

PERMITS WEST, INC.

PROVIDING PERMITS for LAND USERS

37 Verano Loop, Santa Fe, New Mexico 87508

(505) 466-8120

REQUEST FOR ADMINISTRATIVE APPROVAL FOR NON-STANDARD LOCATION FOR ELM RIDGE RESOURCES, INC.

STATE OF NEW MEXICO 16 #5 WELL (30-039-26983)

COUNSELORS GALLUP DAKOTA FIELD & POOL RULE 7034

640' FSL & 2290' FEL SEC. 16, T. 23 N., R. 6 W., SANDOVAL COUNTY, NM

I. The well is on State surface and a State oil and gas lease (E-1207-8). The location is non-standard for the Counselors Gallup Dakota. A standard Counselors Gallup Dakota location is $\geq 660'$ from the quarter section lines. ~~This well was staked and approved under generic Gallup rules (i. e., $\geq 930'$ from the quarter-quarter lines)~~ instead of Rule 7034 (i. e., $\geq 660'$ from the quarter lines). The well is completed only in the Gallup. The APD (Exhibit A) is attached.

II. A Form C-102 showing the well location and proration unit (SE4 for the Counselors Gallup Dakota) is attached (Exhibit B). The well is on NMSLO lease E-1207-8 which comprises 2,824.91 acres (all 16-23n-6w, et al). Lease (thick line) and the acreage dedication (dashed lines) are shown on the attached copy of the Counselors USGS topo map (Exhibit C).

III. According to NM Oil Conservation Division records reviewed in Santa Fe on December 2, 2002; ~~the closest producer is Elm Ridge's State 16-4. It is a Counselors Gallup Dakota oil well which is 1,285' west at 920' FSL & 1735' FWL 16-23n-6w.~~ Closest "non-Elm Ridge" well is Merrion's Enchilada 1 which is 3,808' north. There are 7 producing wells and one P&A well in the 8 quarter sections which surround the southeast quarter of 16-23n-6w (see Exhibit D).

A copy (Exhibit E) of the Counselors USGS map is attached which shows lease boundaries (NE4NW4, W2NE4, S2NW4, et al of Sec. 21 is open BLM acreage). Closest currently leased tract is NM-42933 (E2NE4 Sec. 21) which is 1,162' east-southeast. Registered letters were sent on December 6, 2002 to all offset interest owners. Copies of all the letters and postal receipts are attached.

IV. A copy of the Counselors USGS map is attached. The well site is marked. Proration unit (dashed line on Exhibit F) for the Counselors Gallup

OIL CONSERVATION DIVISION

CASE NUMBER _____

EXHIBIT 1

Dakota is the 160 acre southeast quarter of Section 16, Township 23 North, Range 6 West, NMPM, Sandoval County, NM.

V. Topography is not an issue.

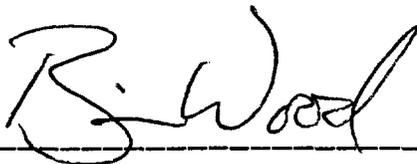
VI. Archaeology is not an issue.

VII. See item V. above for a description of the surface conditions.

VIII. Directional drilling is not feasible because it is not cost effective.

IX. I hereby certify notice (Exhibits G) has been sent to the following lessees, lessors, operators of spacing units, or owners of undrilled leases which adjoin the applicant's spacing unit on one or more of the two sides or the single closest corner to the proposed well and that the information is current and correct.

Bannon Energy Inc.
Bureau of Land Management
Dugan Production Corp.
EOG Resources Inc.
M & M Prod. & Oper.
Marshall & Winston
McHugh Co.
Merrion Oil & Gas
NM State Land Office ✓
Read & Stevens Inc.



