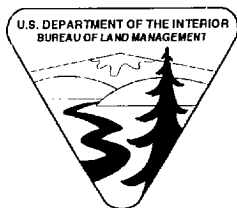


(4)



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401



IN REPLY REFER TO:

NM NM-0468126 (WC)
3162.3-1 (07100)

MAY 25 1999

CERTIFIED--RETURN RECEIPT REQUESTED
P 959 169 194

RECEIVED
JUN - 1 1999

Mr. Doug Endsley
Elm Ridge Resources, Inc.
312 W. La Plata Street
Farmington, NM 87401

COAL CON. DIV.
JUN 3

Dear Mr. Endsley:

C API 30-045-29520

Elm Ridge Resources, Inc. (Elm Ridge), as approved operator, submitted a subsequent report sundry notice and completion report for Well No. 7 Callow, 850' FNL, 1780' FWL, Sec. 33, T. 29 N., R. 13 W., lease NM NM-0468126. The subsequent report sundry notice detailed your completion work in the Pictured Cliffs (PC) formation, the abandonment of the PC formation and the subsequent recompletion into the Fruitland Coal (FRC) formation. A completion report for the Fruitland Coal formation was also submitted. A review of our files indicates that no prior BLM approval was granted for abandonment of the PC formation and subsequent completion of the FRC formation.

Elm Ridge is in violation of 43 CFR 3162.3-2, which requires prior BLM approval for abandonment and recompletion operations. The recompletion is a minor violation, however the abandonment of a zone without prior approval is considered such a serious violation as to warrant the imposition of an immediate assessment. Therefore, Elm Ridge is assessed \$500, per 43 CFR 3163.1(b). You will be billed for the amount of \$500 by this office.

In addition, both our records and those of the New Mexico Oil Conservation Division (NMOCD) show that the N½ of Sec. 33 is currently dedicated to a FRC formation gas proration unit for Well No. 2 Callow, which is also located on lease NM NM-0468126. Elm Ridge was not and is currently not authorized to locate an additional FRC formation well in this gas proration unit. Therefore, upon receipt of this notice, you are ordered to immediately shut-in Well No. 7 Callow until such time as NMOCD makes a decision on the location of this well.

Under provisions of 43 CFR 3165.3, you may request an Administrative Review of the order described above. Such request, including all supporting documents, must be filed in writing within 20 business days of receipt of this notice and must be filed with the State Director, Bureau of Land Management, P.O. Box 27115, Santa Fe, New Mexico 87502-0115. Such request shall not result in a suspension of the order unless the reviewing official so determines. Procedures governing appeals from instructions, orders or decisions are contained in 43 CFR 3165.4 and 43 CFR 4.400 *et seq.*

If you have any questions, please call Duane Spencer at (505) 599-6350.

Sincerely,

/s/ Duane W. Spencer

FOI Mary Lou Drywater
Assistant Field Manager
Division of Mineral Resources

cc:

Mr. Ernie Busch ✓
New Mexico Oil Conservation Division
1000 Rio Brazos Road
Aztec, NM 87410

New Mexico Oil Conservation Division
2040 Pacheco Street
Santa Fe, NM 87503