

# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

**Mark E. Fesmire, P.E.**

Director

**Oil Conservation Division**

July 18, 2007

Elm Ridge Exploration Company, LLC  
c/o Mr. Brian Wood  
37 Verano Loop  
Santa Fe, New Mexico 87508

Attention: Mr. Brian Wood, Consultant

Re: **Jicarilla 77 GD Well No. 1**  
**API No. N/A**  
**1390' FSL & 1205' FWL, Unit L,**  
**Section 9, T-23 North, R-5 West, NMPM,**  
**Rio Arriba County, New Mexico**

***Administrative Order NSL-5656***

Dear Mr. Wood:

Reference is made to the following:

- (a) your application on behalf of Elm Ridge Exploration Company, LLC ("Elm Ridge" or "applicant") for a non-standard well location (*administrative application reference No. pCLP0717341697*) for the Jicarilla 77 GD Well No. 1 that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on June 19, 2007; and
- (b) the Division's records pertinent to your request.

The applicant requests approval of an unorthodox oil well location for its Jicarilla 77 GD Well No. 1 in the Undesignated Gallo Canyon Gallup-Dakota Pool (Oil – 96369) which is to be drilled 1390 feet from the South line and 1205 feet from the West line (Unit L) of Section 9, Township 23 North, Range 5 West, NMPM, Rio Arriba County, New Mexico. The NW/4 SW/4 of Section 9 is to be dedicated to the well in the Undesignated Gallo Canyon Gallup-Dakota Pool forming a standard 40-acre oil spacing and proration unit.

The Gallo Canyon Gallup-Dakota Pool is currently governed by Division Rule No. 19.15.3.104(B).

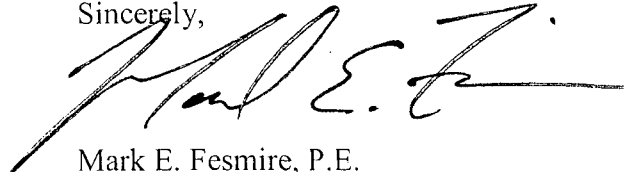
The applicant presented evidence that demonstrates that the proposed unorthodox oil well location is necessitated by topographic considerations within the NW/4 SW/4 of Section 9.

The subject well is located on a 2,560-acre Jicarilla Tribal Lease that encompasses all of Sections 9, 10, 15 and 16, Township 23 North, Range 5 West, NMPM, and Elm Ridge is the operator of this lease. Elm Ridge has provided notice of this application to the Bureau of Indian Affairs, the Bureau of Land Management, and the Jicarilla Apache Nation. No party has objected to the application within the 20-day waiting period prescribed by Division Rule No. 19.15.3.104(F).

Division records show that there are no other wells currently producing from the Gallo Canyon Gallup-Dakota Pool within the NW/4 SW/4 of Section 9.

Pursuant to the authority granted under the provisions of Division Rule 19.15.3.104.F(2), the above-described unorthodox oil well location in the Undesignated Gallo Canyon Gallup-Dakota Pool is hereby approved.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark E. Fesmire", written over a horizontal line.

Mark E. Fesmire, P.E.  
Division Director

MEF/drc

cc:     OCD-Aztec  
          Bureau of Land Management-Farmington