



SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
11/501	MS	KW	NSL	729038996

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505

Elon Ridge

ABOVE THIS LINE FOR DIVISION USE ONLY

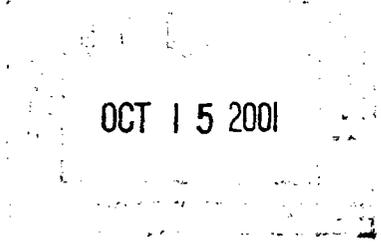
ADMINISTRATIVE APPLICATION CHECKLIST

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



- [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	10-14-01
			e-mail Address brian@permitswest.com

REQUEST FOR ADMINISTRATIVE APPROVAL FOR NON-STANDARD LOCATION
FOR ELM RIDGE RESOURCES, INC.
BONITA CANYON 1 WELL
SOUTH LINDRITH GALLUP DAKOTA
1185' FNL & 950' FEL SEC. 23, T. 23 N., R. 4 W., SANDOVAL COUNTY, NM

I. The well is on Jicarilla Apache tribal surface and a Jicarilla Apache tribal oil and gas lease (BIA #390). The proposed location is non-standard for the Gallup. A standard location must be at least 330' from the quarter-quarter line. This well is staked 195' further south than standard. (Closest standard location would be 990' FNL and 950' FEL and among trees.) The APD is attached.

II. A C-102 showing the well location and proration unit (NE4NE4 for the Gallup and ~~NE4 for the Dakota~~) is attached. The lease (contains 1,920 acres: all of Sections 23, 24, & 26; T. 23 N., R. 4 W.) is shown on the attached copy of the Five Lakes Canyon NW USGS topo map.

III. According to NM Oil Conservation Division records reviewed in the Santa Fe office on August 22, 2001; the closest producer is Elm Ridge's Whitaker #53 - a Gallup Dakota well which is 2,543' south at 1650' FSL & 1650' FEL 23-23n-4w. A standard location would actually be closer to the Whitaker #53. The next closest well after that is Galloway's Delo #1 well which is a Pictured Cliffs well 2,632' northeast in SWSW 13-23n-4w.

A copy of the Five Lakes Canyon NW 7.5' USGS maps is attached. The map shows the proposed well site, Gallup (dotted line including all of NE4NE4 Sec. 23) spacing unit, Dakota (dashed line including all of NE4 Sec. 23) spacing unit, and lease (solid line including all of Sections 23, 24, and 26).

There is only one lease within a minimum 1,185' radius. Elm Ridge is the operator of the Gallup and Dakota rights in the Sections 23 and 26 portions of the tribal lease.

Three existing Pictured Cliffs spacing units adjoin the Elm Ridge's proposed acreage dedication. Only the PC wells are shown as black squares, not their acreage dedications.

Registered letters were sent on October 13, 2001 to all offset interest owners. A copy of the each letter is attached.

IV. A copy of the Five Lakes Canyon NW USGS map is attached. The proposed well site is marked. Proration unit for the Gallup is the 40 acre northeast quarter of the northeast quarter of Section 23. Proration unit for the Dakota is the 160 acre northeast quarter of Section 23. Both are in Township 23 North, Range 4 West, NMPM, Sandoval County, NM.

V. Elm Ridge selected its location to miss trees. The drilling window is in a pinyon-juniper forest. The Jicarilla Apache Nation wants to minimize tree loss.

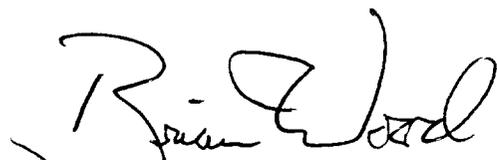
VI. No archaeology sites were found.

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

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

IX. I hereby certify notice 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.

Bureau of Indian Affairs
Bureau of Land Management
Chace Oil Co. Inc.
Fisher, J. C.
Galloway, W. M.
Jicarilla Apache Nation Oil & Gas Administration
Whittier Energy Co.



Consultant

10-14-01

Signature, Title, & Date

PERMITS WEST, INC.
 PROVIDING PERMITS for the ENERGY INDUSTRY
 37 Mirano Loop, Santa Fe, New Mexico 87505 (505) 984-8120

October 13, 2001

BIA
 P. O. Box 167
 Dulce, NM 87528

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

Elm Ridge Resources, Inc. is applying to drill its Bonita Canyon 1 well. The minimum state distance for a South Lindrith Gallup Dakota oil well is 330' from a quarter-quarter line. The proposed well is 195' further south than is standard. Thus, it is a non-standard location. The NSL is due to trees. It is 1,185' from the closest lease boundary. It is 2,543' from the closest producing well. A standard location would be closer to the lease boundary.

Well Name: Bonita Canyon 1 Total Depth: 7,245'

Proposed NSL Producing Zone: Gallup and Dakota sandstones

NSL Acreage Dedication: 40.00 ac. (NE4NE4 Sec. 23) to Gallup
 160.00 ac. (NE4 Sec. 23) to Dakota

Location: 1185' FNL & 950' FEL Sec. 23, T. 23 N., R. 4 W.,
 Sandoval County, NM on tribal lease BIA #390

Approximate Location: ≈13 air miles east of Counselor, NM

Applicant Name: Elm Ridge Resources, Inc. (505) 632-3476

Applicant's Address: P. O. Box 189, Farmington, NM 87499

Submittal Information: Application for a non-standard 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 Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

questions.

Sincerely,

Brian Wood
 Brian Wood

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

7555 2100 0291 0000

Postage	\$ 0.34	UNIT ID: 4594 
Certified Fee	2.10	
Return Receipt Fee (Endorsement Required)	1.50	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 3.94	

Sent To: BIA
 Street, Apt. No., or PO Box No.: PO Box 167
 City, State, ZIP+4: Dulce NM 87528
 See Reverse for Instructions

PERMITS WEST, INC.

PROVIDING PERMITS for the ENERGY INDUSTRY

47 Verano Loop, Santa Fe, New Mexico 87505

(505) 466-8120

466

October 13, 2001

BLM
435 Montano NE
Albuquerque, NM 87107

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

Elm Ridge Resources, Inc. is applying to drill its Bonita Canyon 1 well. The minimum state distance for a South Lindrith Gallup Dakota oil well is 330' from a quarter-quarter line. The proposed well is 195' further south than is standard. Thus, it is a non-standard location. The NSL is due to trees. It is 1,185' from the closest lease boundary. It is 2,543' from the closest producing well. A standard location would be closer to the lease boundary.

Well Name: Bonita Canyon 1 Total Depth: 7,245'

Proposed NSL Producing Zone: Gallup and Dakota sandstones

NSL Acreage Dedication: 40.00 ac. (NE4NE4 Sec. 23) to Gallup
160.00 ac. (NE4 Sec. 23) to Dakota

Location: 1185' FNL & 950' FEL Sec. 23, T. 23 N., R. 4 W.,
Sandoval County, NM on tribal lease BIA #390

Approximate Location: ≈13 air miles east of Counselor, NM

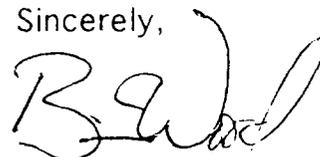
Applicant Name: Elm Ridge Resources, Inc. (505) 632-3476

Applicant's Address: P. O. Box 189, Farmington, NM 87499

Submittal Information: Application for a non-standard 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 Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,



Brian Wood

U.S. Postal Service	
CERTIFIED MAIL RECEIPT	
<i>(Domestic Mail Only; No Insurance Coverage Provided)</i>	
ALBUQUERQUE, NM 87107	
Postage	\$ 0.34
Certified Fee	2.10
Return Receipt Fee (Endorsement Required)	1.50
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 3.94
UNIT ID: 0991	
Perk: KMK/MF	
13	
10/13/01	
POST OFFICE EXPRESS SANTA FE NM	
87505-5458	
Sent To	BLM
Street, Apt. No. or PO Box No.	435 Montano NE

PERMITS WEST, INC.

PROVIDING PERMITS for the ENERGY INDUSTRY

17 Verano Loop, Santa Fe, New Mexico 87505

(505) 466-8120

466

October 13, 2001

W. M. Galloway
3005 Northridge, Suite 1
Farmington, NM 87401

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

Elm Ridge Resources, Inc. is applying to drill its Bonita Canyon 1 well. The minimum state distance for a South Lindrith Gallup Dakota oil well is 330' from a quarter-quarter line. The proposed well is 195' further south than is standard. Thus, it is a non-standard location. The NSL is due to trees. It is 1,185' from the closest lease boundary. It is 2,543' from the closest producing well. A standard location would be closer to the lease boundary.

Well Name: Bonita Canyon 1 Total Depth: 7,245'

Proposed NSL Producing Zone: Gallup and Dakota sandstones

NSL Acreage Dedication: 40.00 ac. (NE4NE4 Sec. 23) to Gallup
160.00 ac. (NE4 Sec. 23) to Dakota

Location: 1185' FNL & 950' FEL Sec. 23, T. 23 N., R. 4 W.,
Sandoval County, NM on tribal lease BIA #390

Approximate Location: ≈13 air miles east of Counselor, NM

Applicant Name: Elm Ridge Resources, Inc. (505) 632-3476

Applicant's Address: P. O. Box 189, Farmington, NM 87499

Submittal Information: Application for a non-standard 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 Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,


Brian Wood

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

FARMINGTON, NM 87401	
Postage	\$ 0.34
Certified Fee	2.10
Return Receipt Fee (Endorsement Required)	1.50
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 3.94

UNIT ID: 0991
Clerk: KMKM
10/13/01

Sent To: Galloway
Street, Apt. No. or PO Box No: 3005 Northridge #1

PERMITS WEST, INC.

PROVIDING PERMITS for the ENERGY INDUSTRY

37 Verano Loop, Santa Fe, New Mexico 87505

(505) 964-8120

466

October 13, 2001

Oil & Gas Administration
P. O. Box 507
Dulce, NM 87528

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

Elm Ridge Resources, Inc. is applying to drill its Bonita Canyon 1 well. The minimum state distance for a South Lindrith Gallup Dakota oil well is 330' from a quarter-quarter line. The proposed well is 195' further south than is standard. Thus, it is a non-standard location. The NSL is due to trees. It is 1,185' from the closest lease boundary. It is 2,543' from the closest producing well. A standard location would be closer to the lease boundary.

Well Name: Bonita Canyon 1 Total Depth: 7,245'

Proposed NSL Producing Zone: Gallup and Dakota sandstones

NSL Acreage Dedication: 40.00 ac. (NE4NE4 Sec. 23) to Gallup
160.00 ac. (NE4 Sec. 23) to Dakota

Location: 1185' FNL & 950' FEL Sec. 23, T. 23 N., R. 4 W.,
Sandoval County, NM on tribal lease BIA #390

Approximate Location: ≈13 air miles east of Counselor, NM

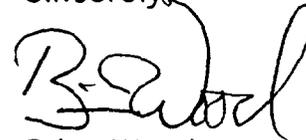
Applicant Name: Elm Ridge Resources, Inc. (505) 632-3476

Applicant's Address: P. O. Box 189, Farmington, NM 87499

Submittal Information: Application for a non-standard 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 Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,


Brian Wood

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

DULCE, NM 87528

Postage	\$ 0.34	UNIT ID: 0991
Certified Fee	2.10	Postmark Here
Return Receipt Fee (Endorsement Required)	1.50	Clerk: KMWKMF
Restricted Delivery Fee (Endorsement Required)		7/01
Total Postage & Fees	\$ 3.94	87505-5458

Sent To: Oil & Gas Admin
Street, Apt. No. or PO Box No: PO Box 507
DULCE, NM 87528

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK
 DRILL DEEPEN
 b. TYPE OF WELL
 OIL WELL GAS WELL OTHER
 SINGLE ZONE MULTIPLE ZONE

5. LEASE DESIGNATION AND SERIAL NO
BIA #390

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
Jicarilla Apache

7. UNIT AGREEMENT NAME
N/A

8. FARM OR LEASE NAME, WELL NO
Bonita Canyon 1

2. NAME OF OPERATOR
Elm Ridge Resources, Inc. (505) 632-3476

9. API WELL NO

1. ADDRESS AND TELEPHONE NO
P. O. Box 189, Farmington, NM 87499
 3. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
 At surface **1185' FNL & 950' FEL**

10. FIELD AND POOL OR WILDLAND
S. Lind. Gall. Dak.

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
23-23n-4w NMPM

At proposed prod. zone **Same**

4. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
13 air miles E of Counselor

12. COUNTY OR PARISH 13. STATE
Sandoval NM

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any)
1,185'

16. NO. OF ACRES IN LEASE
1,920

17. NO. OF ACRES ASSIGNED TO THIS WELL
40 & 160

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
2,543'

19. PROPOSED DEPTH
7,175'

20. ROTARY OR CABLE TOOLS
Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
7,245' ungraded

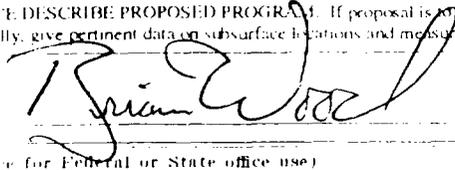
22. APPROX. DATE WORK WILL START*
Sept. 20, 2001

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	K-55 8-5/8"	24	350'	≈250 cu. ft. & to surface
7-7/8"	J-55 4-1/2"	10.5	7,175'	≈3,390 cu. ft. & to surface

cc: BIA, BLM, Elm (D&F), OCD (via BLM), Tribe

ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or open directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout prevention program, if any.



Consultant (505) 466-8120

7-7-01

APPROVED: _____ TITLE: _____ DATE: _____

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE: _____

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:

APPROVED BY: _____ TITLE: _____ DATE: _____

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

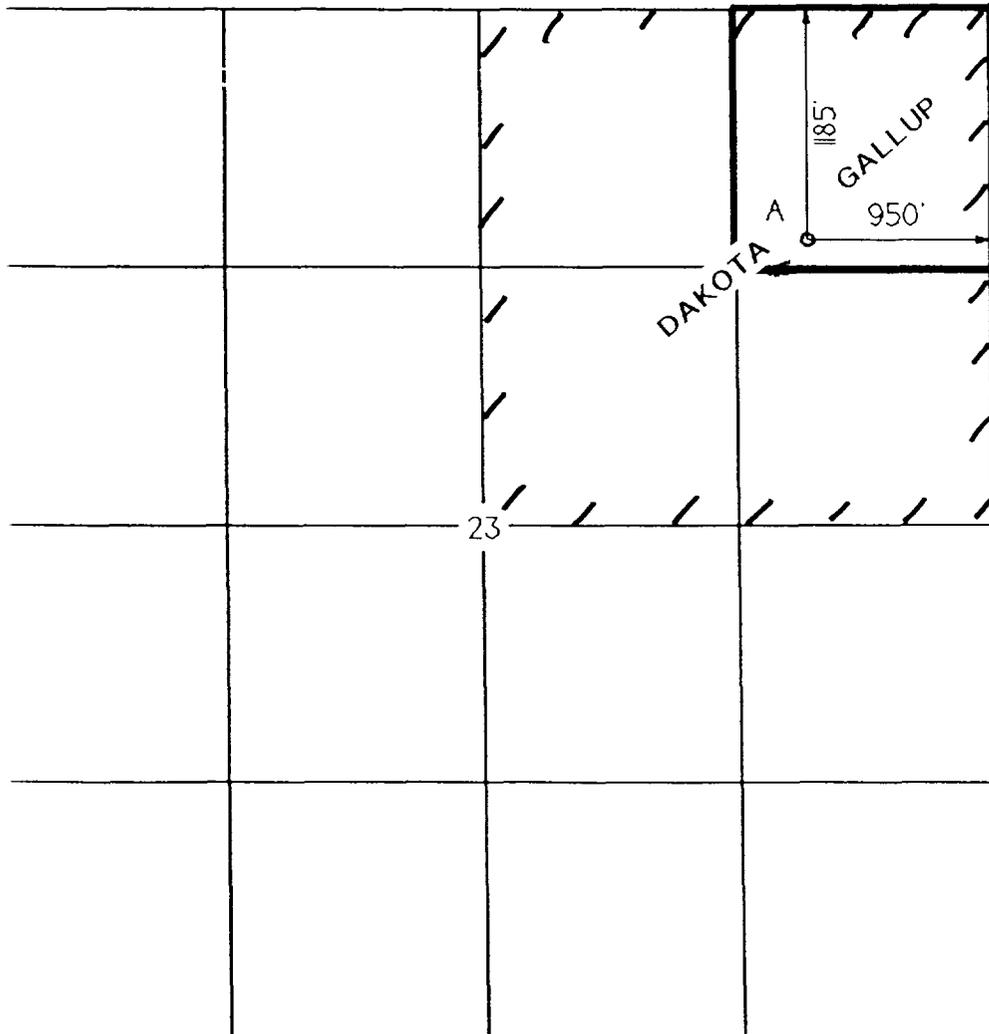
APA Number	Pool Code 39179	Pool Name SOUTH LINDRITH GALLUP DAKOTA
Property Code	Property Name BONITA CANYON	Well Number 1
GRID No. 149052	Operator Name ELM RIDGE RESOURCES	Elevation 7245'

Surface Location									
U. or Lot	Sec.	Top.	Rge.	Lot Idn.	Feet from >	North/South	Feet from >	East/West	County
A	23	23 N.	4 W.		1185	NORTH	950	EAST	SANDOVAL

Bottom Hole Location If Different From Surface									
U. or Lot	Sec.	Top.	Rge.	Lot Idn.	Feet from >	North/South	Feet from >	East/West	County

Dedication	Joint ?	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



<p>OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature <i>Brian Wood</i></p>	
Printed Name	BRIAN WOOD
Title	CONSULTANT
Date	JULY 7, 2001
<p>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.</p> <p>Date of Survey</p>	
Signature and Seal of Professional Surveyor	

Elm Ridge Resources, Inc.
 Bonita Canyon 1
 1185' FNL & 950' FEL
 Sec. 23, T. 23 N., R. 4 W.
 Sandoval County, New Mexico

Drilling Program

1. ESTIMATED FORMATION TOPS

<u>Formation Name</u>	<u>GL Depth</u>	<u>KB Depth</u>	<u>Subsea Elevation</u>
San Jose	000'	12'	+7,245'
Ojo Alamo	2,380'	2,392'	+4,865'
Pictured Cliffs Ss	2,820'	2,832'	+4,425'
Chacra Ss	3,575'	3,587'	+3,670'
Mesa Verde Ss	4,310'	4,322'	+2,935'
Mancos Sh	5,105'	5,117'	+2,140'
Gallup Ss	5,445'	5,457'	+1,800'
Semilla Ss	6,745'	6,757'	+500'
Greenhorn Ls	6,945'	6,957'	+300'
Dakota Ss	7,010'	7,022'	+235'
Burro Canyon	7,145'	7,157'	+100'
Total Depth (TD)*	7,175'	7,187'	+70'

* all elevations reflect the ungraded ground level of 7,245'

2. NOTABLE ZONES

<u>Oil & Gas Zones</u>	<u>Water Zones</u>	<u>Coal Zone</u>
Fruitland	San Jose	Fruitland
Pictured Cliffs	Ojo Alamo	
Gallup	Fruitland	
Dakota		

Water zones will be protected with casing, cement, and weighted mud. Fresh water encountered during drilling will be recorded by depth, cased, and cemented. Oil and gas shows will be tested for commercial potential based on the well site geologist's recommendations.

