

Plugging Program for Bonita Canyon #1:

Plug 1: TIH with 2-3/8" tubing and spot 14 sack plug on top of CIBP from 7100-6960'. Pull up and reverse circulate with 2 tubing volumes of water.

Plug 2: Spot 49 sack balanced plug to cover perforations and Gallup top from 6054-5448'. Pull up and reverse circulate with 2 tubing volumes of water.

Plug 3: Spot 11 sack balanced plug to cover 100' across Cliff House top from 4366-4266'. Pull up and reverse circulate with 2 tubing volumes of water.

Plug 4: Spot 11 sack balanced plug to cover 100' across Chacra top from 3312-3212'. Pull up and reverse circulate with 2 tubing volumes of water. *Unnecessary*

Plug 5: Perf 4 holes at ^{2830'} 2880'. RIH with 4-1/2" retainer and set at 2482'. Squeeze below retainer with 222 sacks, and spot 11 sack plug on top of retainer to cover Pictured Cliffs, Fruitland, and Ojo Alamo tops from 2880-2382'. Pull up and reverse circulate with 2 tubing volumes of water.

Plug 6: Spot 11 sack balanced plug to cover 100' across Nacimiento top from 1196'-1096' 1287-1187'. Pull up and reverse circulate with 2 tubing volumes of water.

^{plug 418'-318'} Plug 7: Perf 4 holes at ^{310'} 325'. Tie onto 4-1/2" casing. Pump 107 sacks, or sufficient volume, to bring cement to surface, inside and outside 4-1/2" casing.

Remediate location according to BLM conditions of approval.

Elm Ridge Resources

Pertinent Data Sheet

Well Name: Bonita Canyon #1
Footage: 1185' FNL and 950' FEL
Location: Section 23, T23N, R4W
County: Sandoval County, NM
API#: 30-043-20954

Field: W. Lindrith Gallup-Dakota **Elevation:** 7245' GR **TD:** 7395'KB
PBTD: 7100' KB (CIBP)

Completed: 1/3/03

Casing Record:

Hole Size	Casing Size	Wt.	Grade	Depth Set	Cement
12-1/4"	8-5/8"	24#	K-55	362'	325 ft ³ (Circ. To Surface)
7-7/8"	4-1/2"	11.6#	J-55	7395'	See note below: (DV@3018' and 5275')

- (1) 1st Stage: 575 sx. Howco dropped wrong plug. TOC: 5450' (CBL).
- (2) 1st Remedial: Perfed 4 holes at 5370'. Sqzd 530 sx. TOC 3230' (CBL).
- (3) 2nd Remedial: Perfed 4 holes at 3200'. PT failed. No cmt pumped.
- (4) 3rd Remedial: Perfed 4 holes at 2180'. Sqzd 507 sx. TOC 347' (CBL)
- (5) 4th Remedial: Sqzd 25 sx into perfs at 3200'.

Tubing: NC, 1 jt. 2-3/8" tbg, 4' PS, SN, 8 jts 2-3/8" tbg, 4-1/2"x2-3/8" TAC, 188 jts. 2-3/8" tbg.
TAC set with 13,000# tension.

Rods: 2x1-1/2"x12' RHAC pump, 10x3/4" guided, 156x3/4" plain, 81x3/4" guided, 3/4"x6', 3/4"x4'.
3/4"x2' subs.

