 58834	Property Name SOUTH BLANCO COAL 22	Well Number 1
GRID No. 149052	Operator Name ELM RIDGE RESOURCES	Elevation 6880'

Surface Location									
UL or Lot H	Sec. 22	Top. 24 N.	Rge. 8 W.	Lot Ldn.	Feet from > 1307	North/South NORTH	Feet from > 720	East/West EAST	County SAN JUAN

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

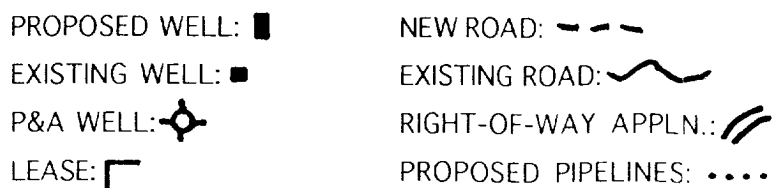
Dedication 320 NA	Joint ?	Consolidation	Order No.
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NO ALLOWABLE WILL ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION 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 BRIAN WOOD Title CONSULTANT Date AUGUST 3, 2001	
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 FEBRUARY 2001 Signature and Seal of Professional Surveyor <i>G. M. Wood</i> Registered Land Surveyor 6844	

PAGE 11



PERMITS WEST, INC.
PROVIDING PERMITS FOR LAND USERS

Elm Ridge Resources, Inc.
South Blanco Coal 22 #1
1307' FNL & 720' FEL
Sec. 22, T. 24 N., R. 8 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>Subsea Elevation</u>
Nacimiento	000'	5'	+6,880'
Fruitland Coal	1,430'	1,435'	+5,450'
Pictured Cliffs Ss	1,940'	1,945'	+4,940'
Total Depth (TD)*	2,500'	2,505'	+4,380'

* all elevations reflect the ungraded ground level of 6,880'

2. NOTABLE ZONES

<u>Oil & Gas Zones</u>	<u>Water Zones</u>	<u>Coal Zones</u>
Fruitland (1,430')	Nacimiento (000')	Fruitland (1,430')
Pictured Cliffs (1,940')		

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 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"	23	K-55	ST&C	New	250'
6-3/4"	4-1/2"	10.5	J-55	LT&C	New	2,500'

Surface casing will be cemented to surface with ≈ 60 cubic feet (≈ 153 sx) Class B + 1/4#/sk Flocele + 2% CaCl_2 . Volume is based on 75% excess. Three centralizers will be run. Thread lock guide shoe and bottom of float collar.

Production casing will be cemented to the surface with 660 sx (558 cubic feet) Class B with 2% gel. Volume is based on 75% excess. At least eight centralizers will be used.

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.

6. CORING, TESTING, & LOGGING

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