Brian Wood, Consultant

December 6, 2002

Date

1432 N. French Dr., Hobbs, NM 88240
 411 South First, Artesia, NM 88210
 1800 Rio Grande Road, Aztec, NM 87410
 1230 S. S. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy Minerals and Natural Resources
 Oil Conservation Division
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

Form C-101
 Revised March 17, 1999
 Submit to appropriate District Office
 State License - 6 Copies
 For Lease - 5 Copies

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

Elm Ridge Resources, Inc. (505) 632-3476
 P. O. Box 189, Farmington, NM 87499
 State 16
 Well No. 5
 AMENDED REPORT

Surface Location	
U1 or Lot No.	0 16 23 N 6 W
Section	640 South
Range	2290 East
County	RA

Proposed Bottom Hole Location if Different From Surface

U1 or Lot No.	0 16 23 N 6 W
Section	640 South
Range	2290 East
County	RA

Counselors Gallup Dakota
 Well Type Code: O
 Cement: S
 Estimated TOC: 6.916%

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12-1/4"	8-5/8"	7.4	350'	260 SX	Surface
6-3/4"	4-1/2"	10.5	6,000'	1,450 SX	Surface

Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone.

Will use 2000# BOP and run logs and DST as appropriate.

Oil Conservation Division
 Approved by: Brian Wood
 Title: Consultant
 Date: Apr. 20, 2002
 Phone: (505) 466-8120

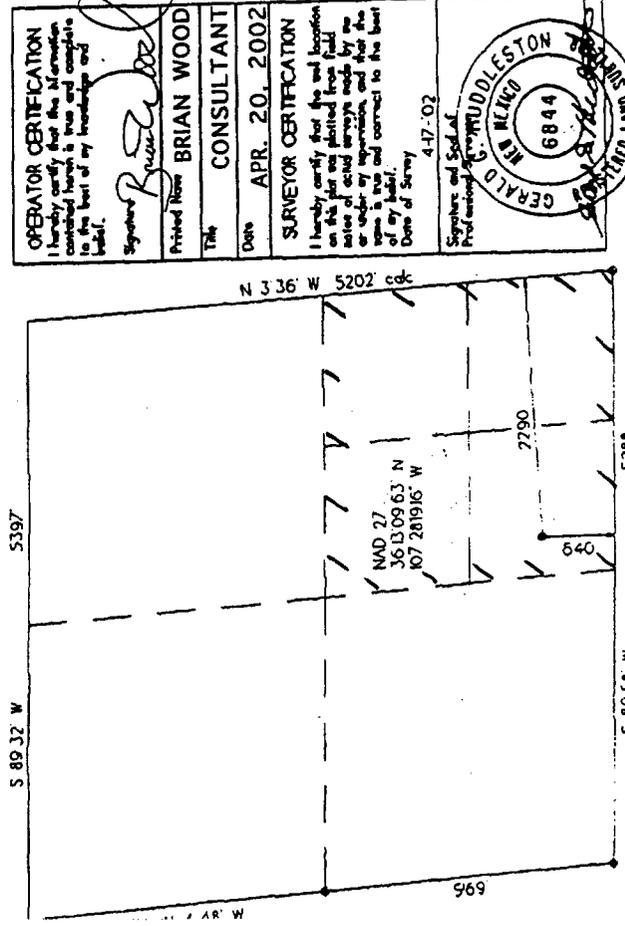
EXHIBIT A

State of New Mexico
 Energy Minerals and Natural Resources Department
 Oil Conservation Division
 Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT
 Property Code: 13379
 Property Name: STATE 16
 Operator Name: ELM RIDGE RESOURCES
 Well No. 5
 Estimated: 6996

U1 or Lot	Sec.	Top	Range	East/West	Foot From N	Foot From S	County
0	16	23 N	6 W	SOUTH	2290	EAST	SAN JUAN

NO ALLOWABLE WILL ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED ON A NON-STANDARD USER HAS BEEN APPROVED BY THE DROCK



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: APR. 20, 2002

SURVEYOR CERTIFICATION
 I hereby certify that the well location on this plat was plotted from field notes of actual survey work by me or under my direct supervision and that the same is true and correct to the best of my belief.
 Date of Survey: 4-17-02
 Signature and Seal: GERALD G. MUDDLESTON
 Professional No. 6844

