State of New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez

Governor

David Martin Cabinet Secretary-Designate

Brett F. Woods, Ph.D. Deputy Cabinet Secretary Jami Bailey, Division Director Oil Conservation Division



December 11, 2013

Elm Ridge Exploration Company, LLC

Attn: Mr. Brian Wood

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-6900 Administrative Application Reference No. pPRG1332548689

Elm Ridge Exploration company, LLC OGRID 149052 Jicarilla Apache A Well No. 21 API No. 30-039-31127

Proposed Location:

| Footages | <u>Unit</u> | Section | <u>Township</u> | Range | <u>County</u> |
|--------------------|-------------|---------|-----------------|-------|---------------|
| 1610 FNL & 899 FEL | Н | 35 | 25N | 5W | Rio Arriba |

Proposed Unit:

| Description | Acres | Pool | Pool Code |
|--------------------|-------|-----------------------------|-----------|
| NE/4 of Section 35 | 160 | Lindrith Gallup-Dakota West | 39189 |

Reference is made to your application received on October 28, 2013.

You have requested to drill this well at an unorthodox oil well location described above in the referenced pool or formation. This location is governed by statewide Rule 15.9.A [19.15.15.9.A NMAC], which provides for 160-acre units with wells located at least 330 feet from a unit outer boundary. This location is less than 330 feet from a unit outer boundary.

Your application has been duly filed under the provisions of Division Rules 15.13 [19.15.15.13 NMAC] and 4.12.A(2) [19.15.4.12.A(2) NMAC].

It is our understanding that you are seeking this location due to land uses.

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It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9 [19.15.15.9 NMAC].

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

Jami Bailey Director

JB/mam

cc: New Mexico Oil Conservation Division – Aztec Bureau of Land Management

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