



SUSPENSE 06. June.07	ENGINEER D. Catanach	TYPE NSL	APP NO. PCLP0715838 212
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NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505

ABOVE THIS LINE FOR DIVISION USE ONLY

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]**
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
 [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD
- Check One Only for [B] or [C]
 [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR
- [D] Other: Specify _____

Elm Ridge's
 Bisti Gallup 22 #3
RECEIVED
 JUN 06 2007
 Oil Conservation Division
 1220 S. St. Francis Drive
 Santa Fe, NM 87505

- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or _ Does Not Apply
- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name	Signature	Title	Date
BRIAN WOOD (505) 466-8120 FAX 466-9682		CONSULTANT	6-5-07
		e-mail Address	brian@permitswest.com

**REQUEST FOR ADMINISTRATIVE APPROVAL
 FOR NONSTANDARD LOCATION
 FOR ELM RIDGE EXPLORATION COMPANY, LLC
 BISTI GALLUP 22 #3 (API # 30-045-34243)
 1060' FNL & 2310' FWL SEC. 22, T. 25 N., R. 12 W.
 SAN JUAN COUNTY, NM**

I. The well is on BLM surface and on BLM oil and gas lease (NMNM-25449). The proposed location is nonstandard for the Bisti Lower-Gallup due to topography. A standard location must be at least 330' from the quarter-quarter line. This well is staked 70' further south than is standard. (Closest standard location would be 990' FNL and 2310' FWL.) The APD cover sheet is attached as EXHIBIT A.

II. A C-102 showing the well location and pro ration unit (N2NW4 Sec. 22) is attached (EXHIBIT B). The BLM oil and gas lease (440 acres) boundary is marked as a solid line on the attached (EXHIBIT C) copy of the Carson Trading Post USGS topographic map. EXHIBIT D shows the lessors.

The well encroaches on the S2NW4 Section 22. Elm Ridge has two approved, but not yet drilled, wells in that pro ration unit. Well details are:

<u>Well</u>	<u>Location (22-25n-12w)</u>	<u>Distance from 22 #3</u>
Bisti Gallup 22 #5	2300 FNL & 370 FWL	2,302'
Bisti Gallup 22 #6	2275 FNL & 2295 FWL	1,215'

Bisti Lower-Gallup dedications (80 acres) are shown on EXHIBIT D. The south half of the northeast quarter of Section 22 has never been dedicated to an oil well.

III. According to NM Oil Conservation Division records, the closest existing or planned Gallup oil well is Elm Ridge's Bisti Gallup 22 #6 well. It is staked 1,215' south at 2275' FNL & 2295' FWL 22-25n-12w. EXHIBIT E shows the proposed NSL well, all existing wells, and Bisti Lower-Gallup dedicated spacing units (80 acres each). The S2NE4 of Section 22 has never been dedicated to an oil well. (The well in the SWNE Section 22 is a Fruitland coal gas well.)

Registered letters were sent on June 5, 2007 to all of the offset interest owners. (Elm Ridge is the operator all all eight existing or potential offsetting 80 acre pro ration units.) Copies of the postal receipts and letters are attached.

IV. A copy of the USGS map is attached (EXHIBIT F). The proposed well site is marked. Pro ration unit (solid line) for the Bisti Lower-Gallup is the 80.00 acre north half of the northwest quarter of Section 22, Township 25 North, Range 12 West, San Juan County, NM.

V. The nonstandard location is due to topography. The well was planned to be at 990' FNL & 2310' FWL, a standard location. However, that location was rejected by BLM due to its location in badlands (see EXHIBIT G air photograph). The well was then moved 70' south to 1060' FSL & 2310' FWL. This shift moved the well toward the interior of the lease and just outside the badlands.

VI. Archaeology is not an issue.

VII. See item V. above and attached map and air photograph for a description of the surface conditions.

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

IX. I hereby certify notice (EXHIBIT H) has been sent to the following lessees (only Elm Ridge), lessors (only BLM & NMSLO), operators of existing spacing units (only Elm Ridge), or owners of undrilled leases (only Elm Ridge) 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. (Elm Ridge is the operator all all eight existing or potential offsetting 80 acre pro ration units.)