Elm Ridge Resources, Inc.
Bonita Canyon 1
1185' FNL & 950' FEL
Sec. 23, T. 23 N., R. 4 W.
Sandoval County, New Mexico

PAGE 2

3. PRESSURE CONTROL

The drilling contract has not yet been awarded, thus the exact BOP model to be used is not yet known. A typical 3,000 psi model is on PAGE 3.

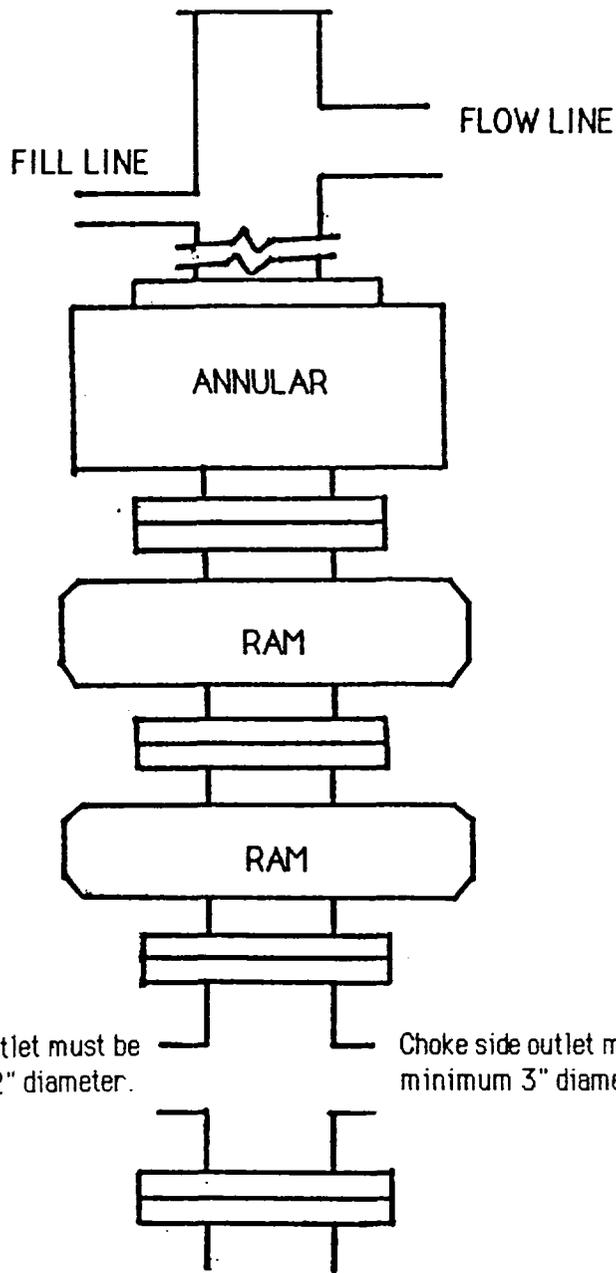
A $\geq 3,000$ psi BOP and choke manifold system will be installed and tested to 2,000 psi before drilling surface casing plug. It will remain in use until the well is completed or abandoned. A safety valve and sub with a full opening valve to fit the drill pipe and collars will be available on the rig floor in the open position at all times for use when kelly is not in use.

All BOP mechanical and pressure tests will be recorded on the driller's log. BOPs will be inspected and opened and closed at least daily to assure good mechanical working order. Inspections will be recorded on the daily drilling report. Pressure tests will be conducted before drilling out from under all casing strings which are set and cemented in place.

4. CASING & CEMENT

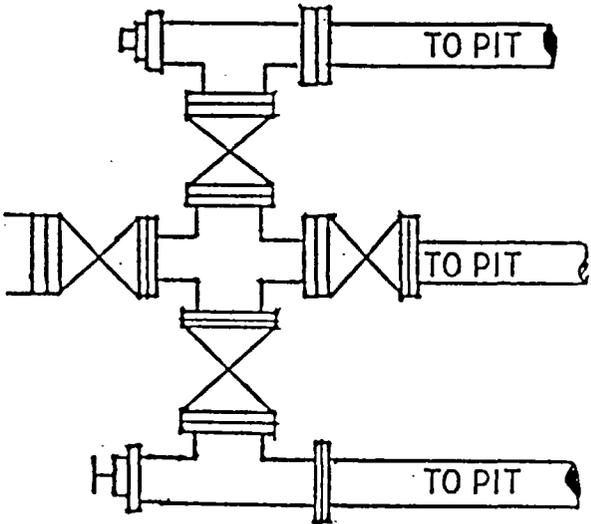
<u>Hole Size</u>	<u>O.D.</u>	<u>Weight (lb/ft)</u>	<u>Grade</u>	<u>Type</u>	<u>Age</u>	<u>GL Setting Depth</u>
12-1/4"	8-5/8"	24	K-55	ST&C	New	350'
7-7/8"	4-1/2"	10.5	J-55	LT&C	New	7,175'

Surface casing will be cemented to the surface with ≈ 250 cubic feet (≈ 250 sx) Class B with 1/4#/sk Flocele + 2% CaCl₂. Volume is based on 100% excess. Centralizers will be installed on the middle of the shoe joint and every other centralizer thereafter. Thread lock the guide shoe and bottom of float collar only. Use API casing dope.



TYPICAL BOP STACK
& CHOKE MANIFOLD

There will be at least 2 chokes and 2 choke line valves (3" minimum). The choke line will be 3" in diameter. There will be a pressure gauge on the choke manifold.



side outlet must be minimum 2" diameter.

Choke side outlet must be minimum 3" diameter.

line will be minimum 2" diameter have 2 valves, one of which shall minimum 2" check valve.

Upper kelly cock will have handle available. Safety valve and subs will fit all drill string connections in use. All BOPE connections subjected to well pressure will be flanged, welded, or clamped.

Elm Ridge Resources, Inc.
Bonita Canyon 1
1185' FNL & 950' FEL
Sec. 23, T. 23 N., R. 4 W.
Sandoval County, New Mexico

PAGE 4

Production casing will be cemented to the surface in 2 stages with a stage tool set at $\approx 4,750'$. First stage volume will be $\approx 1,470$ cu ft consisting of ≈ 360 sx Halliburton Lite with 1/4 #/sk Flocele followed by ≈ 670 sx Class B with 2% CaCl₂. Second stage volume will be $\approx 1,920$ cu ft consisting of $\approx 1,040$ sx of Halliburton Lite with 2% CaCl₂ followed by ≈ 55 sx Class B with 2% CaCl₂ to cover the Mesa Verde, Pictured Cliffs, and Ojo Alamo. Volume is based on 75% excess, but caliper log will be used to determine actual volume needed. Centralizers will be installed on the middle of the shoe joint and on every joint thereafter for a total of ≈ 31 centralizers. Thread lock the guide shoe, bottom of float collar, and bottom of stage tool only. Use API casing dope.

5. MUD PROGRAM

<u>Depth</u>	<u>Type</u>	<u>ppg</u>	<u>Viscosity</u>	<u>Fluid Loss</u>	<u>pH</u>
0' - 350'	Fresh water gel chem	9.0	50	NC	9
350' - TD'	Fresh water gel chem	9.0	38-50	6.0	9

Sufficient material to maintain mud properties, control lost circulation, and contain a blowout will be available at the well site while drilling. Mud will be checked hourly by rig personnel. Material to soak up possible oil or fuel spills will be on site.

6. CORING, TESTING, & LOGGING

No cores or DSTs are planned. DIL/GR logs will be run from TD to surface. CNL/FDC logs may be run over selected segments. Samples will be collected every 10' from 200' above the Point Lookout to the base of the Point Lookout and through the Gallup and Dakota. Samples will be collected every 30' elsewhere.

Elm Ridge Resources, Inc.
Bonita Canyon 1
1185' FNL & 950' FEL
Sec. 23, T. 23 N., R. 4 W.
Sandoval County, New Mexico

PAGE 5

7. DOWN HOLE CONDITIONS

No abnormal pressures, temperatures, or hydrogen sulfide are expected. Maximum pressure will be $\leq 2,870$ psi.

8. OTHER INFORMATION

The anticipated spud date is September 20, 2001. It is expected it will take ≈ 2 weeks to drill and ≈ 10 days to complete the well. Completion is expected to include ≈ 1000 to ≈ 1500 gallons 15% HCl and a 50 to 60 ton sand frac.

Questions or notices concerning down hole matters should be directed to BLM's petroleum engineer Dave Sitzler in Albuquerque at 505-761-8919 or petroleum engineering technician Al Yepa in Cuba at 505-289-3748.

Elm Ridge Resources, Inc.
Bonita Canyon 1
1185' FNL & 950' FEL
Sec. 23, T. 23 N., R. 4 W.
Sandoval County, New Mexico

PAGE 6

Surface Use Plan

1. DIRECTIONS & EXISTING ROADS (See Pages 10 & 11)

From the equivalent of Milepost 4.4 on NM 537 ...
Go east 0.1 miles to a dumpster
Then bear left and go NE 0.3 mi.
Then bear left and continue NE 1.4 miles
Then turn right and go SE 0.9 miles
Then turn right and go S 0.1 mile to the Delo #1 well
Then follow flags cross country 0.5 miles southwest to the well site

Roads will be maintained to a standard at least equal to their present condition.

2. ROADS TO BE BUILT OR IMPROVED

One half mile of new road will be built. It will initially be flat bladed with a $\approx 15'$ wide running surface. (It will be crowned and ditched if production results. Borrow ditches will turn out and be skewed to drain at least once every 500'.) Brush will be used as mulch to stop head cutting arroyos on the east side of the new road. No fence is crossed. No turnout is needed. No upgrading of existing roads is needed. Maximum disturbance will be 30'. Maximum grade will be 6%. Piñon trees will be avoided as much as practical.

3. EXISTING WELLS (See PAGE 11)

There are ten existing oil or gas wells and one P&A well within a mile radius. There are no water or injection wells.

Elm Ridge Resources, Inc.
Bonita Canyon 1
1185' FNL & 950' FEL
Sec. 23, T. 23 N., R. 4 W.
Sandoval County, New Mexico

PAGE 7

4. PROPOSED PRODUCTION FACILITIES (See Page 14)

Production facilities will include a pipeline, separator, dehydrator, meter run, and 210 bbl tank. Above ground equipment will be painted a flat juniper green. A steel ≤ 4 " O.D. natural gas pipeline will be laid north, west, and south 11,788.22' along roads and pipelines to an existing Elm Ridge gas pipeline. The pipeline will operate at ≈ 250 psi, be tested to $\approx 2,500$ psi, has a burst rating of $\approx 11,010$ psi, and will be buried at least 36" deep.

5. WATER SUPPLY

Water will be trucked from a water hole a mile northwest of the junction of US 550 and NM 537.

6. CONSTRUCTION MATERIALS & METHODS

The top 6" of soil and brush will be stripped and piled west of the pad. A diversion ditch will be cut west of the pile. A minimum 12 mil plastic liner will be installed in the reserve pit.

7. WASTE DISPOSAL

The reserve pit will be fenced sheep tight on 3 sides with woven wire fence topped with barbed wire. The fourth side will be fenced once the rig moves off. The fence will be kept in good repair while the pit dries. Once dry, contents of the reserve pit will be buried in place.

Trash will be placed in a trash cage and hauled to an approved landfill. Human waste will be disposed of in 10' deep rat holes under trailers or in chemical toilets. Holes will be filled with bentonite when the trailers are removed.

Elm Ridge Resources, Inc.
Bonita Canyon 1
1185' FNL & 950' FEL
Sec. 23, T. 23 N., R. 4 W.
Sandoval County, New Mexico

PAGE 8

8. ANCILLARY FACILITIES

There will be no air strips or camps. Camper trailers will be on location for the company man, tool pusher, and mud logger.

9. WELL SITE LAYOUT

See Pages 12 and 13 for depictions of the well pad, cross sections, cut and fill diagrams, reserve pit, trash cage, access road onto the location, parking, living facilities, soil stockpile, and rig orientation.

10. RECLAMATION

Reclamation starts once the reserve pit is dry. It usually takes a year for a reserve pit to fully evaporate, at which point it will be backfilled. The pad, road, pipeline, and backfilled pit will be recontoured to a natural appearance, soil spread evenly over disturbed areas, and disturbed areas ripped or harrowed. The south half seed mix will be drilled as prescribed by the BIA and Tribe. Bladed brush will be used as mulch.

If the well is a producer, then the reserve pit and any other areas not needed for workovers will be reclaimed as previously described. All of the topsoil pile will be used to reclaim the reserve pit.

11. SURFACE OWNER

The well, road, and pipeline are all on Jicarilla Apache Tribal Trust land.

12. OTHER INFORMATION

Elm Ridge Resources, Inc.
Bonita Canyon 1
1185' FNL & 950' FEL
Sec. 23, T. 23 N., R. 4 W.
Sandoval County, New Mexico

PAGE 9

The nearest clinics are an hour plus drive away in Cuba and Dulce. The nearest hospital is over two hours away in southwest Farmington.

13. REPRESENTATION

Anyone having questions concerning the APD should contact:

Brian Wood, Consultant
Permits West, Inc.
37 Verano Loop
Santa Fe, NM 87505
(505) 466-8120 FAX: (505) 466-9682 Mobile: (505) 699-2276

The field representative will be:

Doug Endsley
Elm Ridge Resources, Inc.
P. O. Box 189
Farmington, NM 87499
(505) 632-3476

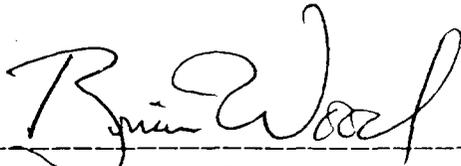
Elm Ridge Resources, Inc. has the necessary consents from the proper lease owners to conduct lease operations in conjunction with this well. Bond coverage pursuant to 43 CFR 3104 for lease activities and operations is being provided by Elm Ridge Resources, Inc.

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with operations proposed herein will be performed by Elm Ridge Resources, Inc. and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is

Elm Ridge Resources, Inc.
Bonita Canyon 1
1185' FNL & 950' FEL
Sec. 23, T. 23 N., R. 4 W.
Sandoval County, New Mexico

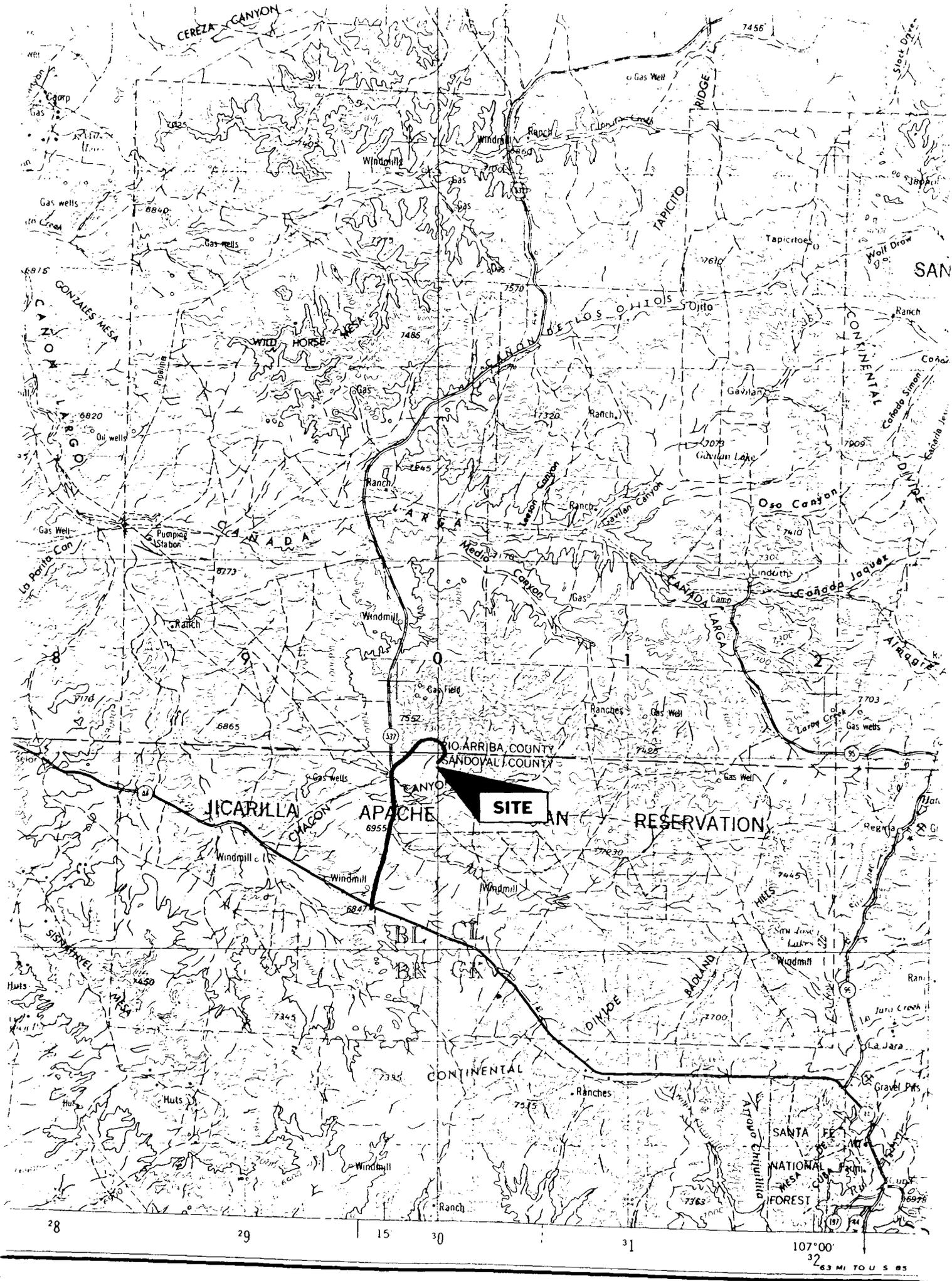
PAGE 10

subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.



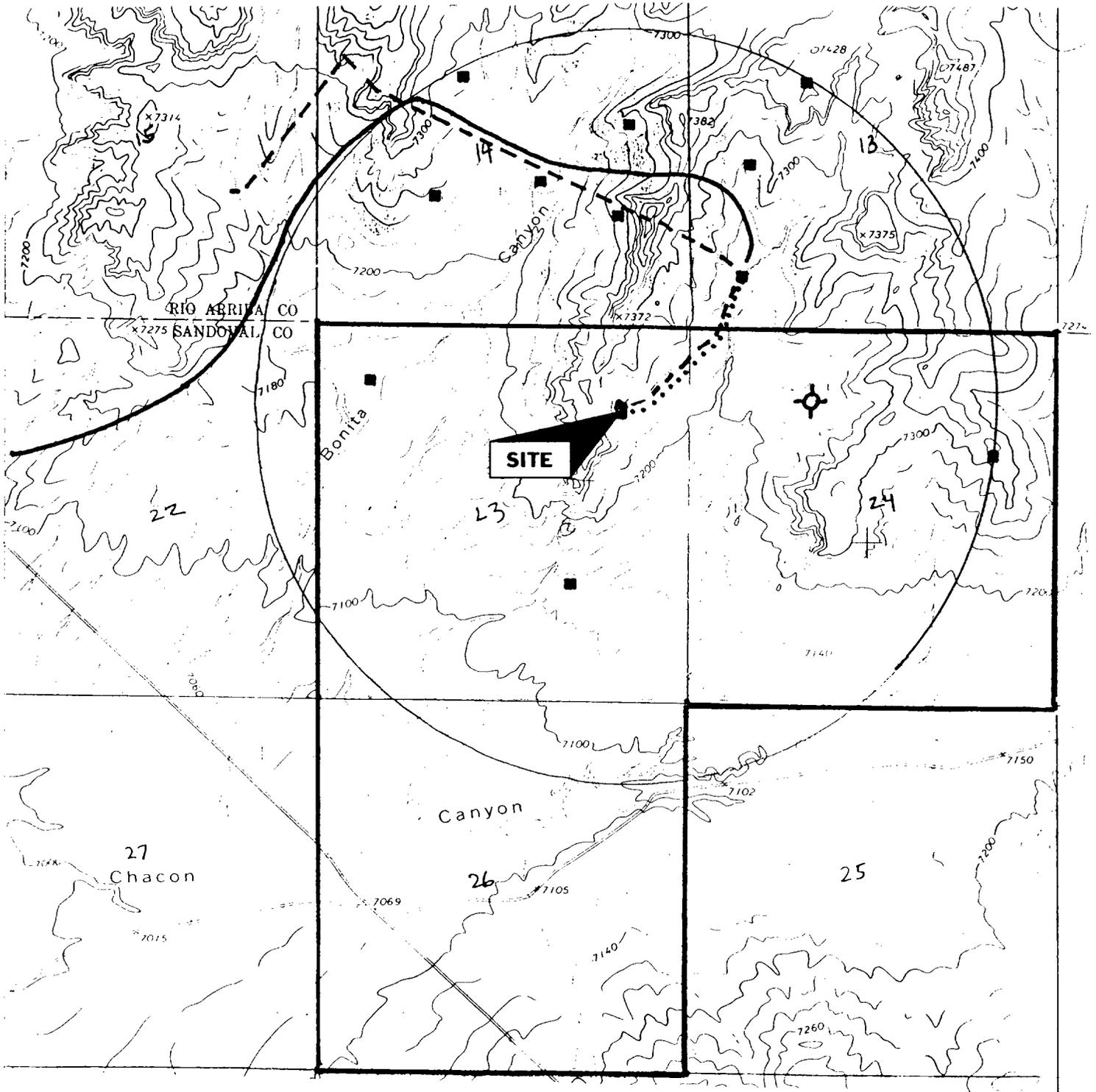
Brian Wood, Consultant

July 7, 2001



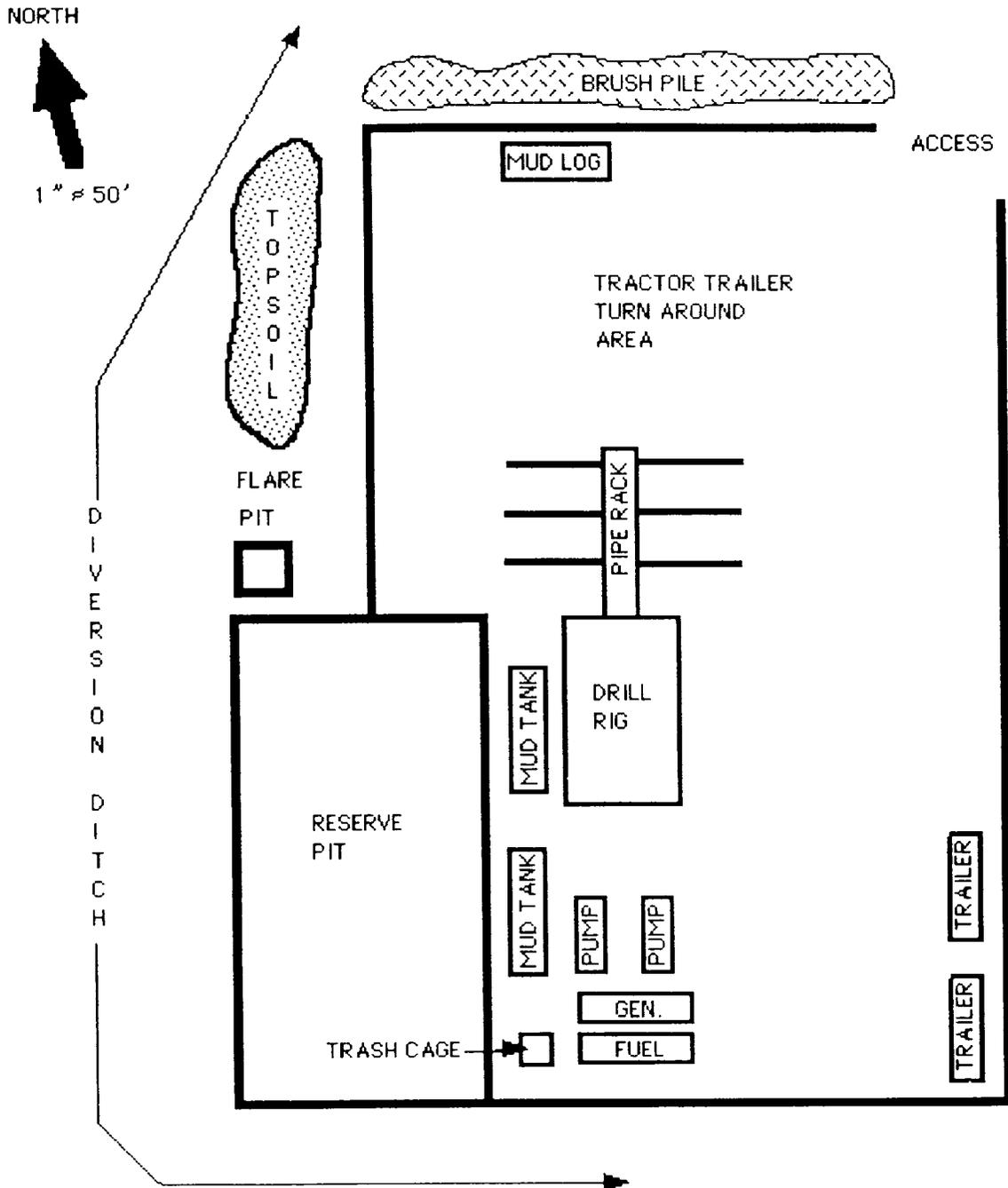
Scale 1:250,000

Elm Ridge Resources, Inc.
 Bonita Canyon 1
 1185' FNL & 950' FEL
 Sec. 23, T. 23 N., R. 4 W.
 Sandoval County, New Mexico

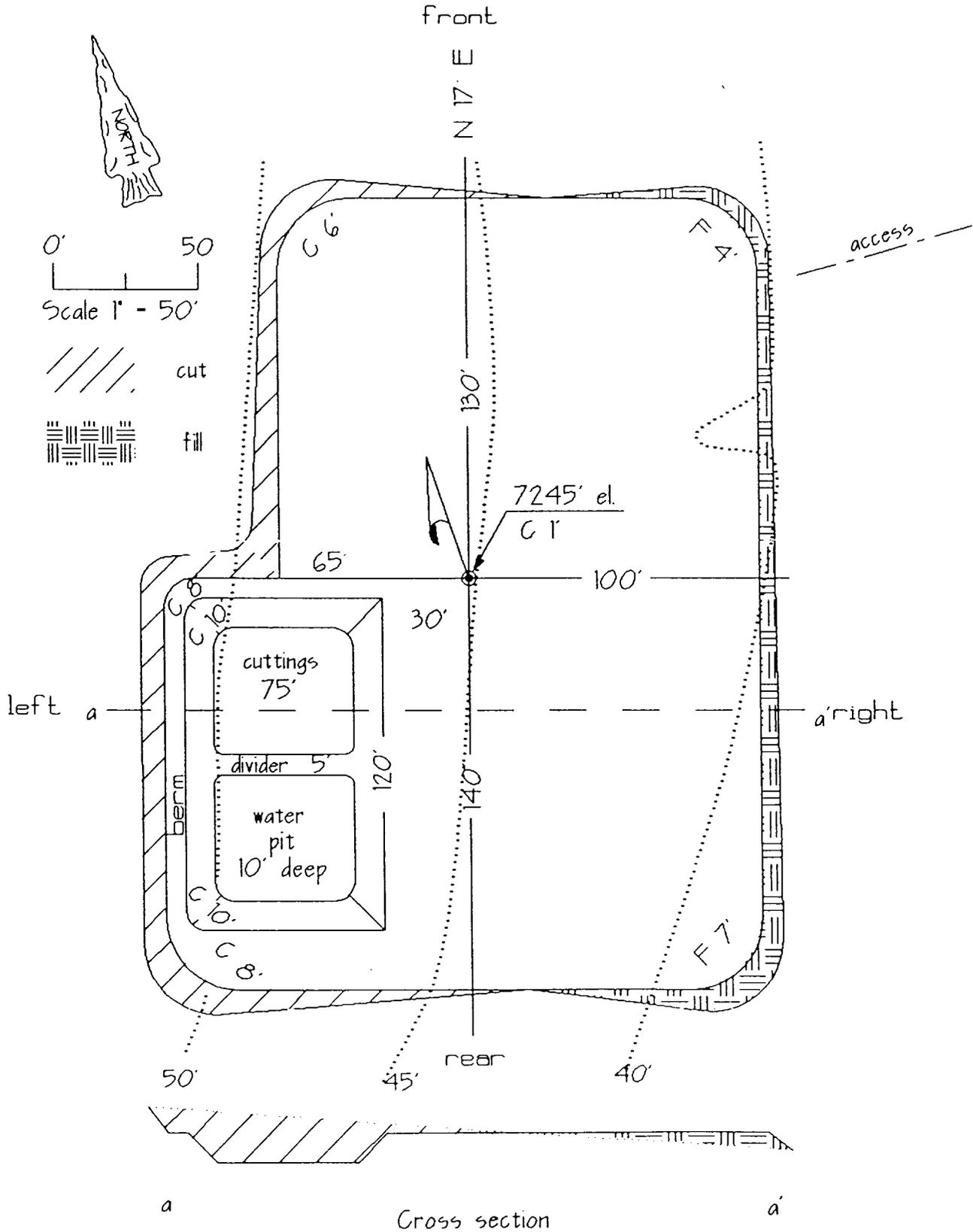


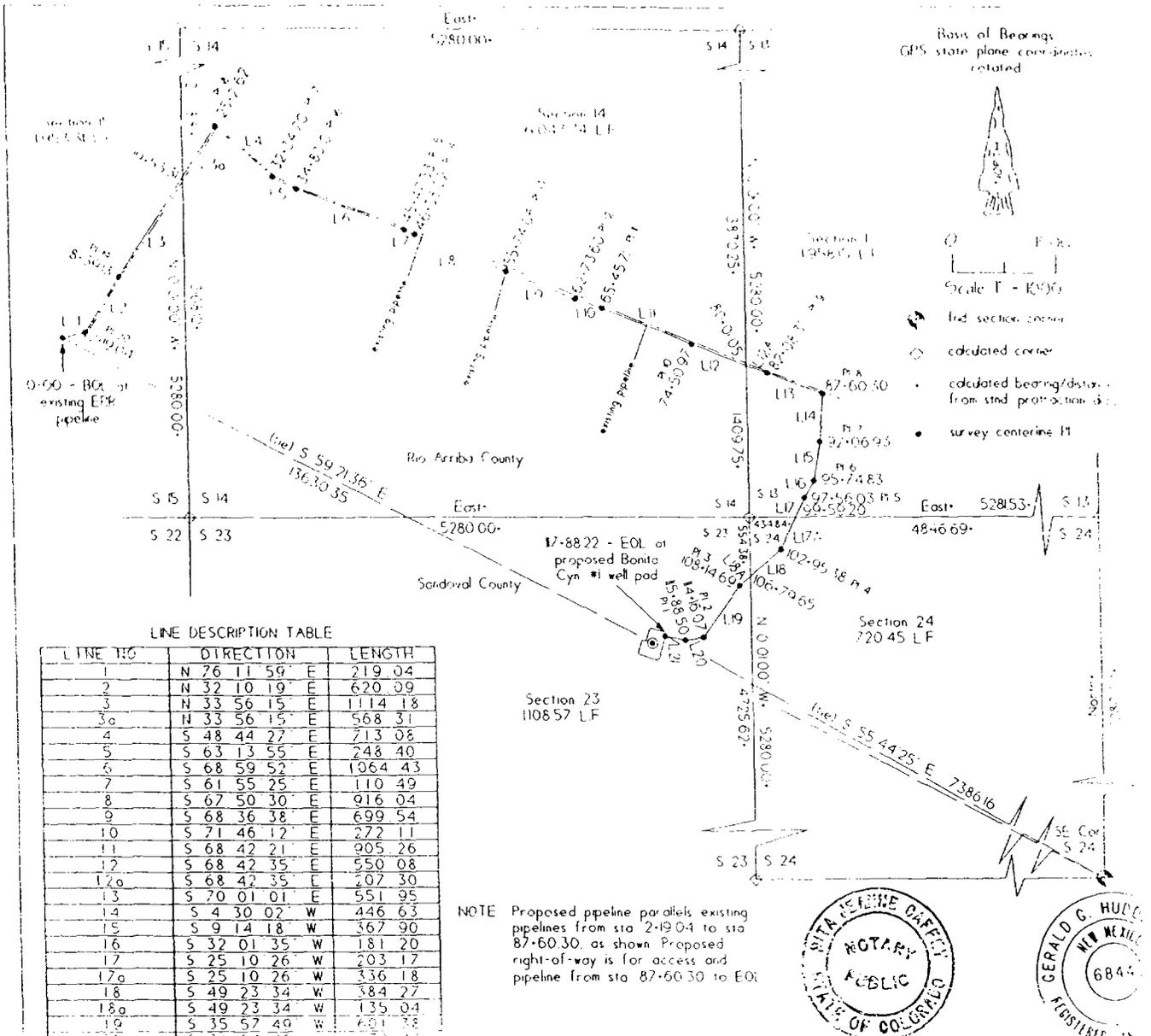
- PROPOSED WELL: ■
- EXISTING WELL: ■
- P & A WELL: ⊕
- LEASE: ┌
- PROPOSED ROAD:
- EXISTING ROAD: ~~~~~
- PROPOSED GAS LINE: - - - -