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

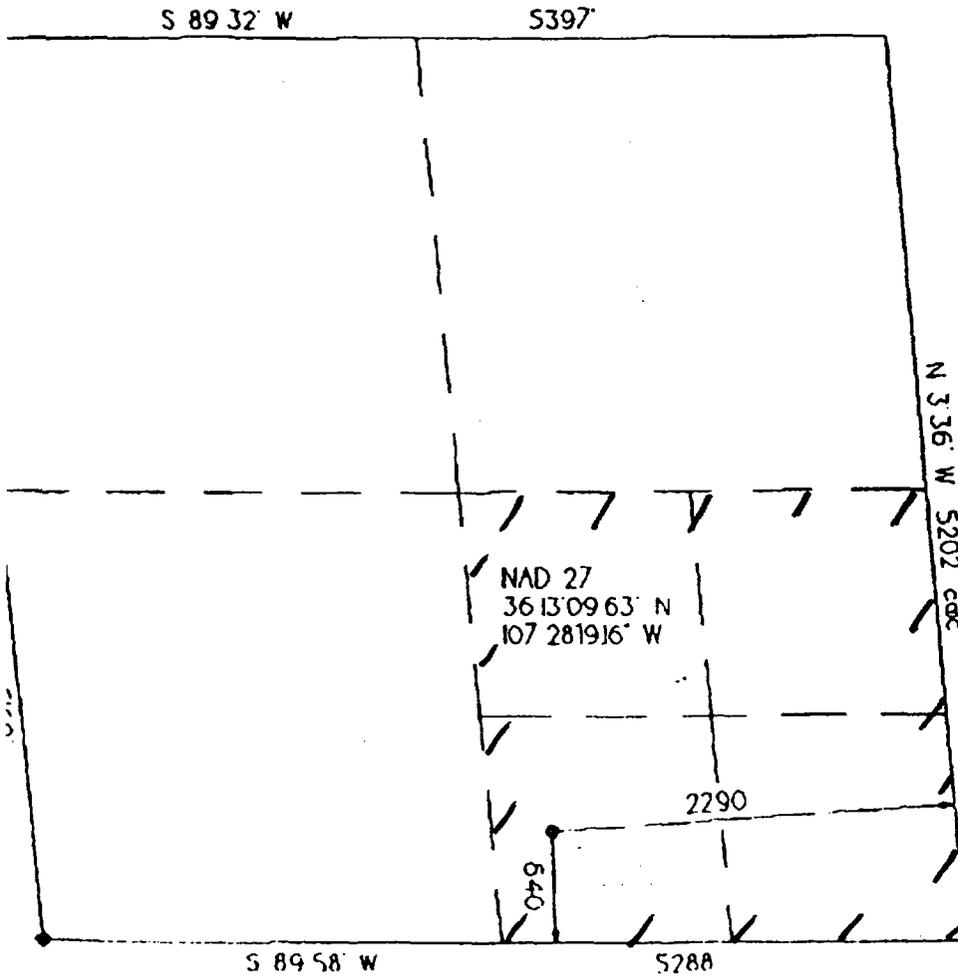
APN Number	Well Code 13379	Well Name COUNSELORS GALLUP DAKOTA
Property Code	Property Name STATE 16	Well Number 5
OGRD No. 149052	Operator Name ELM RIDGE RESOURCES	Elevation 6916

Surface Location									
UL or Lot	Sec.	Top	Rgn.	Lot Id.	Feet from	North/South	Feet from	East/West	County
0	16	23 N	6 W		640'	SOUTH	2290'	EAST	SAN JUAN

Bottom Hole Location if Different from Surface									
UL or Lot	Sec.	Top	Rgn.	Lot Id.	Feet from	North/South	Feet from	East/West	County

Dedication	Job #	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: APR. 20, 2002

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: 4-17-02

Signature and Seal of Professional Surveyor:

EXHIBIT B

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

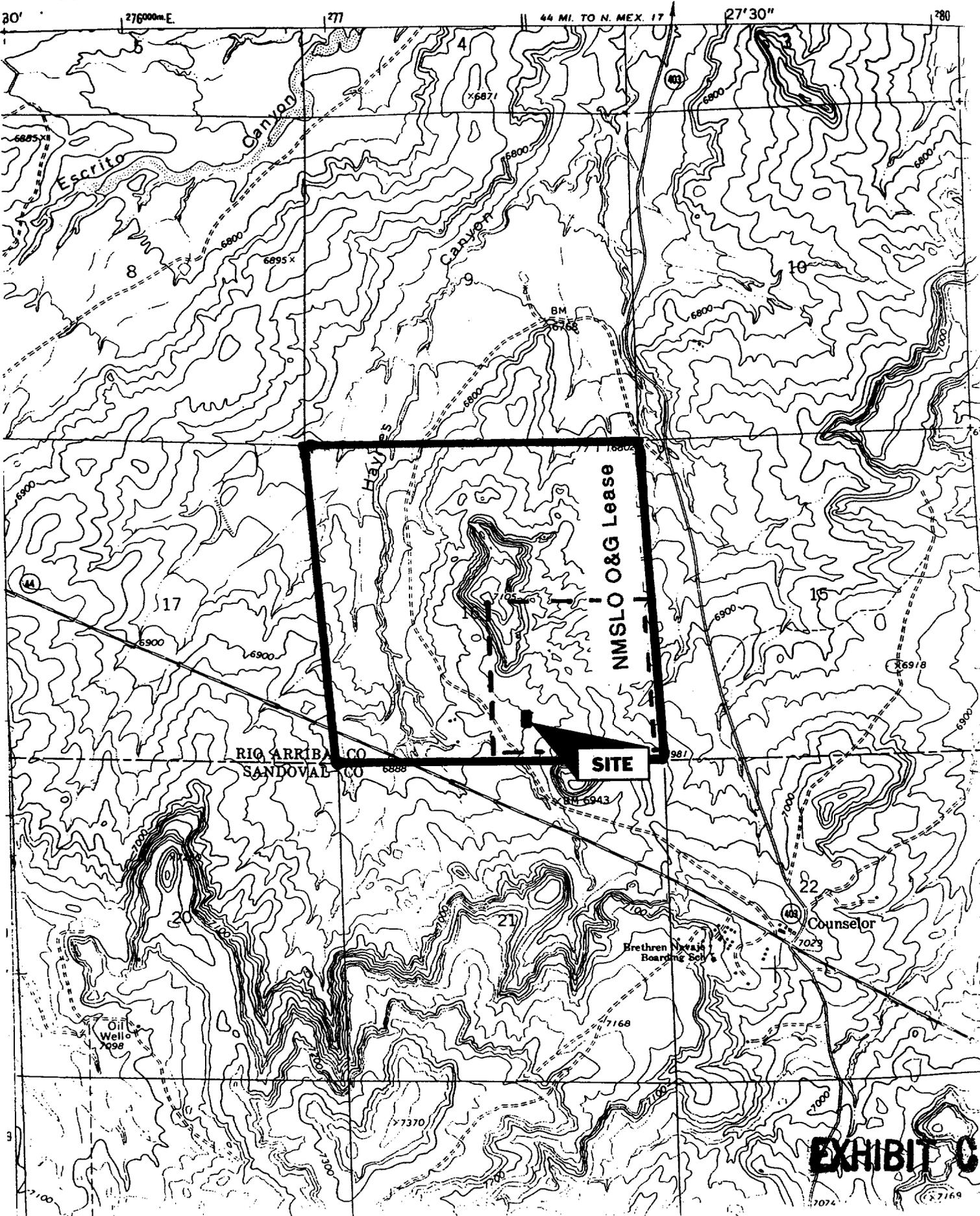


EXHIBIT C