BLM
NM State Land Office

Brian Wood

Brian Wood, Consultant

6-5-07

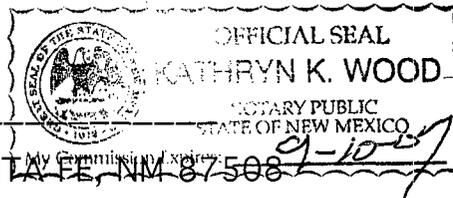
STATE OF NEW MEXICO)
) SS:
COUNTY OF SANTA FE)

The foregoing instrument was acknowledged before me this 5th day of June, 2007 by Brian Wood. Witness my hand and official seal.

Kathryn K. Wood
Notary Public

My Commission Expires: 9-10-07

Business Address: 37 VERANO LOOP, SANTA FE, NM 87508



cc: Aztec OCD, Elm (Bloomfield & Dallas)

DIST. 3

Form 3160-3
(April 2004)

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

2007 MAR 15 PM

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM-025449
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name N/A
2. Name of Operator ELM RIDGE EXPLORATION COMPANY, LLC		7. If Unit or CA Agreement, Name and No. N/A
3a. Address P. O. BOX 156 BLOOMFIELD, NM 87413	3b. Phone No. (include area code) (505) 632-3476	8. Lease Name and Well No. BISTI GALLUP 22 #3
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 1060' FNL & 2310' FWL At proposed prod. zone SAME		9. API Well No. 30-045- 34243
14. Distance in miles and direction from nearest town or post office* 26 MILES SSE OF FARMINGTON, NM		10. Field and Pool, or Exploratory BISTI LOWER-GALLUP
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 790'		11. Sec., T. R. M. or Blk. and Survey or Area 22-25N-12W NMPM
16. No. of acres in lease 440	17. Spacing Unit dedicated to this well N2NW4 (= 80 acres)	12. County or Parish SAN JUAN
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 839' (BG 22 #2)	19. Proposed Depth 5,000'	13. State NM
20. BLM/BIA Bond No. on file BLM STATE WIDE 886201C NM-2858	21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6,398' GL	22. Approximate date work will start* 05/20/2007
23. Estimated duration 3 WEEKS		24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature <i>Brian Wood</i>	Name (Printed/Typed) BRIAN WOOD	Date 03/10/2007
Title CONSULTANT	PHONE: (505) 466-8120	FAX: (505) 466-9682
Approved by (Signature) <i>D. Manke</i>	Name (Printed/Typed)	Date 3/26/07
Title AFM	Office PFO	

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, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

NOTIFY AZTEC OCD
IN TIME TO WITNESS

24 hrs
CSG account

HOLD 0104 FOR NSL

NMOC

3/28/07

EXHIBIT A

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 15, 2000

DISTRICT II
611 South First, Artesia, N.M. 88210

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, NM 87505

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

2007 MAR 15 AMENDED REPORT
PM 1:27

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-34243		² Pool Code 5890	³ Pool Name BISTI LOWER - GALLUP
⁴ Property Code 36290	⁵ Property Name BISTI GALLUP 22		⁶ Well Number 3
⁷ GRID No. 149052	⁸ Operator Name ELM RIDGE EXPLORATION, LLC		⁹ Elevation 6398'

¹⁰ Surface Location

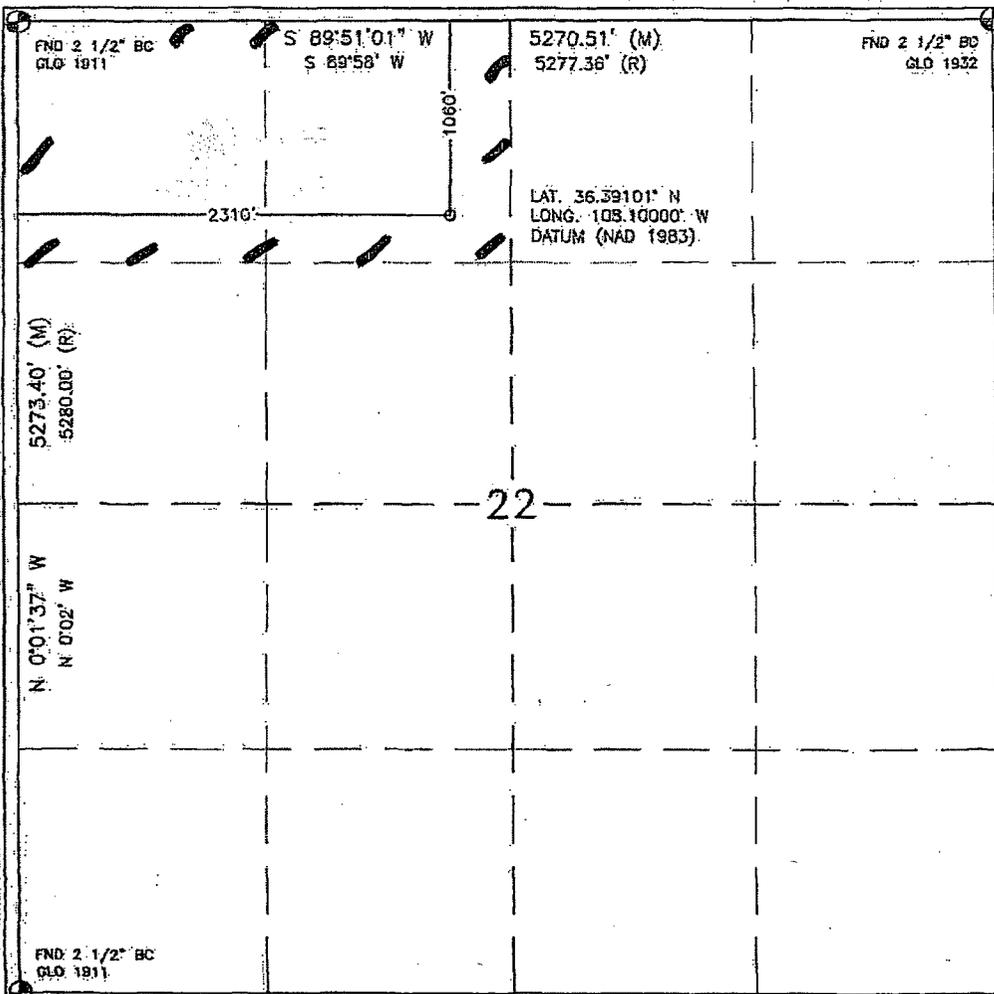
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	22	25N	12W		1060'	NORTH	2310'	WEST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 80		¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No. RCVD MAR27107 OIL CONS. DIV. DIST. 3			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

18



¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

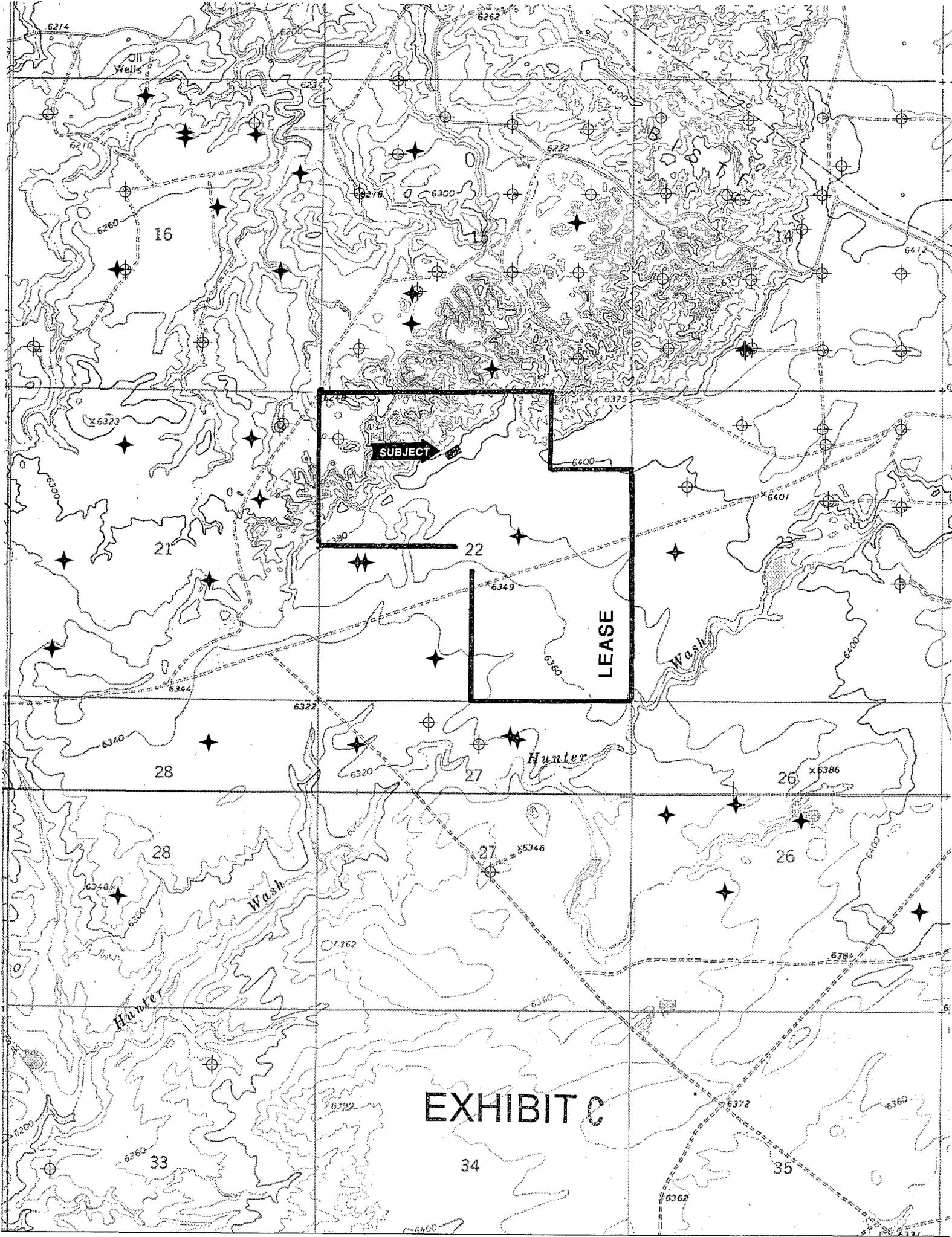
Brian Wood
Signature
BRIAN WOOD
Printed Name
CONSULTANT
Title
MAR. 10, 2007
Date

¹⁸ SURVEYOR CERTIFICATION

I hereby certify that the well location shown 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.

NOVEMBER 14, 2006
Date of Survey
David Russell
Signature and Seal of Professional Surveyor
DAVID RUSSELL
Certificate Number 10201

EXHIBIT B



Oil Wells

SUBJECT

LEASE

EXHIBIT C

16

17

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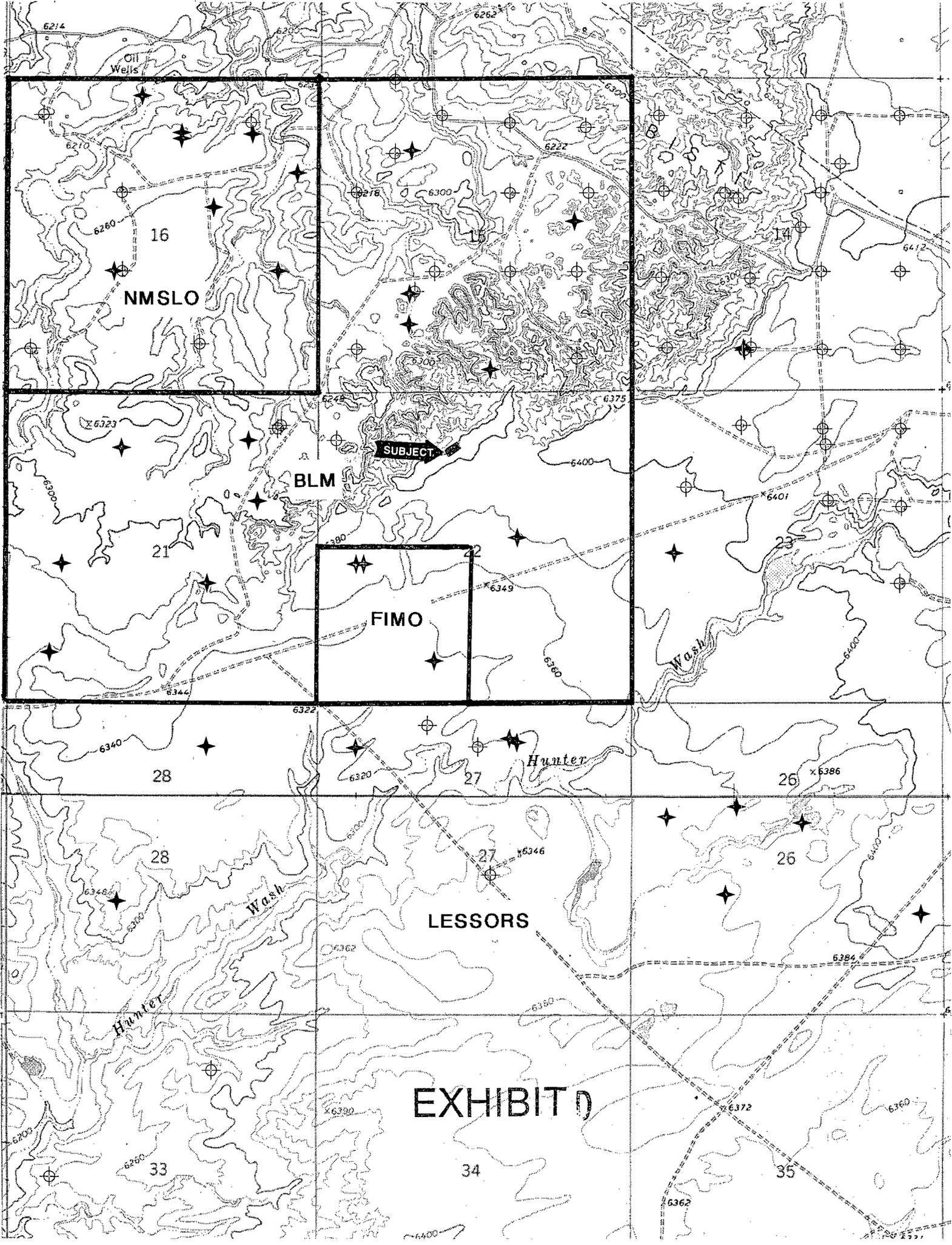
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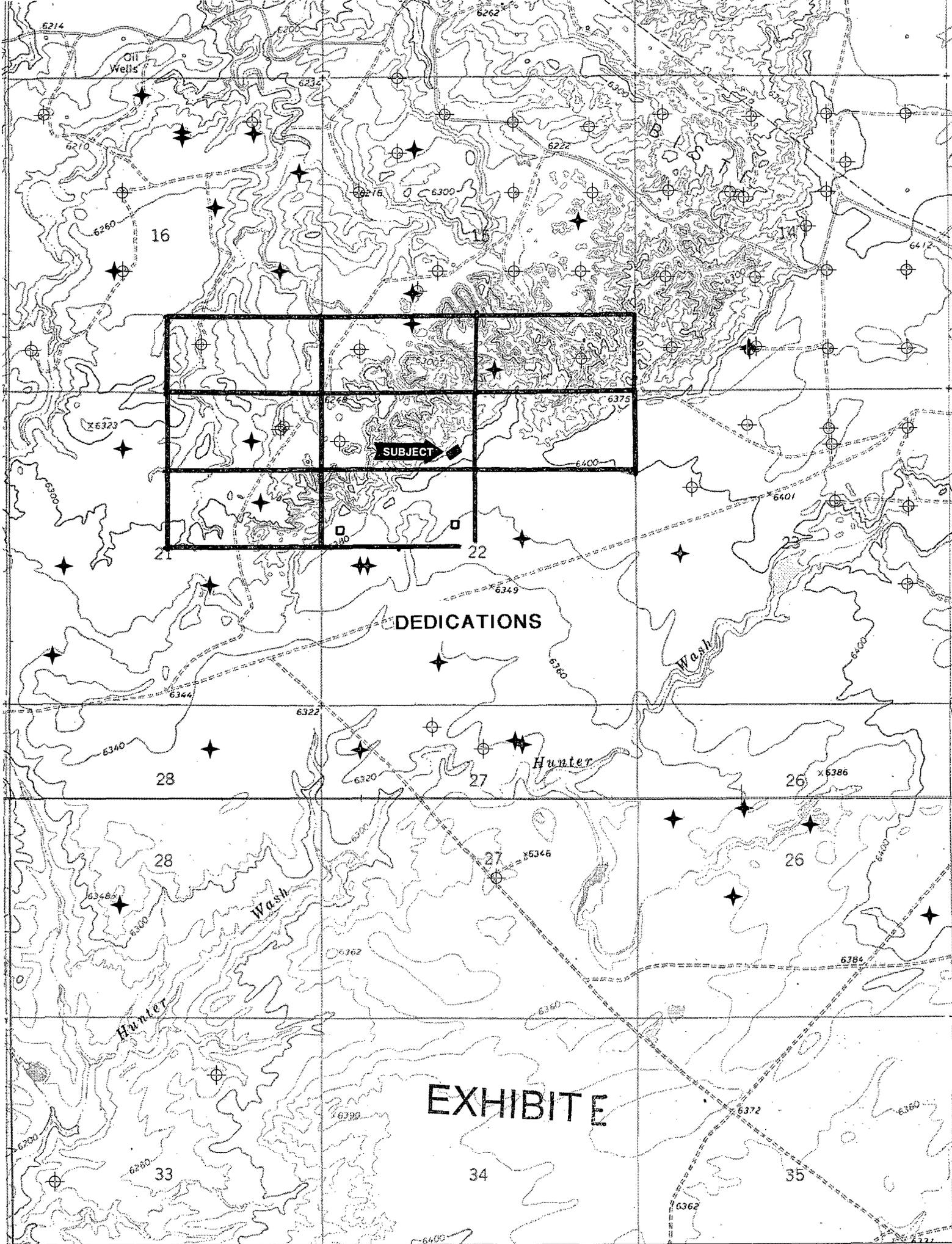
Hunter