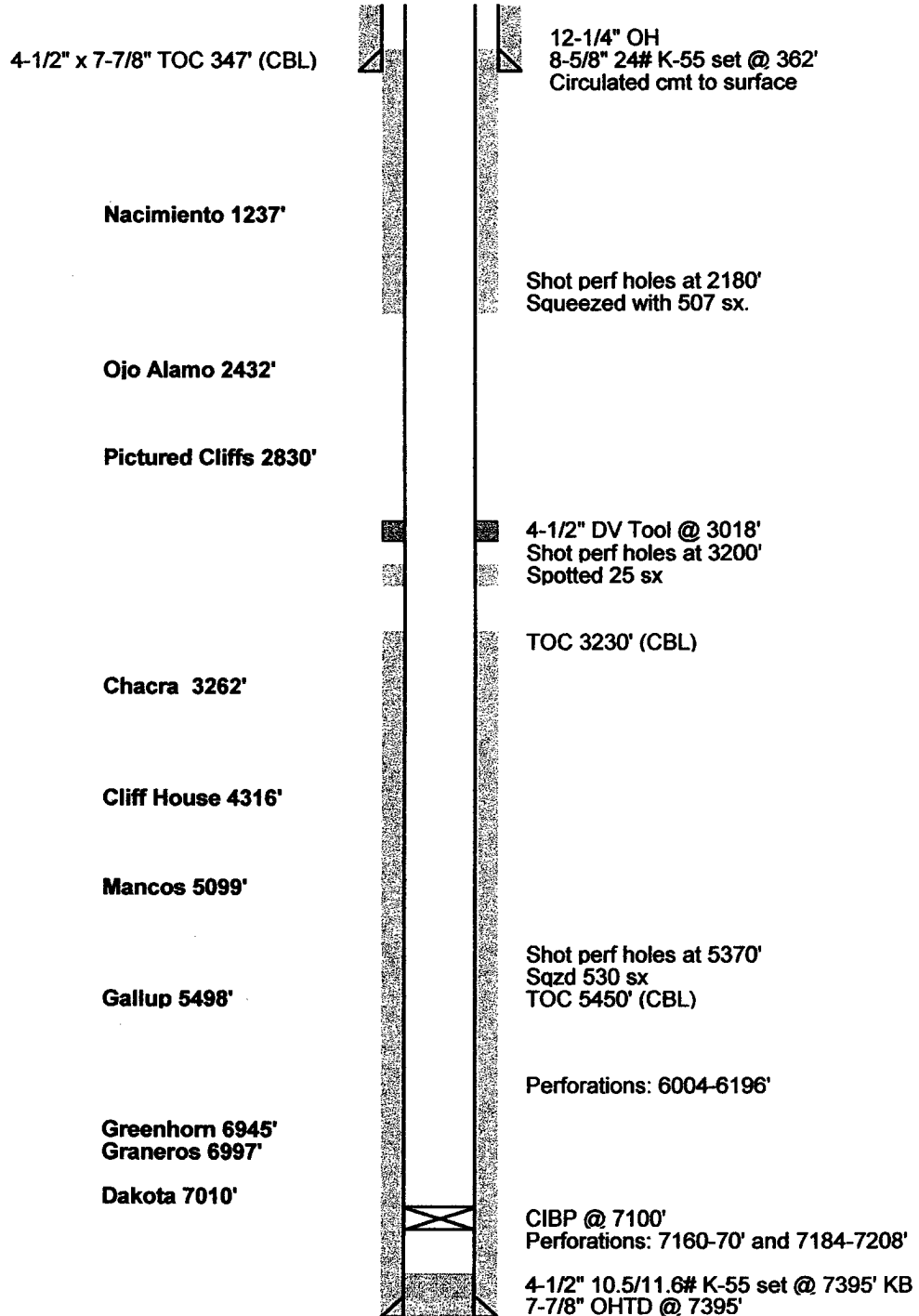
Formation Tops:

Nacimiento	1237'
Ojo Alamo	2432'
Pictured Cliffs	2830'
Chacra	3262'
Cliff House	4316'
Mancos	5099'
Gallup	5498'
Greenhorn	6945'
Graneros	6997'
Dakota	7010'

Perforations: Gallup: 6004'-6196'
Dakota: 7160-7208' (abandoned behind CIBP @ 7100')

