



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Bill Richardson
Governor
Joanna Prukop
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

May 29, 2003

Elm Ridge Resources, Inc.
c/o Permits West, Inc.
37 Verano Loop
Santa Fe, New Mexico 87505
Attention: **Brian Wood**
brian@permitswest.com

Telefax No. (505) 466-9682

Administrative Order NSL-4888

Dear Mr. Wood:

Reference is made to the following: (i) your application on behalf of the operator, Elm Ridge Resources, Inc. ("Elm Ridge"), submitted to the New Mexico Oil Conservation Division ("Division") on May 5, 2003 (*administrative application reference No. pKRV0-312634550*); and (ii) the Division's records in Aztec and Santa Fe: all concerning Elm Ridge's request for an unorthodox coal gas well location for its existing South Carson Federal "25" Well No. 8 (API No. 30-045-24227), located 1650 feet from the North line and 330 feet from the East line (Unit H) of Section 25, Township 25 North, Range 12 West, NMPM, Basin-Fruitland Coal (Gas) Pool (71629), San Juan County, New Mexico.

This application has been duly filed under the provisions of: (i) Rule 7 (b) of the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*," as promulgated by Division Order No. R-8768, as amended; (ii) Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission ("Commission") in Case No. 12119 on August 12, 1999; and (iii) Rule 1207.A (2), revised by Division Order No. R-11205, issued by the Commission in Case No. 12177 on June 17, 1999.

According to the Division's well records the South Carson Federal "25" Well No. 8 was initially drilled in 1980 by Hixon Development Company and completed at a standard oil well location within the Bisti-Lower Gallup Oil Pool (5890) within a standard 80-acre lay-down oil spacing and proration unit comprising the S/2 NE/4 of Section 25.

It is our understanding that this well is no longer productive from the Gallup interval and Elm Ridge intends to recomplete this well up-hole into the Basin-Fruitland Coal (Gas) Pool. Pursuant to Rule 7 (a) (1) of the special rules governing the Basin-Fruitland Coal (Gas) Pool, the location of this well is considered to be unorthodox. Further, the N/2 of Section 25 is to be dedicated to this well in order to form a standard 320-acre lay-down gas spacing unit for the Basin-Fruitland Coal (Gas) Pool.

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By the authority granted me under the applicable provisions of these special pool rules the above-described unorthodox coal gas well location for the South Carson Federal "25" Well No. 8 is hereby approved.

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington