

6/23/08 DATE IN	SUSPENSE	Brooks ENGINEER	6/24/08 LOGGED IN	NSL TYPE	PKVR0817653005 APP NO.
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



ELK San Juan Inc
UTE Mountain Tribal
#210

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

5860

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication

☒ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement

☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners

[B] ☐ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name	Signature	Title	Date
e-mail Address			

RICHARD P. CRIST
EXECUTIVE VICE PRESIDENT
BUSINESS DEVELOPMENT



June 19, 2008

URGENT

Mr. David Brooks
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

**RE: REQUEST FOR ADMINISTRATIVE APPROVAL OF NSL
UTE MOUNTAIN TRIBAL 21D
API #3004534113
1700' FSL, 1645' FEL, J: SECTION 21-T31N-R14W
SAN JUAN COUNTY, NM
IMDA #751-05-1025 - TRACT C**

Dear Mr. Brooks:

As a follow up to our telephone conversation this afternoon, I would like to clarify the issue for your review. The subject new well was drilled and completed in the Gallup formation and is a Nonstandard Location by five feet to the east. Elk is requesting that the subject new well be granted NSL approval administratively and that Elk be allowed to produce the subject well in order to avoid damaging the producing zones.

Attached is a plat showing that Elk San Juan, LLC is the offset operator in all 40-acre offsets to the location. Also attached is the survey plat of the location. Per the IMDA with the Ute Mountain Ute Tribe, Elk is not only the surface owner, but mineral owner/operator of all producing zones surrounding the well location.

Per a telephone conversation with Steve Hayden, Geologist, Oil Conservation Division, District III office in Aztec, New Mexico this afternoon, Mr. Hayden has indicated that he has no problem with granting Elk an Administrative NSL,

Should you require additional information, please contact me at (303) 296-4505.

Sincerely,

Richard P. Crist
Executive Vice President, Business Development

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
PO Drawer 00, Artesia, NM 88211-0719

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-10
Revised February 21, 1999

Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*APT Number		*Pool Code 71599	*Pool Name BASIN DAKOTA
*Property Code 35229	*Property Name UTE MOUNTAIN TRIBAL		*Well Number 210
*GRID No. 234144	*Operator Name ELK SAN JUAN, INC.		*Elevation 5594

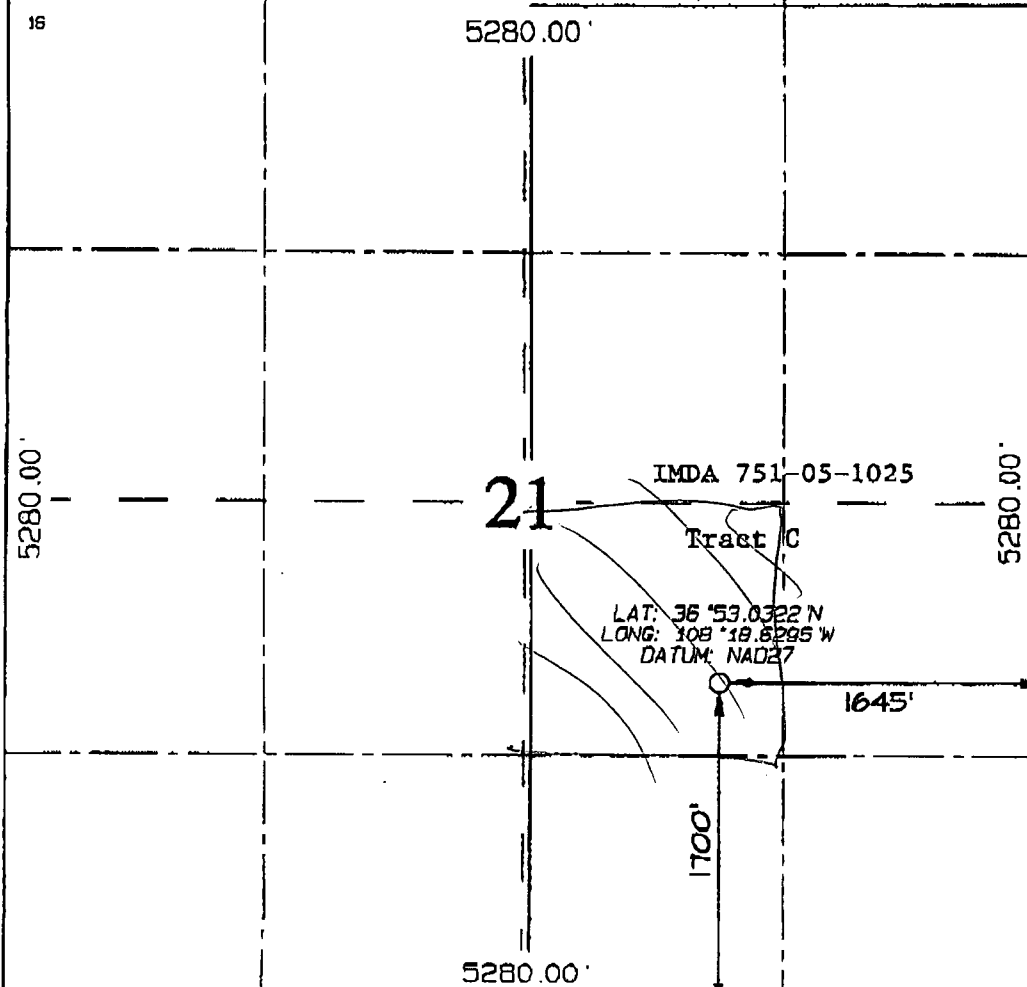
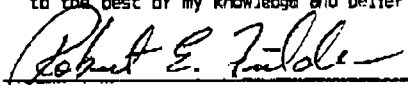
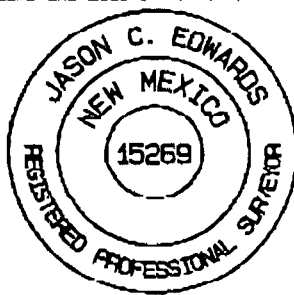
10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	21	31N	14W		1700	SOUTH	1645	EAST	SAN JUAN


11 Bottom Hole Location If Different From Surface


UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acres 320.0 Acres - E/2					13 Joint or Infill		14 Consolidation Code		15 Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION


16		17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  Signature Robert E. Fielder Printed Name Agent Title September 6, 2006 Date	
		18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Date of Survey: JUNE 22, 2005 Signature and Seal of Professional Surveyor  JASON C. EDWARDS Certificate Number 15269	



 Equity Budgeted & Permitted LOCs

 Other Permitted LOCs

 New LOCs

 LOCs IN Process


GLP/STRUC

Data Point

X Data Point

Contour: C.I. 300 ft.

Contour: C.I. 200 ft.

EVA NELSON THE L.L.C.			
			
VERB			
LOCATIONS LID			
DATE: 01/01/2008	DATE: 01/01/2008	DATE: 01/01/2008	DATE: 01/01/2008

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Tuesday, July 01, 2008 3:49 PM
To: 'rcrist@elkresources.net'
Subject: Ute Mountain Ute Tribal #21D NSL application

Dear Mr. Crist.

Your application states that Elk "is the offset operator in all 40-acre offsets." Please confirm that working interest ownership is identical between the NW/4 SE/4 and the NE/4 SE/4 of Section 21-31N-14W.

Thanks

David K. Brooks
Legal Examiner

7/1/2008

Brooks, David K., EMNRD

From: Karin Kuhn [kkuhn@elkresources.net]
Sent: Tuesday, July 01, 2008 5:02 PM
To: Brooks, David K., EMNRD
Cc: Richard Crist
Subject: Ute Mountain Ute Tribal #21D NSL application
Importance: High
Attachments: ElkIMDATractDescriptions.pdf; ELKTractPlat.pdf

Mr. Brooks:

Attached are legal descriptions of Tracts A, B, and C from our IMDA, which confirms that the ownership between NWSE and NESE of Section 21-31N-14W are the same. Also attached is a plat outlining the three tracts. Please let us know if you require any additional information.

Karin Kuhn
Sr. Eng. