



Mr. Will Jones
Ms. Karen Sharp

Dear Mr. Jones,

Elm Ridge Exploration Co, LLC request an extension for administrative order SWD-933 from July 22, 2005 to August 1, 2006 and for administrative order SWD-907 from December 5, 2004 to August 1, 2006. The delay for both wells was due to drilling rig availability and other project urgency such as plugging requirements to the state of New Mexico. Please note that for the permits the tubing is 3 1/2" plastic-lined, not 2 7/8" plastic lined tubing.

The two wells in question are drilled and completed. The Carson WDW 242 (933) is perforated at (6910' - 6990') and packer is set at 6830'. The Lybrook Yard WDW #1 (907) is perforated at (4382' - 4510') and packer set at 4325'.

Sincerely,

Terry Lindeman
District Superintendent

ADMINISTRATIVE ORDER SWD-907

APPLICATION OF ELM RIDGE RESOURCES, INC. FOR SALT WATER DISPOSAL, RIO ARRIBA COUNTY, NEW MEXICO.

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Rule 701(B), Elm Ridge Resources, Inc. made application to the New Mexico Oil Conservation Division on November 18, 2003, for permission to utilize for salt water disposal its proposed Lybrook Yard WDW Well No. 1 (API No. 30-039-27533) to be located 988 feet from the North line and 2035 feet from the East line (Unit B) of Section 14, Township 23 North, Range 7 West, NMPM, Rio Arriba County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

- (1) The application has been duly filed under the provisions of Rule 701(B) of the Division Rules and Regulations;
- (2) Satisfactory information has been provided that all offset operators and surface owners have been duly notified;
- (3) The applicant has presented satisfactory evidence that all requirements prescribed in Rule 701 will be met; and
- (4) No objections have been received within the waiting period prescribed by rule.

IT IS THEREFORE ORDERED THAT:

Elm Ridge Resources, Inc. is hereby authorized to utilize its proposed Lybrook Yard WDW Well No. 1 (API No. 30-039-27533) to be located 988 feet from the North line and 2035 feet from the East line (Unit B) of Section 14, Township 23 North, Range 7 West, NMPM, Rio Arriba County, New Mexico, in such a manner as to permit the injection of produced water for disposal purposes into the Point Lookout member of the Mesaverde formation from 4,575 feet to 4,775 feet, through 2 7/8 inch plastic-lined tubing set in a packer located at approximately 4,475 feet.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface.

The Point Lookout interval shall be logged with porosity and resistivity logs and swab tested after perforating. Water samples shall be obtained from the Point Lookout interval and water analysis supplied to the Division.

The casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge at the surface or left open to the atmosphere to facilitate detection of leakage in the casing, tubing, or packer.

The injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to **no more than 915 psi**.

The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the injected fluid from the injection formations. Such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to this office.

The operator shall notify the supervisor of the Aztec district office of the Division of the date and time of the installation of disposal equipment and of any mechanical integrity test so that the same may be inspected and witnessed.

The operator shall immediately notify the supervisor of the Aztec district office of the Division of the failure of the tubing, casing, or packer in said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

PROVIDED FURTHER THAT, jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh water or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the injection authority granted herein.

The operator shall submit monthly reports of the disposal operations on Division Form C-120-A, in accordance with Rule Nos. 706 and 1120 of the Division Rules and Regulations.

Administrative Order SWD-907

Elm Ridge Resources, Inc.

December 5, 2003

Page 3 of 3

The injection authority granted herein shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject well, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

Approved at Santa Fe, New Mexico, on this 5th day of December 2003.

LORI WROTENBERY, Director

LW/wvjj

cc: Oil Conservation Division – Aztec
Bureau of Land Management – Farmington