Elm Ridge Resources, Inc.
Bonita Canyon 1
1185' FNL & 950' FEL
Sec. 23, T. 23 N., R. 4 W.
Sandoval County, New Mexico



Bonita Canyon # 1
well pod & section





Basis of Bearings
GPS state plane coordinates related

Scale 1" = 400'

Red section corner

Calculated center

Calculated bearing/distance from std. projection

Survey centerline M

LINE DESCRIPTION TABLE

LINE NO	DIRECTION	LENGTH
1	N 26 11 59 E	219.04
2	N 32 10 19 E	620.09
3	N 33 56 15 E	1114.18
3a	N 33 56 15 E	568.31
4	S 48 44 27 E	713.08
5	S 63 13 55 E	248.40
6	S 68 59 52 E	1064.43
7	S 61 55 25 E	110.49
8	S 67 50 30 E	916.04
9	S 68 36 38 E	699.54
10	S 71 46 12 E	272.11
11	S 68 42 21 E	905.26
12	S 68 42 35 E	550.08
12a	S 68 42 35 E	207.30
13	S 70 01 01 E	551.95
14	S 4 30 02 W	446.63
15	S 9 14 18 W	567.90
16	S 32 01 35 W	181.20
17	S 25 10 26 W	203.17
17a	S 25 10 26 W	336.18
18	S 49 23 34 W	384.27
18a	S 49 23 34 W	135.04
19	S 35 57 49 W	681.78

NOTE Proposed pipeline parallels existing pipelines from sta 2+190.4 to sta 87+60.30, as shown. Proposed right-of-way is for access and pipeline from sta 87+60.30 to EOL



ILLEGIBLE

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 4954
Order No. R-4555

NOMENCLATURE

APPLICATION OF CHACE OIL COMPANY
FOR POOL CREATION AND DOWN-HOLE
COMMINGLING AND SPECIAL POOL RULES,
RIO ARRIBA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 25, 1973, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 25th day of June, 1973, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Chace Oil Company, seeks the creation of a new oil pool for Gallup and Dakota production in Rio Arriba County, New Mexico, and the promulgation of temporary special rules and regulations governing said pool, including provisions for 160-acre spacing and proration units and limited well locations.
- (3) That the applicant further seeks to have such temporary special pool rules apply to two drilling wells in Unit O of Section 21, Township 24 North, Range 4 West, and Unit E of Section 3, Township 23 North, Range 4 West, NMPM, Rio Arriba County, New Mexico.
- (4) That Chace Oil Company's Jicarilla 70 Well No. 3, located in Unit C, Section 33, Township 24 North, Range 4 West, NMPM, Rio Arriba County, New Mexico, has discovered a separate and common source of supply which should be designated the South Lindrith Gallup-Dakota Oil Pool; ~~that the vertical limits of said pool should be the Gallup and Dakota formations and that the horizontal limits of said pool should be the NW/4 of said Section 33.~~
- (5) That the evidence presently available indicates that

one well in the South Lindrith Gallup-Dakota Oil Pool can efficiently and economically drain and develop 160 acres.

(6) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 160-acre spacing units should be promulgated for the South Lindrith Gallup-Dakota Oil Pool.

(7) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(8) That the temporary special rules and regulations for the South Lindrith Gallup-Dakota Oil Pool should apply only to wells located within the horizontal limits of said pool except that they should immediately apply to the two Chace Oil Company wells described in Finding (3) above upon their completion as Gallup-Dakota oil wells.

(9) That this case should be reopened at an examiner hearing during the month of July, 1974, at which time operators in the South Lindrith Gallup-Dakota Oil Pool should appear and show cause why said pool should not be developed on 40-acre spacing.

IT IS THEREFORE ORDERED:

(1) That a new pool in Rio Arriba County, New Mexico, classified as an oil pool ~~for Gallup and Dakota~~ production, is hereby created and designated as the South Lindrith Gallup-Dakota Pool, consisting of the following described area:

TOWNSHIP 24 NORTH, RANGE 4 WEST, NMPM
Section 33: NW/4

(2) That, effective July 1, 1973, Temporary Special Rules and Regulations for the South Lindrith Gallup-Dakota Oil Pool, Rio Arriba County, New Mexico, are hereby promulgated as follows:

TEMPORARY SPECIAL RULES AND REGULATIONS
FOR THE
SOUTH LINDRITH GALLUP-DAKOTA OIL POOL

RULE 1. Each well completed or recompleted in the South Lindrith Gallup-Dakota Oil Pool shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 160 acres, more or less, substantially in the form of a square, which is a quarter section being a legal subdivision of the United States Public Land Surveys.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit consisting of less than 160 acres or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located no nearer than 330 feet to the outer boundary of the proration unit or to any governmental quarter-quarter section line nor nearer than 660 feet to the nearest well drilling to or capable of producing from the same pool.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

RULE 6. A standard proration unit (158 through 162 acres) shall be assigned a 160-acre depth bracket allowable of 347 barrels for allowable purposes, and in the event there is more than one well on a 160-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 160 acres.

IT IS FURTHER ORDERED:

(1) That the above pool rules shall apply only to wells completed within the horizontal limits of the South Lindrith Gallup-Dakota Oil Pool, provided however, that upon completion of applicant's wells in Unit O of Section 21, Township 24 North, Range 4 West, and Unit E of Section 3, Township 23 North, Range 4 West, NMPM, as Gallup-Dakota oil wells, said rules shall be applicable thereto prior to extension of the horizontal limits of the pool to include said wells.

(2) That the locations of all wells presently drilling to the South Lindrith Gallup-Dakota Oil Pool are hereby approved; that the operator of any well having an unorthodox location shall notify the Aztec District Office of the Commission in writing of the name and location of the well on or before July 1, 1973.

(3) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the South Lindrith Gallup-Dakota Oil Pool shall have dedicated thereto 160 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 160 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the South Lindrith Gallup-Dakota Oil Pool shall receive no more than one-fourth of a standard allowable for the pool.

(4) That this cause shall be reopened at an examiner hearing during the month of July, 1974, at which time the operators in the South Lindrith Gallup-Dakota Oil Pool may appear and show cause why said pool should not be developed on 40-acre spacing.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

I. R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member

A. L. PORTER, Jr., Member & Secretary

S E A L

dr/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 4954 (REOPENED)
Order No. R-4555-A

IN THE MATTER OF CASE NO. 4954 BEING
REOPENED PURSUANT TO THE PROVISIONS OF
ORDER NO. R-4555, WHICH ORDER ESTABLISHED
TEMPORARY SPECIAL POOL RULES FOR THE SOUTH
LINDRITH GALLUP-DAKOTA OIL POOL, RIO ARRIBA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 24, 1974,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 30th day of July, 1974, the Commission,
a quorum being present, having considered the testimony, the
record, and the recommendations of the Examiner, and being fully
advised in the premises,

FINDS:

(1) That due public notice having been given as required
by law, the Commission has jurisdiction of this cause and the
subject matter thereof.

(2) That Order No. R-4555, dated June 25, 1974, established
temporary pool rules for the South Lindrith Gallup-Dakota Oil
Pool, Rio Arriba County, New Mexico, which rules provided for
160-acre spacing in the pool.

(3) That Order No. R-4555 provided that Case No. 4954
would be reopened in July of 1974 to allow operators in the
subject pool to appear and show cause why the pool should not
be developed on 40-acre spacing.

(4) That no operator has offered evidence to establish
that the pool should be developed on other than 40-acre spacing.

(5) That the Temporary Special Rules and Regulations for
the South Lindrith Gallup-Dakota Oil Pool should be rescinded
and said pool should be governed by the Statewide Rules for oil
pools in the State, effective August 1, 1974.

Case No. 4954 (Reopened)
Order No. R-4555-A

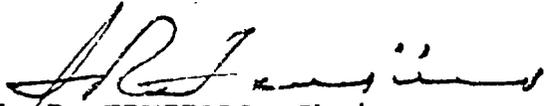
IT IS THEREFORE ORDERED:

(1) That effective August 1, 1974, the Temporary Special Rules and Regulations for the South Lindrieth Gallup-Dakota Oil Pool, promulgated by Order No. R-4555, dated June 25, 1974, are hereby rescinded and the pool is placed under the Statewide Rules for oil pools in the State.

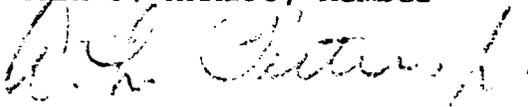
(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


I. R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member



A. L. PORTER, Jr., Member & Secretary

S E A L

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

10/23/01 08:39:32
OGOMES -TPHY
PAGE NO: 1

Sec : 23 Twp : 23N Rng : 04W Section Type : NORMAL

Z00 40.00	Z00 40.00	Z00 40.00	Z00 40.00
Indian owned	Indian owned	Indian owned	Indian owned
Z00 40.00	Z00 40.00	Z00 40.00	Z00 40.00
Indian owned	Indian owned	Indian owned	Indian owned

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

10/23/01 08:39:38
OGOMES -TPHY
PAGE NO: 2

Sec : 23 Twp : 23N Rng : 04W Section Type : NORMAL

Z00 40.00	Z00 40.00	Z00 40.00	Z00 40.00
Indian owned	Indian owned	Indian owned	Indian owned
Z00 40.00	Z00 40.00	Z00 40.00	Z00 40.00
Indian owned	Indian owned	Indian owned	Indian owned

PF01 HELP
PF07 BKWD

PF02
PF08 FWD

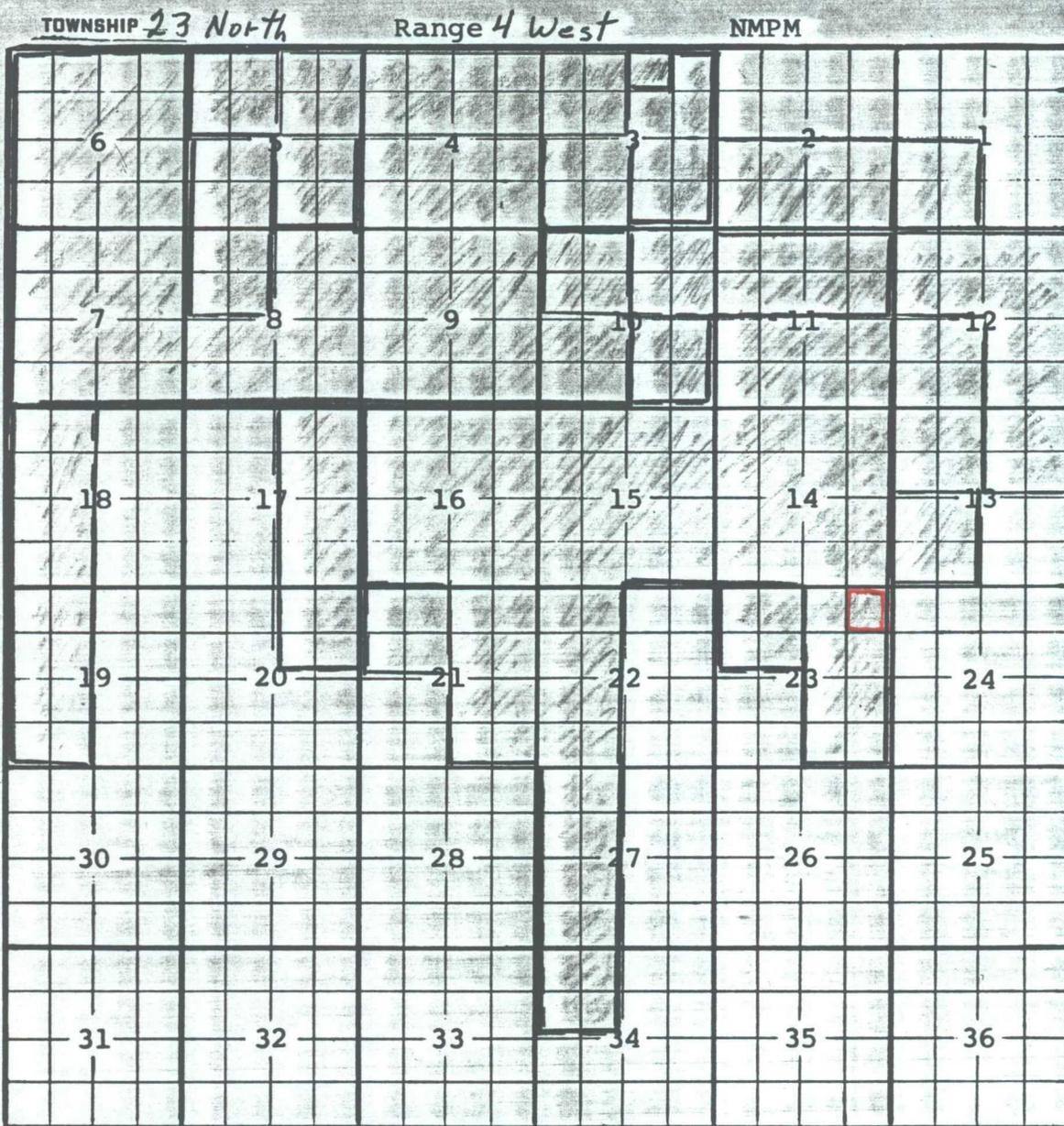
PF03 EXIT
PF09 PRINT

PF04 GoTo
PF10 SDIV

PF05
PF11

PF06
PF12

county Rio Arriba pool South Lindreth Gallup-Dakota Oil



Ext: NW/4 Sec 3, N/2 Sec 4, NE/4 Sec 5 (R-5129, 1-1-76)

Ext: NW/4 NE/4 Sec. 3 (R-7046, 8-6-82) Ext: SE/4, E/2 NE/4, and SW/4 NE/4 Sec 3 (R-7185, 1-13-83)

Ext: SW/4 Sec. 3, NE/4 Sec. 10, N/2 Sec. 11 (R-7277, 5-5-83)

Ext: NW/4 and SE/4 Sec. 5 (A-7420, 1-9-84)

Ext: SW/4 Sec. 5, NW/4 Sec. 8, NW/4 and SE/4 Sec. 10, N/2 and SE/4 Sec. 12, NE/4 Sec. 13 (R-7495, 4-5-84)

Ext: S/2 Sec. 4, All Secs. 6 and 7, E/2 and SW/4 sec. 8, All Sec. 9, SW/4 Sec. 10

(R-7764, 1-8-85) Ext: S/2 Sec. 11, All Secs. 14 thru 16, W/2 Sec. 18, W/2 Sec. 19,

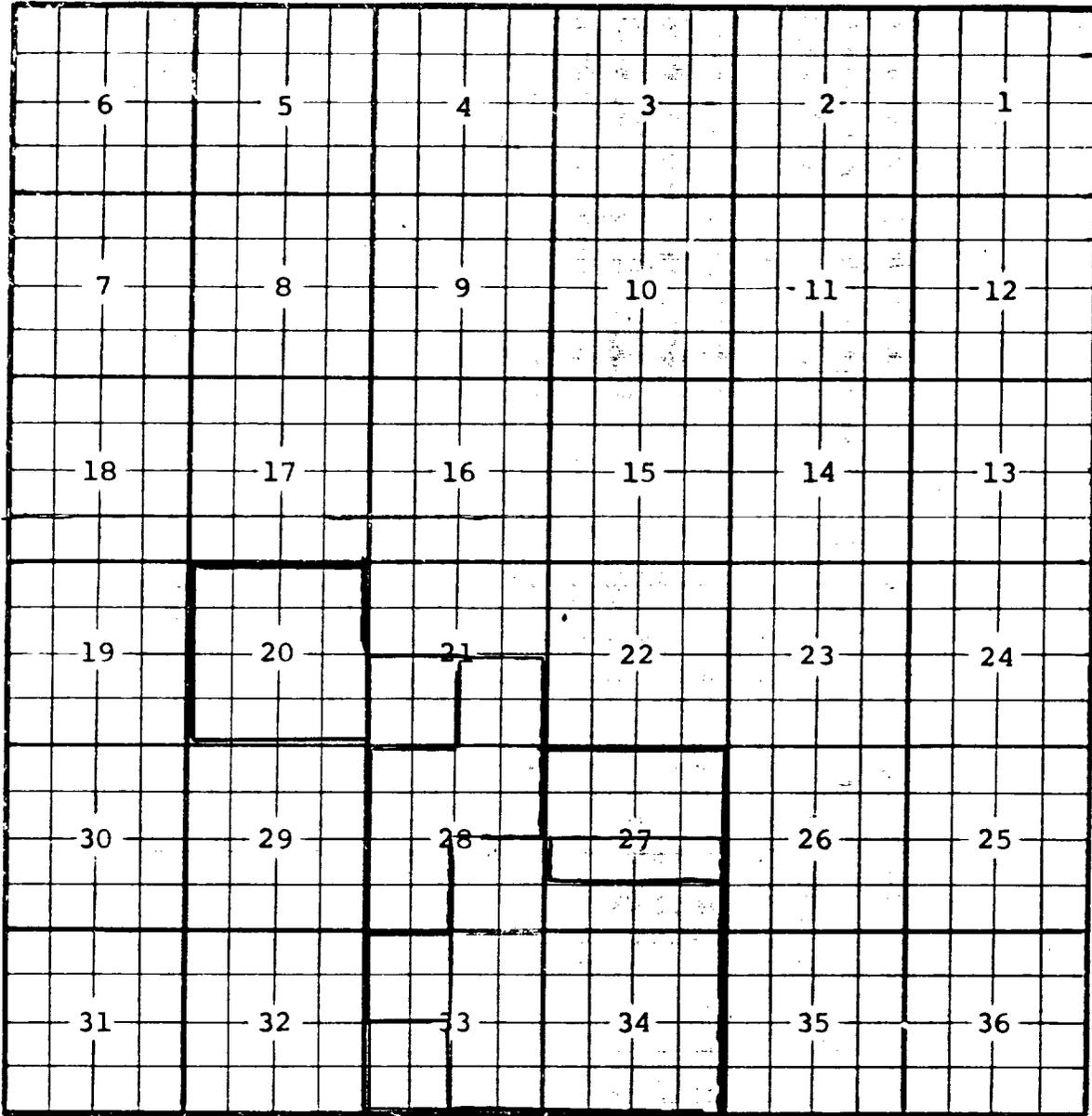
E/2 Sec. 21, W/2 sec. 22, E/2 Sec. 23, W/2 Sec. 27, NW/4 sec. 34 (R-7957, 6-12-85)

SW/4 Sec. 12, NW/4 sec. 13 (R-8022, 8-22-85) Ext: S/2 sec. 2, SW/4 Sec. 13, NW/4 Sec. 21,

NW/4 sec. 23 (R-8180, 3-14-86) Ext: SW/4 Sec. 1, E/2 Sec. 17, NE/4 sec. 20 (R-8273, 8-6-86)

COUNTY Rio Arriba POOL South Lindrith Gallup - Dakota Oil

TOWNSHIP 24 North RANGE 4 West NMPM



Description: $\frac{NW}{4}$ Sec. 33 (R-4555, 6-25-73)

Ext: $\frac{SE}{4}$ Sec 21, $\frac{N}{2}$ & $\frac{SW}{4}$ Sec 28 (R-4690, 12-1-73)

Ext: $\frac{SW}{4}$ Sec 33 (R-5129, 1-1-76) Ext: $\frac{SW}{4}$ Sec. 21, $\frac{N}{2}$ Sec. 27 (R-6327, 5-1-80)

Ext: $\frac{N}{2}$ $\frac{S}{2}$ sec 27 (R-6886, 1-22-82)

Ext: $\frac{S}{2}$ $\frac{S}{2}$ Sec. 27, $\frac{SE}{4}$ Sec. 28, $\frac{E}{2}$ Sec 33, All Sec. 34 (R-7046, 8-6-82)

Ext: All Sec. 20 (R-8022, 8-22-85)

Stogner, Michael

From: Hayden, Steven
Sent: Thursday, October 25, 2001 9:52 AM
To: Stogner, Michael
Subject: RE: Elm Ridge/Bonita Canyon Well No. 1

For a while there he was emailing me for every application that wasn't in the major pools wanting me to give him the pool name, spacing, setbacks and special pool rules. After accommodating him a few times, I finally told him that I didn't think I was here to do his research on applications for him and that if he needed information that he didn't have he should come in to an OCD office or go online and research his applications. I don't object to checking things over for people, but his requests were becoming pretty time consuming.



Steve Hayden
NM OCD District III
1000 Rio Brazos Rd.
Aztec, NM 87410

shayden@state.nm.us
(505) 334-6178 Ext. 14
Fax: (505) 334-6170

-----Original Message-----

From: Stogner, Michael
Sent: Thursday, October 25, 2001 9:44 AM
To: Hayden, Steven
Subject: RE: Elm Ridge/Bonita Canyon Well No. 1

That is most apparent that he hasn't talked with you.

-----Original Message-----

From: Hayden, Steven
Sent: Thursday, October 25, 2001 9:42 AM
To: Stogner, Michael
Subject: RE: Elm Ridge/Bonita Canyon Well No. 1

You would think that someone who does as much work as this guy would not make so many dumb errors. I started making him do his own pool work last year after he started emailing me for each pool dedication that came up instead of looking things up for himself. He hasn't talked to me since.

<< OLE Object: Image Document >>

Steve Hayden
NM OCD District III
1000 Rio Brazos Rd.
Aztec, NM 87410

shayden@state.nm.us
(505) 334-6178 Ext. 14
Fax: (505) 334-6170

-----Original Message-----

From: Stogner, Michael
Sent: Thursday, October 25, 2001 9:38 AM
To: 'Brian Wood (E-mail)'
Cc: Hayden, Steven
Subject: RE: Elm Ridge/Bonita Canyon Well No. 1

Received your amended application yesterday, October 24, 2001. Can I assume Paragraph "IV" on page two is in error?

-----Original Message-----

From: Stogner, Michael
Sent: Tuesday, October 23, 2001 9:13 AM
To: Brian Wood (E-mail)
Cc: Hayden, Steven
Subject: Elm Ridge/Bonita Canyon Well No. 1

Re: *Administrative application (application reference No. pKRV0-129038996) filed on behalf of the operator, Elm Ridge Resources, Inc., on October 15, 2001 for its Bonita Canyon Well No. 1 to be drilled at an unorthodox oil well location in the South Lindrith Gallup-Dakota Oil Pool (--pool code here--) 1185' FNL & 959' FEL (A) of Sec. 23-T23N-R4W, Sandoval County, NM.*

Dear Mr. Wood:

The subject application is for a well in the South Lindrith Gallup-Dakota Oil Pool, which was created on July 1, 1973 for the production of oil from both the Gallup and Dakota formations (see Division Order No. R-4555 issued in Case No. 4954 on June 25, 1973). This pool is governed by Division Rule 104.B (1), which requires 40-acre spacing and proration units and for wells to be located no closer to the unit boundary line than 330 feet.

Your application indicates that the dedicated acreage for this well in the Dakota interval will be the 160 acres comprising the NE/4 of Section 23 and the 40 acres comprising the NE/4 NE/4 for the Gallup interval. This appears to be in error.

Since the submitted information is insufficient to review, this application is hereby ruled incomplete as of October 23, 2001. Please submit corrected information by Tuesday, October 30, 2001.

The Division cannot precede any further with your application until this information is submitted. Upon receipt, the Division will continue to process your application. The additional information can be faxed to (505) 476-3471, or mailed to the Division in Santa Fe. If the necessary information is not submitted, your application will be returned to you. Thank you for your cooperation.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

Stogner, Michael

From: Hayden, Steven
Sent: Thursday, October 25, 2001 9:42 AM
To: Stogner, Michael
Subject: RE: Elm Ridge/Bonita Canyon Well No. 1

You would think that someone who does as much work as this guy would not make so many dumb errors. I started making him do his own pool work last year after he started emailing me for each pool dedication that came up instead of looking things up for himself. He hasn't talked to me since.



Steve Hayden
NM OCD District III
1000 Rio Brazos Rd.
Aztec, NM 87410

shayden@state.nm.us
(505) 334-6178 Ext. 14
Fax: (505) 334-6170

-----Original Message-----

From: Stogner, Michael
Sent: Thursday, October 25, 2001 9:38 AM
To: 'Brian Wood (E-mail)'
Cc: Hayden, Steven
Subject: RE: Elm Ridge/Bonita Canyon Well No. 1

Received your amended application yesterday, October 24, 2001. Can I assume Paragraph "IV" on page two is in error?

-----Original Message-----

From: Stogner, Michael
Sent: Tuesday, October 23, 2001 9:13 AM
To: Brian Wood (E-mail)
Cc: Hayden, Steven
Subject: Elm Ridge/Bonita Canyon Well No. 1

Re: *Administrative application (application reference No. pKRV0-129038996) filed on behalf of the operator, Elm Ridge Resources, Inc., on October 15, 2001 for its Bonita Canyon Well No. 1 to be drilled at an unorthodox oil well location in the South Lindrith Gallup-Dakota Oil Pool (---pool code here---) 1185' FNL & 959' FEL (A) of Sec. 23-T23N-R4W, Sandoval County, NM.*

Dear Mr. Wood:

The subject application is for a well in the South Lindrith Gallup-Dakota Oil Pool, which was created on July 1, 1973 for the production of oil from both the Gallup and Dakota formations (see Division Order No. R-4555 issued in Case No. 4954 on June 25, 1973). This pool is governed by Division Rule 104.B (1), which requires 40-acre spacing and proration units and for wells to be located no closer to the unit boundary line than 330 feet.

Your application indicates that the dedicated acreage for this well in the Dakota interval will be the 160 acres comprising the NE/4 of Section 23 and the 40 acres comprising the NE/4 NE/4 for the Gallup interval. This appears to be in error.

Since the submitted information is insufficient to review, this application is hereby ruled incomplete as of October 23, 2001. Please submit corrected information by Tuesday, October 30, 2001.

The Division cannot precede any further with your application until this information is submitted. Upon receipt, the Division will continue to process your application. The additional information can be faxed to (505) 476-3471, or mailed to the Division in Santa Fe. If the necessary information is not submitted, your application will be returned to you. Thank you for you cooperation.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

Stogner, Michael

From: Stogner, Michael
Sent: Thursday, October 25, 2001 10:40 AM
To: 'Permits West'
Cc: Hayden, Steven
Subject: RE: Elm Ridge/Bonita Canyon Well No. 1

I thought as much, however it would be confusing for others receiving notice. I'll look for your revision.

-----Original Message-----

From: Permits West [mailto:brian@permitswest.com]
Sent: Thursday, October 25, 2001 11:34 AM
To: Stogner, Michael
Subject: RE: Elm Ridge/Bonita Canyon Well No. 1

Yes, and I will send you revised page.
Sorry - I thought I'd scrubbed all references to 160.

Stogner, Michael

From: Permits West [brian@permitswest.com]
Sent: Thursday, October 25, 2001 11:34 AM
To: Stogner, Michael
Subject: RE: Elm Ridge/Bonita Canyon Well No. 1

Yes, and I will send you revised page.
Sorry - I thought I'd scrubbed all references to 160.

Stogner, Michael

From: Stogner, Michael
Sent: Tuesday, October 23, 2001 9:17 AM
To: Hayden, Steven
Subject: FW: Elm Ridge/Bonita Canyon Well No. 1

Steve, I'm sending a copy of their application to you today.

-----Original Message-----

From: Stogner, Michael
Sent: Tuesday, October 23, 2001 9:13 AM
To: Brian Wood (E-mail)
Cc: Hayden, Steven
Subject: Elm Ridge/Bonita Canyon Well No. 1

Re: *Administrative application (application reference No. pKRV0-129038996) filed on behalf of the operator, Elm Ridge Resources, Inc., on October 15, 2001 for its Bonita Canyon Well No. 1 to be drilled at an unorthodox oil well location in the South Lindrith Gallup-Dakota Oil Pool (39179) 1185' FNL & 959' FEL (A) of Sec. 23-T23N-R4W, Sandoval County, NM.*

Dear Mr. Wood:

The subject application is for a well in the South Lindrith Gallup-Dakota Oil Pool, which was created on July 1, 1973 for the production of oil from both the Gallup and Dakota formations (see Division Order No. R-4555 issued in Case No. 4954 on June 25, 1973). This pool is governed by Division Rule 104.B (1), which requires 40-acre spacing and proration units and for wells to be located no closer to the unit boundary line than 330 feet.

Your application indicates that the dedicated acreage for this well in the Dakota interval will be the 160 acres comprising the NE/4 of Section 23 and the 40 acres comprising the NE/4 NE/4 for the Gallup interval. This appears to be in error.

Since the submitted information is insufficient to review, this application is hereby ruled incomplete as of October 23, 2001. Please submit corrected information by Tuesday, October 30, 2001.

The Division cannot precede any further with your application until this information is submitted. Upon receipt, the Division will continue to process your application. The additional information can be faxed to (505) 476-3471, or mailed to the Division in Santa Fe. If the necessary information is not submitted, your application will be returned to you. Thank you for your cooperation.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

Stogner, Michael

From: Stogner, Michael
Sent: Tuesday, October 23, 2001 9:13 AM
To: Brian Wood (E-mail)
Cc: Hayden, Steven
Subject: Elm Ridge/Bonita Canyon Well No. 1

Re: *Administrative application (application reference No. pKRV0-129038996) filed on behalf of the operator, Elm Ridge Resources, Inc., on October 15, 2001 for its Bonita Canyon Well No. 1 to be drilled at an unorthodox oil well location in the South Lindrith Gallup-Dakota Oil Pool (--pool code here--) 1185' FNL & 959' FEL (A) of Sec. 23-T23N-R4W, Sandoval County, NM.*

39179

Dear Mr. Wood:

The subject application is for a well in the South Lindrith Gallup-Dakota Oil Pool, which was created on July 1, 1973 for the production of oil from both the Gallup and Dakota formations (see Division Order No. R-4555 issued in Case No. 4954 on June 25, 1973). This pool is governed by Division Rule 104.B (1), which requires 40-acre spacing and proration units and for wells to be located no closer to the unit boundary line than 330 feet.

Your application indicates that the dedicated acreage for this well in the Dakota interval will be the 160 acres comprising the NE/4 of Section 23 and the 40 acres comprising the NE/4 NE/4 for the Gallup interval. This appears to be in error.

Since the submitted information is insufficient to review, this application is hereby ruled incomplete as of October 23, 2001. Please submit corrected information by Tuesday, October 30, 2001.

The Division cannot precede any further with your application until this information is submitted. Upon receipt, the Division will continue to process your application. The additional information can be faxed to (505) 476-3471, or mailed to the Division in Santa Fe. If the necessary information is not submitted, your application will be returned to you. Thank you for your cooperation.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

PERMITS WEST, INC.

PROVIDING PERMITS for the ENERGY INDUSTRY

37 Verano Loop, Santa Fe, New Mexico 87505

(505) ~~984~~ 8120

466

October 24, 2001

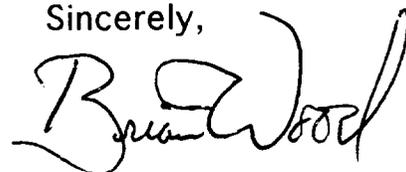
Mike Stogner
NM Oil Conservation Div.
1220 South St. Francis Dr.
Santa Fe, NM 87505

Dear Mike,

As requested, I have enclosed the revised NSL application for Elm Ridge's Bonita Canyon 1 well (23-23n-4w, Sandoval County). The revision reflects the 40 acre spacing for both the Gallup and Dakota.

Please call me if you have any questions.

Sincerely,



Brian Wood

cc: Aztec OCD
Clark
Endsley

RECEIVED
OCT 24 PM 1:50



SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
----------	----------	-----------	------	---------

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

[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
 BRIAN WOOD
 (505) 466-8120
 FAX 466-9682

Signature

Title
 CONSULTANT

Date
 10-24-01
 e-mail Address
 brian@permitswest.com

REQUEST FOR ADMINISTRATIVE APPROVAL FOR NON-STANDARD LOCATION
FOR ELM RIDGE RESOURCES, INC.
BONITA CANYON 1 WELL
SOUTH LINDRITH GALLUP DAKOTA
1185' FNL & 950' FEL SEC. 23, T. 23 N., R. 4 W., SANDOVAL COUNTY, NM

I. The well is on Jicarilla Apache tribal surface and a Jicarilla Apache tribal oil and gas lease (BIA #390). The proposed location is non-standard (per Division Order R-4555 in Case 4954 on 6-25-73) for the Gallup and Dakota. A standard location must be at least 330' from the quarter-quarter line. This well is staked 195' further south than standard. (Closest standard location would be 990' FNL and 950' FEL and among trees.) The APD is attached.

II. A revised C-102 showing the well location and proration unit (NE4NE4 for the Gallup and the Dakota) is attached. The lease (contains 1,920 acres: all of Sections 23, 24, & 26; T. 23 N., R. 4 W.) is shown on the attached copy of the Five Lakes Canyon NW USGS topo map.

III. According to NM Oil Conservation Division records reviewed in the Santa Fe office on August 22, 2001; the closest producer is Elm Ridge's Whitaker #53 - a Gallup Dakota well which is 2,543' south at 1650' FSL & 1650' FEL 23-23n-4w. The next closest well after that is Galloway's Delo #1 well which is a Pictured Cliffs well 2,632' northeast in SWSW 13-23n-4w.

A copy of the Five Lakes Canyon NW 7.5' USGS map is attached. The map shows the proposed well site, proposed Gallup Dakota (wide black line line including all of NE4NE4 Sec. 23), lease (solid line including all of Sections 23, 24, and 26), and other existing Gallup Dakota spacing units (dotted for Gallup and dashed for Dakota) as shown on the operator's C-102 forms. There is only one lease within a minimum 1,185' radius. Elm Ridge is the operator of the Gallup and Dakota rights in the Sections 23 and 26 portions of the tribal lease.

Three existing Pictured Cliffs spacing units adjoin the Elm Ridge's proposed acreage dedication. Only the PC wells are shown as black squares, not their acreage dedications.

Registered letters were sent on October 13, 2001 to all offset interest owners. Copies of all the letters and green cards are attached.

IV. A copy of the Five Lakes Canyon NW USGS map is attached. The proposed well site is marked. Proration unit for the Gallup is the 40 acre northeast quarter of the northeast quarter of Section 23. Proration unit for the Dakota is the 160 acre northeast quarter of Section 23. Both are in Township 23 North, Range 4 West, NMPM, Sandoval County, NM.

V. Elm Ridge selected its location to miss trees. The drilling window is in a pinyon-juniper forest. The Jicarilla Apache Nation wants to minimize tree loss.

VI. No archaeology sites were found.

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

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

IX. I hereby certify notice 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.

Bureau of Indian Affairs
Bureau of Land Management
Chace Oil Co. Inc.
Fisher, J. C.
Galloway, W. M.
Jicarilla Apache Nation Oil & Gas Administration
Whittier Energy Co.

 Consultant 10-24-01

Signature, Title, & Date

State of New Mexico
Energy, Minerals & Mining Resources Department

Form C - 102

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

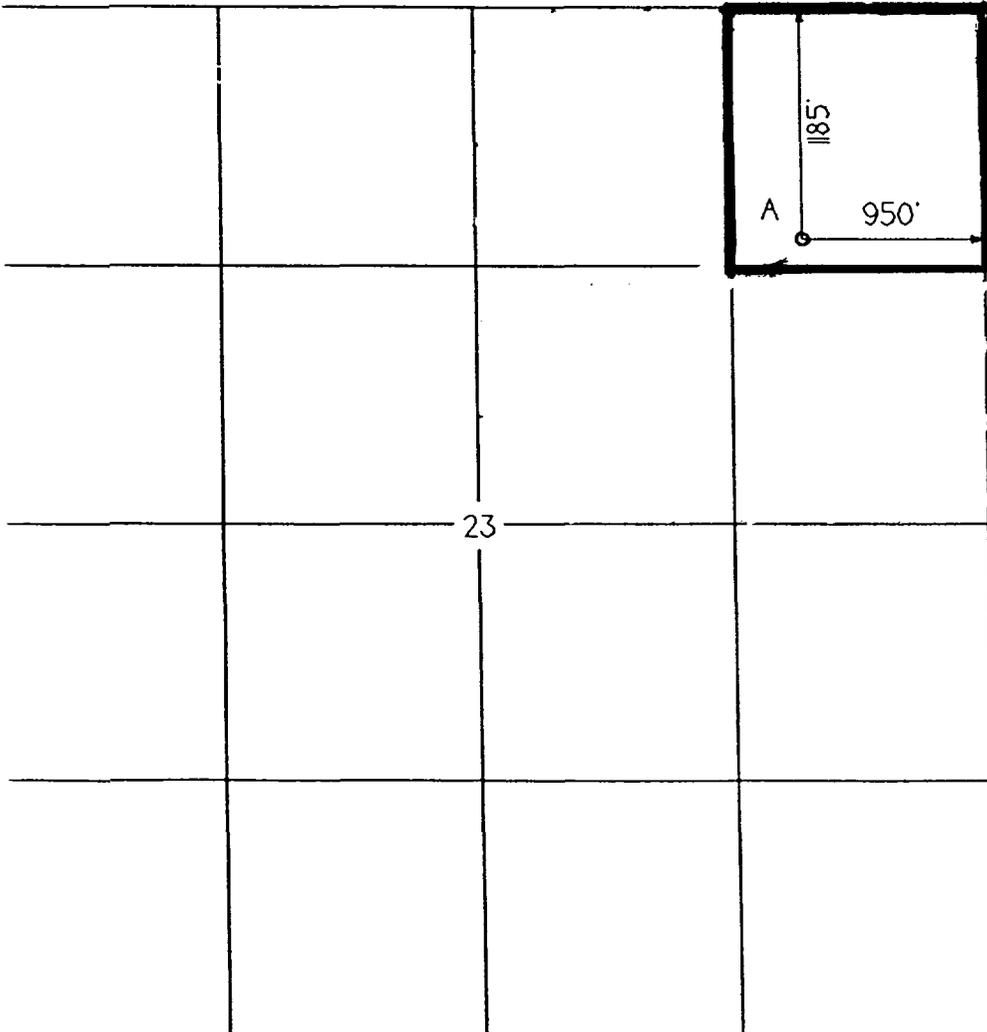
APA Number	Pool Code 39179	Pool Name SOUTH LINDRITH GALLUP DAKOTA
Property Code	Property Name BONITA CANYON	Well Number 1
OGRID No. 149052	Operator Name ELM RIDGE RESOURCES	Elevation 7245'

Surface Location									
L or Lot	Sec.	Top.	Rge.	Lot Ldn.	Feet from >	North/South	Feet from >	East/West	County
A	23	23 N.	4 W.		1185	NORTH	950	EAST	SANDOVAL

Bottom Hole Location If Different From Surface									
L or Lot	Sec.	Top.	Rge.	Lot Ldn.	Feet from >	North/South	Feet from >	East/West	County

Dedication	Joint ?	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	<i>Brian Wood</i>
Printed Name	BRIAN WOOD
Title	CONSULTANT
Date	OCT. 24, 2001
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	
Signature and Seal	<i>April Huddleston</i>

PERMITS WEST, INC.
 PROVIDING PERMITS for the ENERGY INDUSTRY
 17 Montano Loop, Santa Fe, New Mexico 87505 (505) 944-8120

466

October 13, 2001

BLM
 435 Montano NE
 Albuquerque, NM 87107

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

Elm Ridge Resources, Inc. is applying to drill its Bonita Canyon 1 well. The minimum state distance for a South Lindrith Gallup Dakota oil well is 330' from a quarter-quarter line. The proposed well is 195' further south than is standard. Thus, it is a non-standard location. The NSL is due to trees. It is 1,185' from the closest lease boundary. It is 2,543' from the closest producing well. A standard location would be closer to the lease boundary.

Well Name: Bonita Canyon 1 Total Depth: 7,245'
Proposed NSL Producing Zone: Gallup and Dakota sandstones
NSL Acreage Dedication: 40.00 ac. (NE4NE4 Sec. 23) to Gallup
 160.00 ac. (NE4 Sec. 23) to Dakota
Location: 1185' FNL & 950' FEL Sec. 23, T. 23 N., R. 4 W.,
 Sandoval County, NM on tribal lease BIA #390
Approximate Location: ≈13 air miles east of Counselor, NM
Applicant Name: Elm Ridge Resources, Inc. (505) 632-3476
Applicant's Address: P. O. Box 189, Farmington, NM 87499

Submittal Information: Application for a non-standard location will be filed with the NM Oil Conservation Division. If they determine the application complies with the app Mexico Oil Conservatio Fe, NM 87505. Their pl

Please call me if you h

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Pro

ALBUQUERQUE, NM 87107
 0.34 UNIT ID: 09
 2.10
 1.50
 2.54
 D



SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
 BLM
 435 Montano NE
 Albuquerque, NM 87107

2. Article Number (Copy from service label)

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) *Soyce Troy* B. Date of Deliv: *10/15/01*
 C. Signature *Soyce Troy* Agent Address:
 D. Is delivery address different from item 1? Yes No
 If YES, enter delivery address below:

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.
 4. Restricted Delivery? (Extra Fee) Yes

7000 1670 0012 5351 7153

PERMITS WEST, INC.

PROVIDING PERMITS for the ENERGY INDUSTRY

37 Arano Loop, Santa Fe, New Mexico 87505

(505) 444-8120

October 13, 2001

Chace Oil Co. Inc.
3170 Royal Lane
Dallas, Tx. 75229

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

Elm Ridge Resources, Inc. is applying to drill its Bonita Canyon 1 well. The minimum state distance for a South Lindrith Gallup Dakota oil well is 330' from a quarter-quarter line. The proposed well is 195' further south than is standard. Thus, it is a non-standard location. The NSL is due to trees. It is 1,185' from the closest lease boundary. It is 2,543' from the closest producing well. A standard location would be closer to the lease boundary.

Well Name: Bonita Canyon 1 Total Depth: 7,245'
Proposed NSL Producing Zone: Gallup and Dakota sandstones
NSL Acreage Dedication: 40.00 ac. (NE4NE4 Sec. 23) to Gallup
 160.00 ac. (NE4 Sec. 23) to Dakota
Location: 1185' FNL & 950' FEL Sec. 23, T. 23 N., R. 4 W.,
 Sandoval County, NM on tribal lease BIA #390
Approximate Location: ≈13 air miles east of Counselor, NM
Applicant Name: Elm Ridge Resources, Inc. (505) 632-3476
Applicant's Address: P. O. Box 189, Farmington, NM 87499

Submittal Information: Application for a non-standard location will be filed with the NM Oil Conservation Division. The application complies with the applicable rules and regulations of the New Mexico Oil Conservation Division, Santa Fe, NM 87505. Their phone number is (505) 444-8120.

Please call me if you have any questions.

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Protection)

DALLAS, TX 75229		UNIT ID: 07
Postage	\$ 0.34	
Postage Fee	2.10	
Return Receipt Fee (Endorsement Requirement)	1.50	
Restricted Delivery Fee (Endorsement Requirement)		
Total Postage & Fees	\$ 3.94	

SENDER'S INFORMATION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
 Chace Oil Co. Inc.
 3170 Royal Lane
 Dallas, Tx. 75229

2. Article Number (Copy from service label)

SECTION ON DELIVERY

A. Received by (Please Print Clearly) Sara Merriken	B. Date of Delivery 10/14/01
C. Signature <i>Sme</i>	<input type="checkbox"/> Agent <input type="checkbox"/> Address
D. Is delivery address different from item 1? If YES, enter delivery address below:	<input type="checkbox"/> Yes <input type="checkbox"/> No

3. Service Type

Certified Mail Express Mail

Registered Return Receipt for Merchandise

Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

7000 1670 0012 5351 7191

Chace

PERMITS WEST, INC.

PROVIDING PERMITS for the ENERGY INDUSTRY

17 Merano Loop, Santa Fe, New Mexico 87505

(505) 834-8100

466

October 13, 2001

J. C. Fisher
5234 Hillside Dr.
Salt Lake City, Ut. 84117

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

Elm Ridge Resources, Inc. is applying to drill its Bonita Canyon 1 well. The minimum state distance for a South Lindrith Gallup Dakota oil well is 330' from a quarter-quarter line. The proposed well is 195' further south than is standard. Thus, it is a non-standard location. The NSL is due to trees. It is 1,185' from the closest lease boundary. It is 2,543' from the closest producing well. A standard location would be closer to the lease boundary.

Well Name: Bonita Canyon 1 Total Depth: 7,245'
Proposed NSL Producing Zone: Gallup and Dakota sandstones
NSL Acreage Dedication: 40.00 ac. (NE4NE4 Sec. 23) to Gallup
 160.00 ac. (NE4 Sec. 23) to Dakota
Location: 1185' FNL & 950' FEL Sec. 23, T. 23 N., R. 4 W.,
 Sandoval County, NM on tribal lease BIA #390
Approximate Location: ≈13 air miles east of Counselor, NM
Applicant Name: Elm Ridge Resources, Inc. (505) 632-3476
Applicant's Address: P. O. Box 189, Farmington, NM 87499

Submittal Information: Application for a non-standard location will be filed with the NM Oil Conservation Division. If they determine the application complies with the app Mexico Oil Conservatio Fe, NM 87505. Their ph

Please call me if you h

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

J. C. Fisher
5234 Hillside Dr.
Salt Lake City, Ut. 84117

2. Article Number (Copy from service label)

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Del

OCT 17 2001

C. Signature Agent

X *Jean M. Stone* Addr

D. delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchant
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

**U.S. Postal Service
CERTIFIED MAIL RECEIPT**
 (Domestic Mail Only; No Insurance Coverage Pro

SALT LAKE CITY, UT 84117

Postage	0.34	UNIT ID: 09
Registration Fee	2.10	
Insurance Fee	1.50	
Total Postage & Fees	\$ 3.94	



7000 1670 0012 5351 7160

0 0012 5351 7160

PERMITS WEST, INC.

PROVIDING PERMITS for the ENERGY INDUSTRY

17 Arroyo Loop, Santa Fe, New Mexico 87505 (505) 838-8120

466

October 13, 2001

W. M. Galloway
3005 Northridge, Suite 1
Farmington, NM 87401

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

Elm Ridge Resources, Inc. is applying to drill its Bonita Canyon 1 well. The minimum state distance for a South Lindrith Gallup Dakota oil well is 330' from a quarter-quarter line. The proposed well is 195' further south than is standard. Thus, it is a non-standard location. The NSL is due to trees. It is 1,185' from the closest lease boundary. It is 2,543' from the closest producing well. A standard location would be closer to the lease boundary.

Well Name: Bonita Canyon 1 Total Depth: 7,245'
Proposed NSL Producing Zone: Gallup and Dakota sandstones
NSL Acreage Dedication: 40.00 ac. (NE4NE4 Sec. 23) to Gallup
 160.00 ac. (NE4 Sec. 23) to Dakota
Location: 1185' FNL & 950' FEL Sec. 23, T. 23 N., R. 4 W.,
 Sandoval County, NM on tribal lease BIA #390
Approximate Location: ≈13 air miles east of Counselor, NM
Applicant Name: Elm Ridge Resources, Inc. (505) 632-3476
Applicant's Address: P. O. Box 189, Farmington, NM 87499

Submittal Information: Application for a non-standard location will be filed with the NM Oil Conservation Division. The application complies with the applicable New Mexico Oil Conservation Division Rules, Santa Fe, NM 87505. Their phone number is (505) 838-8120.

Please call me if you have any questions.

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

W. M. Galloway
3005 Northridge, Suite 1
Farmington, NM 87401

2. Article Number (Copy from service label)

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

W. M. Galloway

C. Signature Agent
 Address

D. Is delivery address different from item 1? Yes
 No
 If YES, enter delivery address below:



3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

**U.S. Postal Service
CERTIFIED MAIL RECEIPT**
 (Domestic Mail Only; No Insurance Coverage Provided)

FARMINGTON, NM 87401	
Postage	\$ 0.34 UNIT ID: 0
Certified Fee	2.10
Return Receipt For Endorsement Required	1.50
Restricted Delivery Fee	
Total Postage & Fees	\$ 3.94



7000 1670 0012 5351 7184

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1-1

4PT2 ES55 2100 N

PERMITS WEST, INC.

PROVIDING PERMITS for the ENERGY INDUSTRY

37 Verano Loop, Santa Fe, New Mexico 87505

(505) 964-8120

466

October 13, 2001

Oil & Gas Administration
 P. O. Box 507
 Dulce, NM 87528

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

Elm Ridge Resources, Inc. is applying to drill its Bonita Canyon 1 well. The minimum state distance for a South Lindrith Gallup Dakota oil well is 330' from a quarter-quarter line. The proposed well is 195' further south than is standard. Thus, it is a non-standard location. The NSL is due to trees. It is 1,185' from the closest lease boundary. It is 2,543' from the closest producing well. A standard location would be closer to the lease boundary.

Well Name: Bonita Canyon 1 Total Depth: 7,245'
Proposed NSL Producing Zone: Gallup and Dakota sandstones
NSL Acreage Dedication: 40.00 ac. (NE4NE4 Sec. 23) to Gallup
 160.00 ac. (NE4 Sec. 23) to Dakota
Location: 1185' FNL & 950' FEL Sec. 23, T. 23 N., R. 4 W.,
 Sandoval County, NM on tribal lease BIA #390
Approximate Location: ≈13 air miles east of Counselor, NM
Applicant Name: Elm Ridge Resources, Inc. (505) 632-3476
Applicant's Address: P. O. Box 189, Farmington, NM 87499

Submittal Information: Application for a non-standard location will be filed with the NM Oil Conservation Division. If they determine the application complies with the applicable rules, the application will be processed. New Mexico Oil Conservation Division, 37 Verano Loop, Santa Fe, NM 87505.

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Oil & Gas Administration
 P. O. Box 507
 Dulce, NM 87528

2. Article Number (Copy from service label)

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature

Vernon H... Agent Addressee

D. Is delivery address different from item 1? Yes No
 If YES, enter delivery address below:

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

**U.S. Postal Service
 CERTIFIED MAIL RECEIPT**
 (Domestic Mail Only; No Insurance Coverage Provided)

LETZ
 1555 2100 0491
 RECEIVED
 0.34
 2.10
 1.50
 1.94
 Total Postage & Fees \$
 Oil & Gas Adm.
 PO Box 507
 Dulce, NM 87528

PERMITS WEST, INC.

PROVIDING PERMITS for the ENERGY INDUSTRY

17 Verano Loop, Santa Fe, New Mexico 87505

(505) 944-8129

466

October 13, 2001

Whittier Energy Co.
P. O. Box 2058
Farmington, NM 87499

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

Elm Ridge Resources, Inc. is applying to drill its Bonita Canyon 1 well. The minimum state distance for a South Lindrith Gallup Dakota oil well is 330' from a quarter-quarter line. The proposed well is 195' further south than is standard. Thus, it is a non-standard location. The NSL is due to trees. It is 1,185' from the closest lease boundary. It is 2,543' from the closest producing well. A standard location would be closer to the lease boundary.

Well Name: Bonita Canyon 1 Total Depth: 7,245'

Proposed NSL Producing Zone: Gallup and Dakota sandstones

NSL Acreage Dedication: 40.00 ac. (NE4NE4 Sec. 23) to Gallup

160.00 ac. (NE4 Sec. 23) to Dakota

Location: 1185' FNL & 950' FEL Sec. 23, T. 23 N., R. 4 W.,

Sandoval County, NM on tribal lease BIA #390

Approximate Location: ≈13 air miles east of Counselor, NM

Applicant Name: Elm Ridge Resources, Inc. (505) 632-3476

Applicant's Address: P. O. Box 189, Farmington, NM 87499

Submittal Information:
with the NM Oil Conservation Division. This letter complies with the applicable New Mexico Oil Conservation Division Rules, NM 87505. Their phone number is (505) 833-3333.

Please call me if you have any questions.

**U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)**

FARMINGTON, NM 87499

0.34 UNIT ID: 09

2.10

1.50



SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Whittier Energy Co.
P. O. Box 2058
Farmington, NM 87499

2. Article Number (Copy from service label)

PS Form 3811, July 1999

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

S L Holcomb

C. Signature: X S L Holcomb

D. Is delivery address different from item 1? Yes No

If YES, enter delivery address below:

Agent Address

3. Service Type

Certified Mail Registered Return Receipt for Merchandise

Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes



7000 1670 0012 5351 7177

Domestic Return Receipt

102595-99-M-1

0012 5351 7177

PERMITS WEST, INC.

PROVIDING PERMITS for the ENERGY INDUSTRY

37 Verano Loop, Santa Fe, New Mexico 87505

(505) 466-8120

466

October 24, 2001

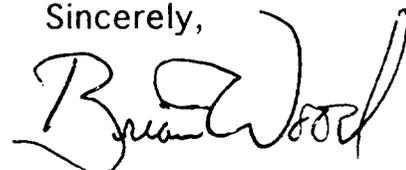
Mike Stogner
NM Oil Conservation Div.
1220 South St. Francis Dr.
Santa Fe, NM 87505

Dear Mike,

As requested, I have enclosed the revised NSL application for Elm Ridge's Bonita Canyon 1 well (23-23n-4w, Sandoval County). The revision reflects the 40 acre spacing for both the Gallup and Dakota.

Please call me if you have any questions.

Sincerely,



Brian Wood

cc: Aztec OCD
Clark
Endsley



SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
----------	----------	-----------	------	---------

**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
- [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

BRIAN WOOD
(505) 466-8120
FAX 466-9682

Signature

Title

CONSULTANT

Date

10-24-01

e-mail Address

brian@permitswest.com

REQUEST FOR ADMINISTRATIVE APPROVAL FOR NON-STANDARD LOCATION
FOR ELM RIDGE RESOURCES, INC.
BONITA CANYON 1 WELL
SOUTH LINDRITH GALLUP DAKOTA
1185' FNL & 950' FEL SEC. 23, T. 23 N., R. 4 W., SANDOVAL COUNTY, NM

I. The well is on Jicarilla Apache tribal surface and a Jicarilla Apache tribal oil and gas lease (BIA #390). The proposed location is non-standard (per Division Order R-4555 in Case 4954 on 6-25-73) for the Gallup and Dakota. A standard location must be at least 330' from the quarter-quarter line. This well is staked 195' further south than standard. (Closest standard location would be 990' FNL and 950' FEL and among trees.) The APD is attached.

II. A revised C-102 showing the well location and proration unit (NE4NE4 for the Gallup and the Dakota) is attached. The lease (contains 1,920 acres: all of Sections 23, 24, & 26; T. 23 N., R. 4 W.) is shown on the attached copy of the Five Lakes Canyon NW USGS topo map.

III. According to NM Oil Conservation Division records reviewed in the Santa Fe office on August 22, 2001; the closest producer is Elm Ridge's Whitaker #53 - a Gallup Dakota well which is 2,543' south at 1650' FSL & 1650' FEL 23-23n-4w. The next closest well after that is Galloway's Delo #1 well which is a Pictured Cliffs well 2,632' northeast in SWSW 13-23n-4w.

A copy of the Five Lakes Canyon NW 7.5' USGS map is attached. The map shows the proposed well site, proposed Gallup Dakota (wide black line line including all of NE4NE4 Sec. 23), lease (solid line including all of Sections 23, 24, and 26), and other existing Gallup Dakota spacing units (dotted for Gallup and dashed for Dakota) as shown on the operator's C-102 forms. There is only one lease within a minimum 1,185' radius. Elm Ridge is the operator of the Gallup and Dakota rights in the Sections 23 and 26 portions of the tribal lease.

Three existing Pictured Cliffs spacing units adjoin the Elm Ridge's proposed acreage dedication. Only the PC wells are shown as black squares, not their acreage dedications.

Registered letters were sent on October 13, 2001 to all offset interest owners. Copies of all the letters and green cards are attached.

IV. A copy of the Five Lakes Canyon NW USGS map is attached. The proposed well site is marked. Proration unit for the Gallup is the 40 acre northeast quarter of the northeast quarter of Section 23. Proration unit for the Dakota is the 160 acre northeast quarter of Section 23. Both are in Township 23 North, Range 4 West, NMPM, Sandoval County, NM.

V. Elm Ridge selected its location to miss trees. The drilling window is in a pinyon-juniper forest. The Jicarilla Apache Nation wants to minimize tree loss.

VI. No archaeology sites were found.

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

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

IX. I hereby certify notice 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.

Bureau of Indian Affairs
Bureau of Land Management
Chace Oil Co. Inc.
Fisher, J. C.
Galloway, W. M.
Jicarilla Apache Nation Oil & Gas Administration
Whittier Energy Co.



Consultant

10-24-01

Signature, Title, & Date

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

The foregoing instrument was acknowledged before me this 24th day of October, 2001 by Brian Wood. Witness my hand and official seal.

Adam Croteau

Notary Public

My Commission Expires: June 9, 2003

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

cc: Aztec OCD, Clark, Endsley



State of New Mexico
Energy, Minerals & Mining Resources Department

Form C - 102

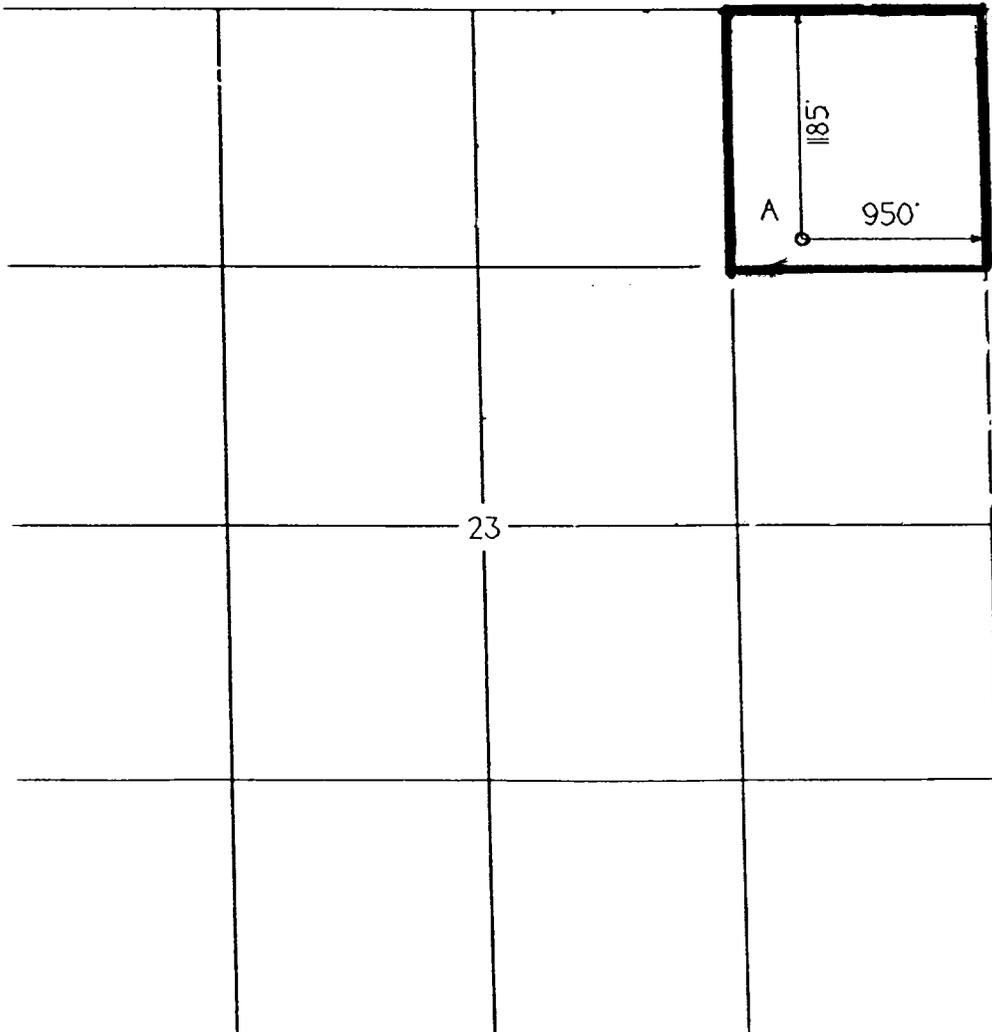
OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

APA Number		Pool Code 39179		Pool Name SOUTH LINDRITH GALLUP DAKOTA					
Property Code		Property Name BONITA CANYON						Well Number 1	
GRID No. 149052		Operator Name ELM RIDGE RESOURCES						Elevation 7245'	
Surface Location									
L or Lot	Sec.	Top.	Rge.	Lot Idn.	Feet from >	North/South	Feet from >	East/West	County
A	23	23 N.	4 W.		1185	NORTH	950	EAST	SANDOVAL
Bottom Hole Location If Different From Surface									
L or Lot	Sec.	Top.	Rge.	Lot Idn.	Feet from >	North/South	Feet from >	East/West	County
Dedication		Joint ?		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**

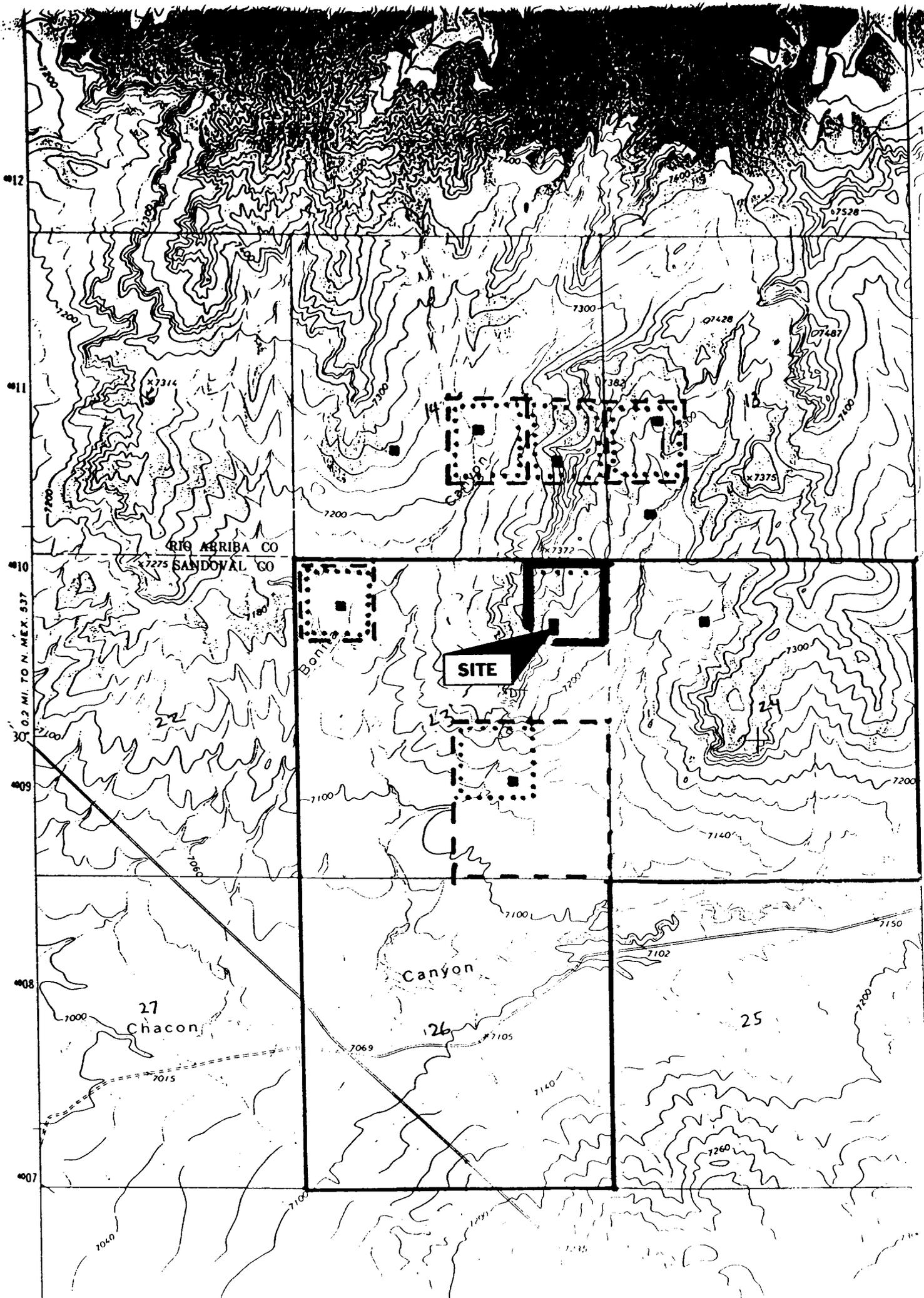
Date **OCT. 24, 2001**

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

Signature and Seal of Professional Surveyor
April Hoodleston

APRIL HOODLESTON
6844
REGISTERED LAND SURVEYOR



SITE

RIO ARRIBA CO
SANDOVAL CO

Canyon

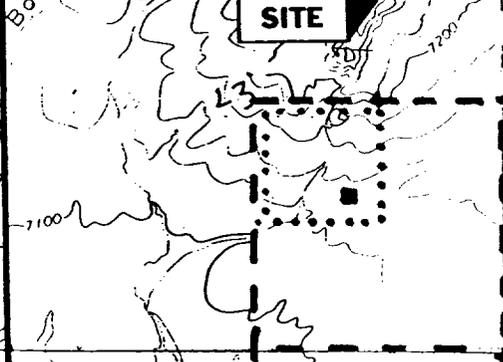
27
Chacon

25

26

0.2 MI. TO N. MEX. 537

012
011
010
009
008
007



PERMITS WEST, INC.

PROVIDING PERMITS for the ENERGY INDUSTRY
 37 Merano Loop, Santa Fe, New Mexico 87505 (505) 984-8120

October 13, 2001

BIA
 P. O. Box 167
 Dulce, NM 87528

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

Elm Ridge Resources, Inc. is applying to drill its Bonita Canyon 1 well. The minimum state distance for a South Lindrith Gallup Dakota oil well is 330' from a quarter-quarter line. The proposed well is 195' further south than is standard. Thus, it is a non-standard location. The NSL is due to trees. It is 1,185' from the closest lease boundary. It is 2,543' from the closest producing well. A standard location would be closer to the lease boundary.

Well Name: Bonita Canyon 1 Total Depth: 7,245'
Proposed NSL Producing Zone: Gallup and Dakota sandstones
NSL Acreage Dedication: 40.00 ac. (NE4NE4 Sec. 23) to Gallup
 160.00 ac. (NE4 Sec. 23) to Dakota
Location: 1185' FNL & 950' FEL Sec. 23, T. 23 N., R. 4 W.,
 Sandoval County, NM on tribal lease BIA #390
Approximate Location: ≈13 air miles east of Counselor, NM
Applicant Name: Elm Ridge Resources, Inc. (505) 632-3476
Applicant's Address: P. O. Box 189, Farmington, NM 87499

Submittal Information: Application for a non-standard location will be filed with the NM Oil Conservation Division. The application complies with the applicable New Mexico Oil Conservation Division Rules, Santa Fe, NM 87505. Their phone number is (505) 833-3333.

Please call me if you have any questions.

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

Postage	0.34	UNIT 11
Insurance	0.10	
Registration	1.50	
Total Postage & Fees	1.94	



SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
 BIA
 P. O. Box 167
 Dulce, NM 87528

2. Article Number (Copy from service label)

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery 10/15/01

C. Signature Kerry Hume Agent
 Addressee

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

7000 1670 0012 5351 7146

RIA

-670 0012 5351 7146

PERMITS WEST, INC.

PROVIDING PERMITS for the ENERGY INDUSTRY

17 Merano Loop, Santa Fe, New Mexico 87505

(505) 987-8120

466

October 13, 2001

BLM
435 Montano NE
Albuquerque, NM 87107

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

Elm Ridge Resources, Inc. is applying to drill its Bonita Canyon 1 well. The minimum state distance for a South Lindrith Gallup Dakota oil well is 330' from a quarter-quarter line. The proposed well is 195' further south than is standard. Thus, it is a non-standard location. The NSL is due to trees. It is 1,185' from the closest lease boundary. It is 2,543' from the closest producing well. A standard location would be closer to the lease boundary.

Well Name: Bonita Canyon 1 Total Depth: 7,245'
Proposed NSL Producing Zone: Gallup and Dakota sandstones
NSL Acreage Dedication: 40.00 ac. (NE4NE4 Sec. 23) to Gallup
160.00 ac. (NE4 Sec. 23) to Dakota
Location: 1185' FNL & 950' FEL Sec. 23, T. 23 N., R. 4 W.,
Sandoval County, NM on tribal lease BIA #390
Approximate Location: ≈13 air miles east of Counselor, NM
Applicant Name: Elm Ridge Resources, Inc. (505) 632-3476
Applicant's Address: P. O. Box 189, Farmington, NM 87499

Submittal Information: Application for a non-standard location will be filed with the NM Oil Conservation Division. If they determine the application complies with the app

Mexico Oil Conservatio
Fe, NM 87505. Their pl

Please call me if you h:

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

BLM
435 Montano NE
Albuquerque, NM 87107

2. Article Number (Copy from service label)

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) *Joyce Troy* B. Date of Delivery *10/15/01*
C. Signature *Joyce Troy* Agent
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.
D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.
4. Restricted Delivery? (Extra Fee) Yes

**U.S. Postal Service
CERTIFIED MAIL RECEIPT**
(Domestic Mail Only; No Insurance Coverage Protection)

ALBUQUERQUE, NM 87107	
Postage	\$ 0.34
Postage Fee	2.10
Return Receipt Fee	1.50
Total Postage & Fees	\$ 3.94



7000 1670 0012 5351 7153

ESTD 1955 2100 049

PERMITS WEST, INC.

PROVIDING PERMITS for the ENERGY INDUSTRY
 17 Verano Loop, Santa Fe, New Mexico 87505 (505) 834-8120

October 13, 2001

Chace Oil Co. Inc.
 3170 Royal Lane
 Dallas, Tx. 75229

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

Elm Ridge Resources, Inc. is applying to drill its Bonita Canyon 1 well. The minimum state distance for a South Lindrith Gallup Dakota oil well is 330' from a quarter-quarter line. The proposed well is 195' further south than is standard. Thus, it is a non-standard location. The NSL is due to trees. It is 1,185' from the closest lease boundary. It is 2,543' from the closest producing well. A standard location would be closer to the lease boundary.

Well Name: Bonita Canyon 1 Total Depth: 7,245'
Proposed NSL Producing Zone: Gallup and Dakota sandstones
NSL Acreage Dedication: 40.00 ac. (NE4NE4 Sec. 23) to Gallup
 160.00 ac. (NE4 Sec. 23) to Dakota
Location: 1185' FNL & 950' FEL Sec. 23, T. 23 N., R. 4 W.,
 Sandoval County, NM on tribal lease BIA #390
Approximate Location: ≈13 air miles east of Counselor, NM
Applicant Name: Elm Ridge Resources, Inc. (505) 632-3476
Applicant's Address: P. O. Box 189, Farmington, NM 87499

Submittal Information: Application for a non-standard location will be filed with the NM Oil Conservation Division. The application complies with the applicable rules and regulations of the New Mexico Oil Conservation Division. Please call me if you have any questions. mine the application

**U.S. Postal Service
 CERTIFIED MAIL RECEIPT**
 (Domestic Mail Only; No Insurance Coverage Protection)

- SENDER'S INSTRUCTIONS:**
- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
 - Print your name and address on the reverse so that we can return the card to you.
 - Attach this card to the back of the mailpiece, or on the front if space permits.

SECTION ON DELIVERY

A. Received by (Please Print Clearly) <i>Sara McRibben</i>	B. Date of Delivery <i>10/14/01</i>
C. Signature <i>Sme</i>	<input type="checkbox"/> Agent <input type="checkbox"/> Address
D. Is delivery address different from item 1? If YES, enter delivery address below:	<input type="checkbox"/> Yes <input type="checkbox"/> No
3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	

1. Article Addressed to:
Chace Oil Co. Inc.
 3170 Royal Lane
 Dallas, Tx. 75229

2. Article Number (Copy from service label)

DALLAS, TX 75229

UNIT ID: 0

0.74

2.10

1.50

3.94

Total Postage & Fees \$

1670 0012 5351 7191

Chace

PERMITS WEST, INC.

PROVIDING PERMITS for the ENERGY INDUSTRY

47 Verano Loop, Santa Fe, New Mexico 87505

(505) 461-8120

466

October 13, 2001

J. C. Fisher
5234 Hillsden Dr.
Salt Lake City, Ut. 84117

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

Elm Ridge Resources, Inc. is applying to drill its Bonita Canyon 1 well. The minimum state distance for a South Lindrith Gallup Dakota oil well is 330' from a quarter-quarter line. The proposed well is 195' further south than is standard. Thus, it is a non-standard location. The NSL is due to trees. It is 1,185' from the closest lease boundary. It is 2,543' from the closest producing well. A standard location would be closer to the lease boundary.

Well Name: Bonita Canyon 1 Total Depth: 7,245'
Proposed NSL Producing Zone: Gallup and Dakota sandstones
NSL Acreage Dedication: 40.00 ac. (NE4NE4 Sec. 23) to Gallup
 160.00 ac. (NE4 Sec. 23) to Dakota
Location: 1185' FNL & 950' FEL Sec. 23, T. 23 N., R. 4 W.,
 Sandoval County, NM on tribal lease BIA #390
Approximate Location: ≈13 air miles east of Counselor, NM
Applicant Name: Elm Ridge Resources, Inc. (505) 632-3476
Applicant's Address: P. O. Box 189, Farmington, NM 87499

Submittal Information: Application for a non-standard location will be filed with the NM Oil Conservation Division. If they determine the application complies with the app Mexico Oil Conservatio Fe, NM 87505. Their pl

Please call me if you h

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY						
<ul style="list-style-type: none"> ■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mailpiece, or on the front if space permits. 	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-bottom: 1px solid black;">A. Received by <i>(Please Print Clearly)</i></td> <td style="width: 50%; border-bottom: 1px solid black;">B. Date of Deliv</td> </tr> <tr> <td style="border-bottom: 1px solid black;">C. Signature</td> <td style="border-bottom: 1px solid black;"> <input type="checkbox"/> Agent <input type="checkbox"/> Address </td> </tr> <tr> <td colspan="2" style="border-bottom: 1px solid black;">D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</td> </tr> </table>	A. Received by <i>(Please Print Clearly)</i>	B. Date of Deliv	C. Signature	<input type="checkbox"/> Agent <input type="checkbox"/> Address	D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
A. Received by <i>(Please Print Clearly)</i>	B. Date of Deliv						
C. Signature	<input type="checkbox"/> Agent <input type="checkbox"/> Address						
D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No							
<p>1. Article Addressed to:</p> <p style="text-align: center; margin-left: 40px;">J. C. Fisher 5234 Hillsden Dr. Salt Lake City, Ut. 84117</p>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-bottom: 1px solid black;">3. Service Type</td> <td style="width: 50%; border-bottom: 1px solid black;">4. Restricted Delivery? <i>(Extra Fee)</i></td> </tr> <tr> <td style="border-bottom: 1px solid black;"> <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merch <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D. </td> <td style="border-bottom: 1px solid black;"> <input type="checkbox"/> Yes </td> </tr> </table>	3. Service Type	4. Restricted Delivery? <i>(Extra Fee)</i>	<input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merch <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	<input type="checkbox"/> Yes		
3. Service Type	4. Restricted Delivery? <i>(Extra Fee)</i>						
<input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merch <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	<input type="checkbox"/> Yes						

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Pro

SALT LAKE CITY, UT 84117

Postage	\$ 0.34	UNIT ID: 99
Certified Fee	\$ 2.10	
Return Receipt Fee	\$ 1.50	
Registered Delivery Fee		
Total Postage & Fees	\$ 3.94	

POST OFFICE EXPRESS SA
 10/13/01

0012 5351 7160

PERMITS WEST, INC.

PROVIDING PERMITS for the ENERGY INDUSTRY

37 Verano Loop, Santa Fe, New Mexico 87505

(505) 964-8120

466

October 13, 2001

Oil & Gas Administration
P. O. Box 507
Dulce, NM 87528

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

Elm Ridge Resources, Inc. is applying to drill its Bonita Canyon 1 well. The minimum state distance for a South Lindrith Gallup Dakota oil well is 330' from a quarter-quarter line. The proposed well is 195' further south than is standard. Thus, it is a non-standard location. The NSL is due to trees. It is 1,185' from the closest lease boundary. It is 2,543' from the closest producing well. A standard location would be closer to the lease boundary.

Well Name: Bonita Canyon 1 Total Depth: 7,245'
Proposed NSL Producing Zone: Gallup and Dakota sandstones
NSL Acreage Dedication: 40.00 ac. (NE4NE4 Sec. 23) to Gallup
160.00 ac. (NE4 Sec. 23) to Dakota
Location: 1185' FNL & 950' FEL Sec. 23, T. 23 N., R. 4 W.,
Sandoval County, NM on tribal lease BIA #390
Approximate Location: ≈13 air miles east of Counselor, NM
Applicant Name: Elm Ridge Resources, Inc. (505) 632-3476
Applicant's Address: P. O. Box 189, Farmington, NM 87499

Submittal Information: Application for a non-standard location will be filed with the NM Oil Conservation Division. If they determine the application complies with the applicable rules, the application will be processed. New Mexico Oil Conservation Division, P. O. Box 507, Santa Fe, NM 87505.

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Oil & Gas Administration
P. O. Box 507
Dulce, NM 87528

2. Article Number (Copy from service label)

COMPLETE THIS SECTION ON DELIVERY

- A. Received by (Please Print Clearly) _____ B. Date of Delivery 10/15/01
- C. Signature [Signature] Agent Addressee
- D. Is delivery address different from item 1? Yes No
If YES, enter delivery address below: _____

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.
4. Restricted Delivery? (Extra Fee) Yes

7000 1670 0012 5351 7139

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M

**U.S. Postal Service
CERTIFIED MAIL RECEIPT**
(Domestic Mail Only; No Insurance Coverage Provided)

HELD
7555
2100
0295

DATE: NM 87528
0.34 UNIT 10.0
1.10
1.50
1.94

POST OFFICE EXPRESS SAN
JULIO

Total Postage & Fees \$ 3.94

Oil & Gas Ad.
PO Box 507
Dulce, NM

PERMITS WEST, INC.

PROVIDING PERMITS for the ENERGY INDUSTRY

37 Verano Loop, Santa Fe, New Mexico 87505

(505) 944-8120

466

October 13, 2001

Whittier Energy Co.
P. O. Box 2058
Farmington, NM 87499

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

Elm Ridge Resources, Inc. is applying to drill its Bonita Canyon 1 well. The minimum state distance for a South Lindrith Gallup Dakota oil well is 330' from a quarter-quarter line. The proposed well is 195' further south than is standard. Thus, it is a non-standard location. The NSL is due to trees. It is 1,185' from the closest lease boundary. It is 2,543' from the closest producing well. A standard location would be closer to the lease boundary.

Well Name: Bonita Canyon 1 Total Depth: 7,245'
Proposed NSL Producing Zone: Gallup and Dakota sandstones
NSL Acreage Dedication: 40.00 ac. (NE4NE4 Sec. 23) to Gallup
160.00 ac. (NE4 Sec. 23) to Dakota
Location: 1185' FNL & 950' FEL Sec. 23, T. 23 N., R. 4 W.,
Sandoval County, NM on tribal lease BIA #390
Approximate Location: ≈13 air miles east of Counselor, NM
Applicant Name: Elm Ridge Resources, Inc. (505) 632-3476
Applicant's Address: P. O. Box 189, Farmington, NM 87499

Submittal Information:
with the NM Oil Conservation Division Rules, I am notifying you of the following non-standard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Please call me if you have any questions.

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

FARMINGTON, NM 87499		
Postage	0.34	UNIT ID: 09
Insurance	2.10	
Registration	1.50	
Other		
Total	4.00	



SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Whittier Energy Co.
P. O. Box 2058
Farmington, NM 87499

2. Article Number (Copy from service label)

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

S. L. Holcomb

C. Signature

X. S. L. Holcomb

D. Is delivery address different from item 1? Yes No

If YES, enter delivery address below:



3. Service Type

Certified Mail Registered Return Receipt for Merchandise

Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

0012 5351 7177

Registered letters were sent on October 13, 2001 to all offset interest owners. Copies of all the letters and green cards are attached.

IV. A copy of the Five Lakes Canyon NW USGS map is attached. The proposed well site is marked. Proration unit for the Gallup and Dakota is the 40 acre northeast quarter of the northeast quarter of Section 23, Township 23 North, Range 4 West, NMPM, Sandoval County, NM.

V. Elm Ridge selected its location to miss trees. The drilling window is in a pinyon-juniper forest. The Jicarilla Apache Nation wants to minimize tree loss.

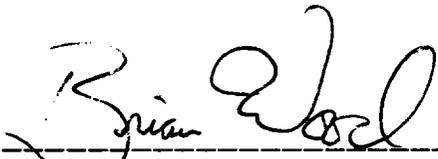
VI. No archaeology sites were found.

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

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

IX. I hereby certify notice 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.

Bureau of Indian Affairs
Bureau of Land Management
Chace Oil Co. Inc.
Fisher, J. C.
Galloway, W. M.
Jicarilla Apache Nation Oil & Gas Administration
Whittier Energy Co.

 *Brian Wood* *Consultant* *10-24-01*

Signature, Title, & Date

OCT 25 2001

Registered letters were sent on October 13, 2001 to all offset interest owners. Copies of all the letters and green cards are attached.

IV. A copy of the Five Lakes Canyon NW USGS map is attached. The proposed well site is marked. Proration unit for the Gallup and Dakota is the 40 acre northeast quarter of the northeast quarter of Section 23, Township 23 North, Range 4 West, NMPM, Sandoval County, NM.

V. Elm Ridge selected its location to miss trees. The drilling window is in a pinyon-juniper forest. The Jicarilla Apache Nation wants to minimize tree loss.

VI. No archaeology sites were found.

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

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

IX. I hereby certify notice 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.

Bureau of Indian Affairs
Bureau of Land Management
Chace Oil Co. Inc.
Fisher, J. C.
Galloway, W. M.
Jicarilla Apache Nation Oil & Gas Administration
Whittier Energy Co.

 *Brian Wood* Consultant 10-24-01

Signature, Title, & Date

OCT 25 2001

Stogner, Michael

From: Stogner, Michael
Sent: Thursday, October 25, 2001 9:38 AM
To: 'Brian Wood (E-mail)'
Cc: Hayden, Steven
Subject: RE: Elm Ridge/Bonita Canyon Well No. 1

Received your amended application yesterday, October 24, 2001. Can I assume Paragraph "IV" on page two is in error?

-----Original Message-----

From: Stogner, Michael
Sent: Tuesday, October 23, 2001 9:13 AM
To: Brian Wood (E-mail)
Cc: Hayden, Steven
Subject: Elm Ridge/Bonita Canyon Well No. 1

Re: *Administrative application (application reference No. pKRV0-129038996) filed on behalf of the operator, Elm Ridge Resources, Inc., on October 15, 2001 for its Bonita Canyon Well No. 1 to be drilled at an unorthodox oil well location in the South Lindrith Gallup-Dakota Oil Pool (--pool code here--) 1185' FNL & 959' FEL (A) of Sec. 23-T23N-R4W, Sandoval County, NM.*

Dear Mr. Wood:

The subject application is for a well in the South Lindrith Gallup-Dakota Oil Pool, which was created on July 1, 1973 for the production of oil from both the Gallup and Dakota formations (see Division Order No. R-4555 issued in Case No. 4954 on June 25, 1973). This pool is governed by Division Rule 104.B (1), which requires 40-acre spacing and proration units and for wells to be located no closer to the unit boundary line than 330 feet.

Your application indicates that the dedicated acreage for this well in the Dakota interval will be the 160 acres comprising the NE/4 of Section 23 and the 40 acres comprising the NE/4 NE/4 for the Gallup interval. This appears to be in error.

Since the submitted information is insufficient to review, this application is hereby ruled incomplete as of October 23, 2001. Please submit corrected information by Tuesday, October 30, 2001.

The Division cannot precede any further with your application until this information is submitted. Upon receipt, the Division will continue to process your application. The additional information can be faxed to (505) 476-3471, or mailed to the Division in Santa Fe. If the necessary information is not submitted, your application will be returned to you. Thank you for your cooperation.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

129038996

New Mexico Oil Conservation Division---Engineering Bureau
Administrative Application Process Documentation

Date Application Received: 10-15-2001

Date of Preliminary Review: 10-23-2001
(Note: Must be within 10-days of received date)

Results: Application Complete Application Incomplete

Date Incomplete ^{e-mail} Letter Sent: 10-23-2001

Deadline to Submit Requested Information: 10-30-2001

Phone Call Date:
(Note: Only applies if requested data is not submitted within the 7-day deadline)

Phone Log Completed? Yes No

Date Application Processed: ~~10-26~~

Date Application Returned:
(Note: Only as a last resort & only after repeated attempts by the Division to obtain the necessary information to process the application)

10-24: Received supplemental information

10-25: 2nd incomplete notice e-mailed

10-25: Received corrected information

10-26: Processed application to be released
on Nov. 5th.