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Well Map

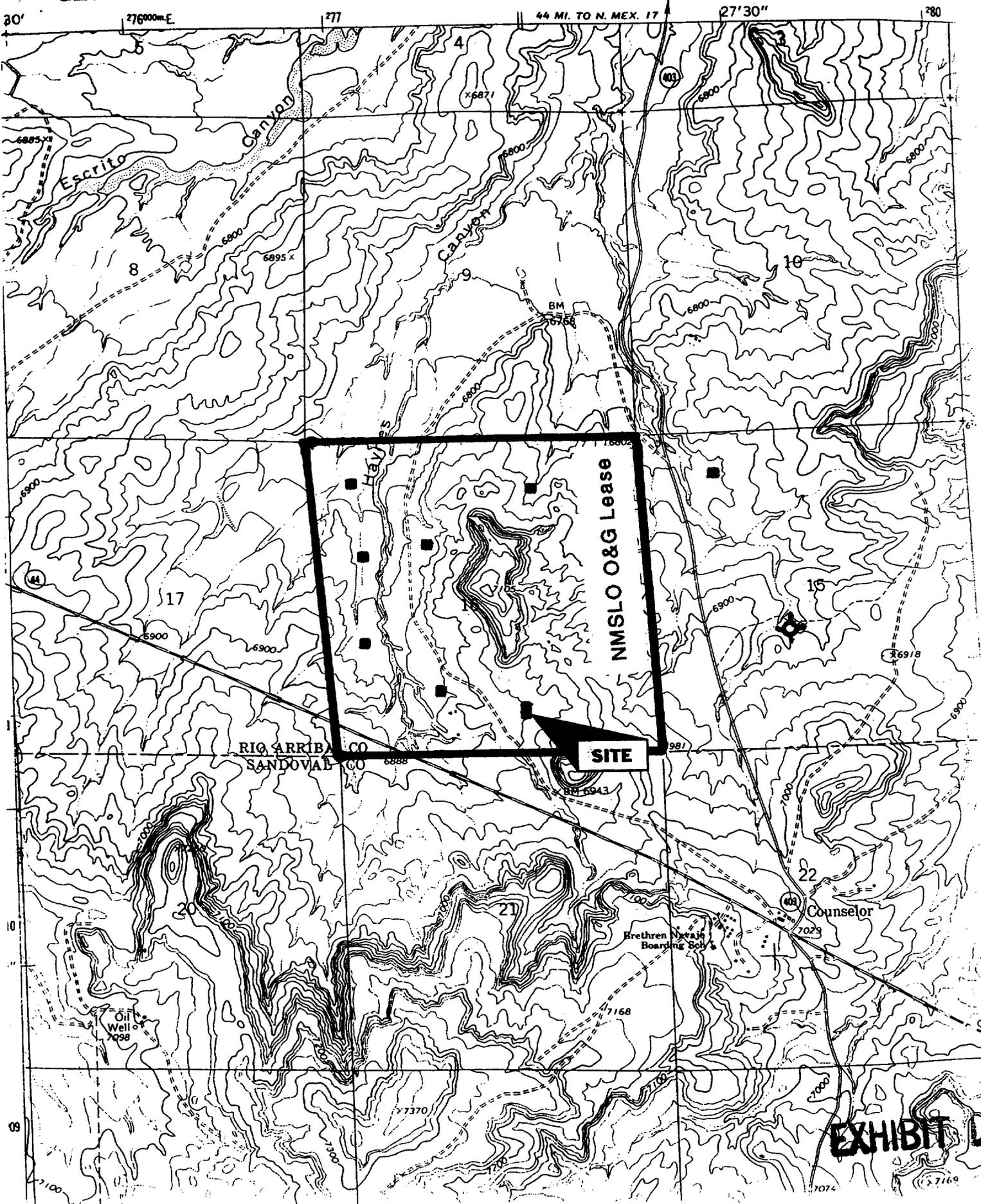


EXHIBIT D

(7169)

