



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

November 5, 2001

Lori Wrotenberg

Director

Oil Conservation Division

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-4659

Dear Mr. Wood:

Reference is made to the following: (i) your application on behalf of the operator, Elm Ridge Resources, Inc. ("Elm Ridge"), that was initially submitted to the New Mexico Oil Conservation Division ("Division") on October 15, 2001 (*Division application reference No. pKRV0-129038996*); (ii) the Division's initial response from Mr. Michael E. Stogner, Engineer/Chief Hearing Officer in Santa Fe by e-mail dated October 23, 2001 requesting verification of certain information provided in this application; (iii) your amended application submitted on October 24, 2001; (iv) Mr. Stogner's second e-mail of October 25, 2001 requesting verification of certain information contained in the amended application; (v) your corrections submitted on October 25, 2001; and (vi) the Division's records in Santa Fe, including the files in Division Case No. 4954 all concerning:

Elm Ridge's request for an unorthodox Gallup/Dakota oil well location for its proposed Bonita Canyon Well No. 1 to be drilled 1185 feet from the North line and 950 feet from the East line (Unit A) of Section 23, Township 23 North, Range 4 West, NMPM, Sandoval County, New Mexico. The NE/4 NE/4 of Section 23 is to be dedicated to the well in order to form a standard 40-acre oil spacing and proration unit within the South Lindrith Gallup-Dakota Oil Pool (39179).

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox oil well location within the South Lindrith Gallup-Dakota Oil Pool is hereby approved.

Sincerely,

Lori Wrotenberg
Director

LW/MES/kv

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