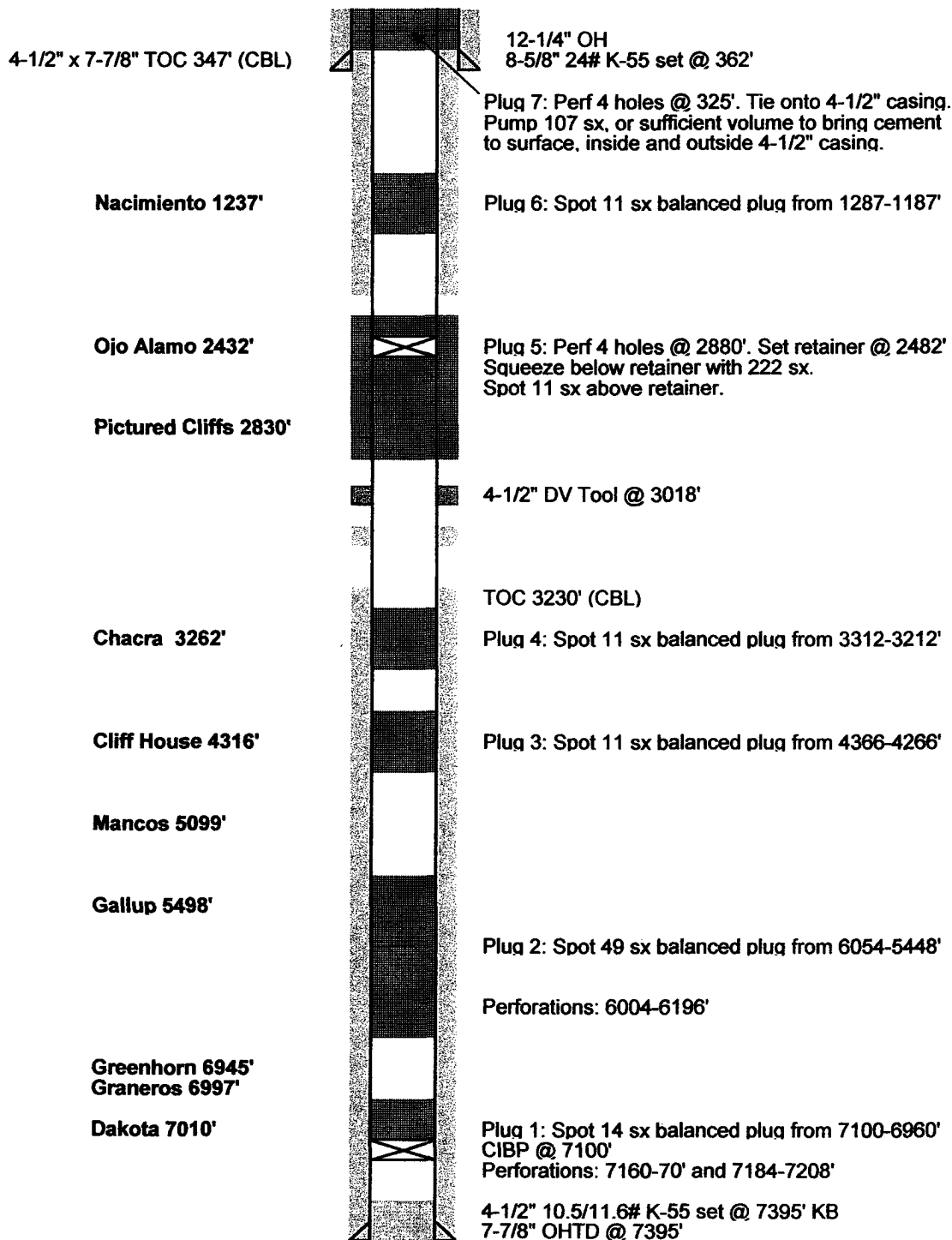
Wellbore Diagram
Bonita Canyon #1
NE/4 Sec. 23, T23N, R4W
Sandoval Co., NM
API #30-043-20954

Before



Wellbore Diagram
 Bonita Canyon #1
 NE/4 Sec. 23, T23N, R4W
 Sandoval Co., NM
 API #30-043-20954

After





United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway
Farmington, New Mexico 87401

IN REPLY REFER TO:

Jicarilla Contract 390 (WC)
3162.3-2 (21110)

November 13, 2006

Mr. Terry Lindeman
Elm Ridge Resources, Inc.
PO box 156
Bloomfield, NM 87413

Dear Mr. Lindeman:

Reference is made to your well No. 4 Bonta Canyon located 1185' FNL & 950' FEL sec. 23, T. 23 N., R. 4 W., Sandoval County, New Mexico, Lease Jicarilla Contract 390. Also referenced is our letter dated September 13, 2006, which required you to return the well to production, submitting a subsequent report by October 31, 2006.

You are in violation of 43 CFR 3163.1. This is a minor violation. If the violation is not corrected you may be subject to an assessment. You have until December 15, 2006 to correct this violation. Failure to comply within the time above may result in an assessment in accordance with 43 CFR 3163.1.

Under provisions of 43 CFR 3165.3, you may request an Administrative Review of the orders described above. Such request, including all supporting documents, must be filed in writing within 20 business days of receipt of this notice and must be filed with the State Director, Bureau of Land Management (NM-93000), P. O. Box 27115, Santa Fe, New Mexico 87502-0115. Such requests shall not result in a suspension of the order(s) unless the reviewing official so determines. Procedures governing appeals from instructions, orders or decisions are contained in 43 CFR 3165.4 and 43 CFR 4.400 et seq.

If you have any questions please contact Stephen Mason with this office at (505) 599-6364.

Sincerely,

Stephen Mason
Petroleum Engineer; Petroleum Management Team

cc:
Jicarilla Apache Nation
BIA-Jicarilla Agency

The Jicarilla Apache Nation requires 45 days to evaluate this well beginning from November 30, 2006 in order to determine if they would like to assume ownership of the well. If the Jicarilla Apache Nation has not contacted your office before the end of the 45 days you may proceed with plugging operations.