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Lease Map

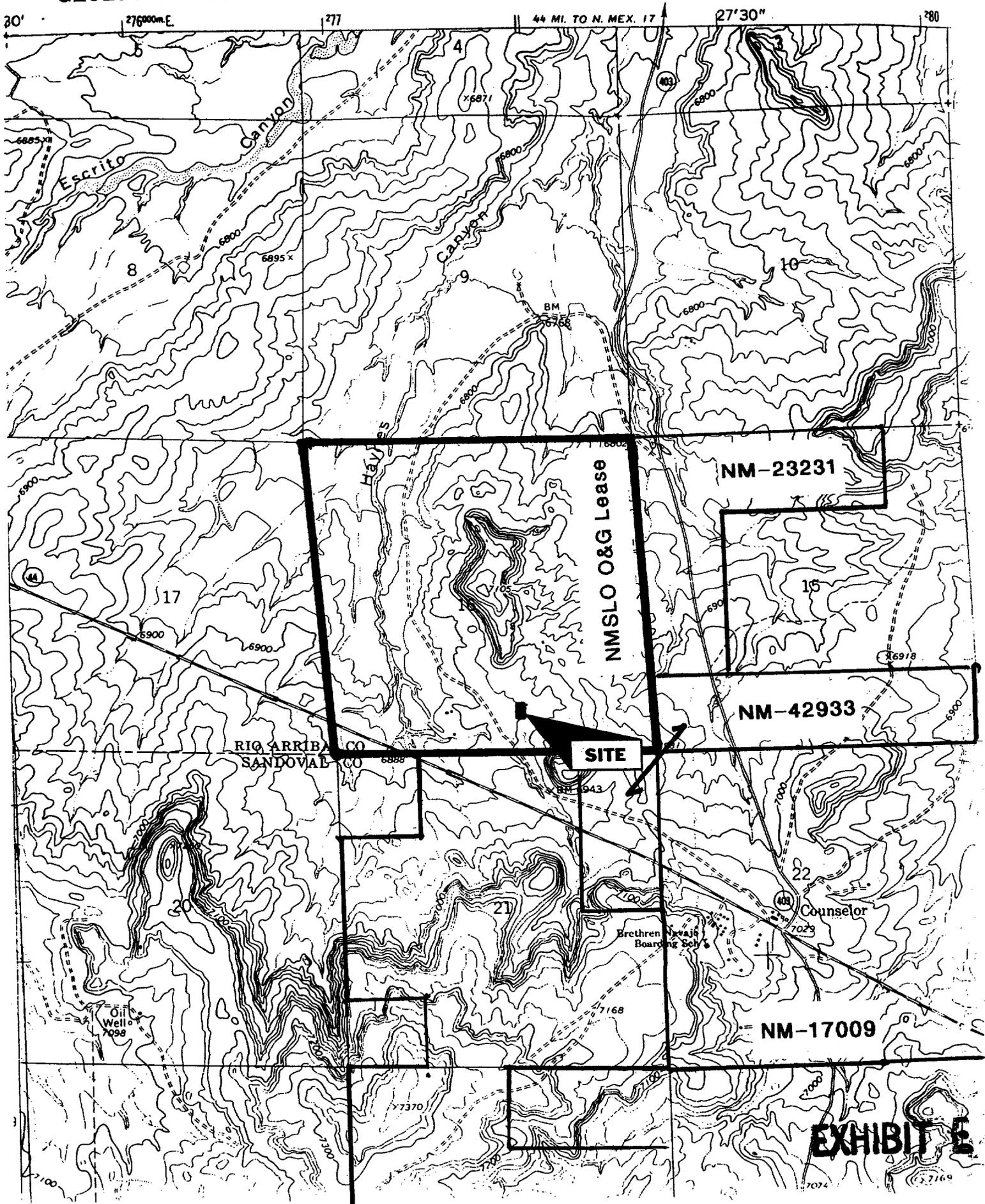


EXHIBIT E