Hunter

Wash

Wash



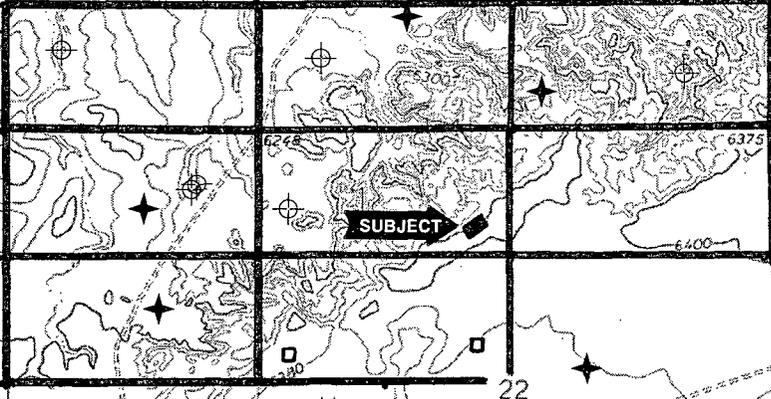


Oil Wells

16

15

14



SUBJECT

DEDICATIONS

Hunter

Wash

28

27

26

28

27

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Hunter

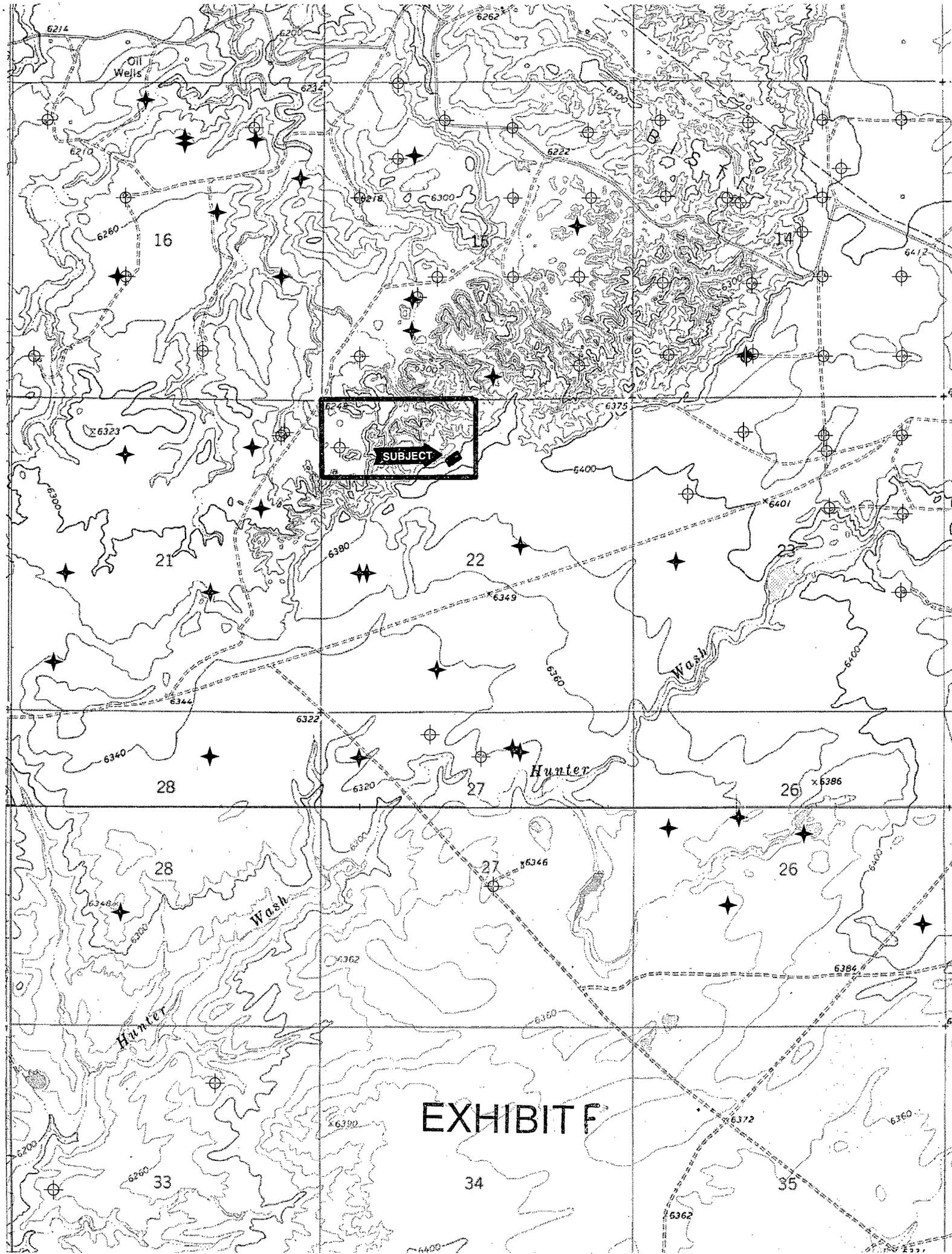
Wash

EXHIBITE

33

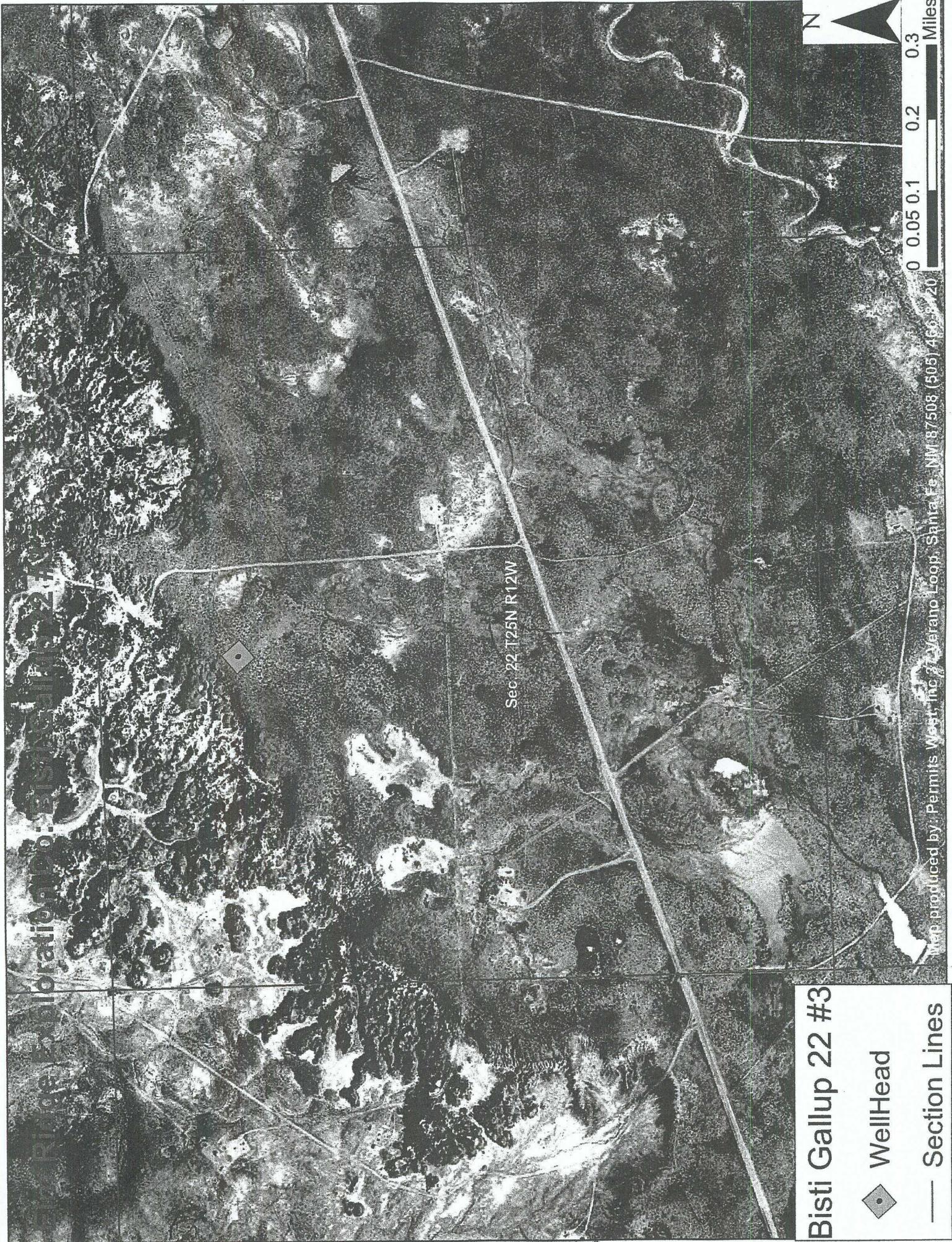
34

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SUBJECT

EXHIBIT F



Oil and Gas Exploration and Production

Sec. 22 T25N R12W

Bisti Gallup 22 #3

- ◆ WellHead
- Section Lines



Map produced by: Permits West, Inc. 2 Verano Loop, Santa Fe, NM 87508. (505) 466-8720

EXHIBIT G

PERMITS WEST, INC.
 PROVIDING PERMITS for LAND USERS
 37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

June 5, 2007

Joe Mraz
 NM State Land Office
 P. O. Box 1148
 Santa Fe, NM 87504

Dear Joe,

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Elm Ridge Exploration Company, LLC is applying to drill its Bisti Gallup 22 #3 oil well. The minimum state distance for such an oil well is 330' from a quarter-quarter line. The proposed well is 70' further south than is standard. Thus, it is a nonstandard location. The NSL is due to topography.

Well Name: Bisti Gallup 22 #3 (API# 30-045-34243) Total Depth: 5,000'

Proposed NSL Zone: Bisti Lower-Gallup

NSL Acreage Dedication: 80 acres (= N2NW4 Section 22)

Location: 1060' FNL & 2310' FWL Sec. 22, T. 25 N., R. 12 W.,

San Juan County, NM on BLM lease NMNM-25449

Approximate Location: ~26 air miles south-southeast of Farmington, NM

Applicant Name: Elm Ridge Exploration Company, LLC (505) 632-3476

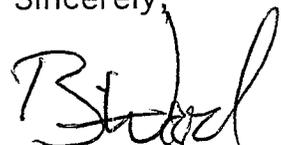
Applicant's Address: P. O. Box 156, Bloomfield, NM 87413

Submittal Information: Application for a nonstandard location will be filed with the NM Oil Conservation Division. If they determine the application complies with the applicable regulations, then it will be approved. The New

address is 1220 South St. Francis Dr. Santa Fe, NM 87505. My phone number is (505) 476-3440.

questions.

Sincerely,



Brian Wood

EXHIBIT H

U.S. Postal Service™ CERTIFIED MAIL™ RECEIPT (Domestic Mail Only, No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
OFFICIAL USE	
Postage	\$ 4.11
Certified Fee	2.65
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 9.21
Sent To	NM SLO
Street, Apt. No., or PO Box No.	PO Box 1148
City, State, ZIP+4	Santa Fe NM 87504

JUN 05 2007
 SANTA FE, NM

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