



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON  
Governor  
Jennifer A. Salisbury  
Cabinet Secretary

Lori Wrotenbery  
Director  
Oil Conservation Division

December 24, 2001

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

*Administrative Order NSL-4677*

Dear Mr. Wood:

Reference is made to the following: (i) your application on behalf of the operator, Elm Ridge Resources, Inc. ("Elm Ridge"), submitted to the New Mexico Oil Conservation Division ("Division") on December 3, 2001 (*Division application reference No. pKRV0-133937927*); and (ii) the Division's records in Aztec and Santa Fe: all concerning Elm Ridge's request for an off-pattern non-standard Basin-Fruitland coal gas well location for its existing State of New Mexico "16" Well No. 21 (API No. 30-045-24861), located 890 feet from the North line and 1920 feet from the West line (Unit C) of Section 16, Township 23 North, Range 8 West, NMPM, Basin-Fruitland Coal (Gas) Pool (71629), San Juan County, New Mexico.

According to the Division's well records the State of New Mexico "16" Well No. 21 was initially drilled in 1981 by Kenai Oil & Gas, Inc. and completed at a standard oil well location in the Nageezi-Gallup Oil Pool within a standard 40-acre oil spacing and proration unit comprising the NE/4 NW/4 (Unit C) of Section 16.

It is our understanding that this well is no longer productive from the Gallup interval and Elm Ridge intends to recomplete this well up-hole into the Basin-Fruitland Coal (Gas) Pool. Pursuant to the "*Special Rules and Regulations for the Basin-Fruitland Coal (Gas) Pool*," as promulgated by Division Order No. R-8768, as amended, the location of this well is considered to be unorthodox. Further, the W/2 of Section 16 is to be dedicated to this well in order to form a standard 320-acre stand-up gas spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool.

By the authority granted me under the provisions of Rule 8 of these special pool rules the above-described unorthodox coal gas well location for the State of New Mexico "16" Well No. 21 is hereby approved.

Sincerely,

Lori Wrotenbery  
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec  
New Mexico State Land Office - Santa Fe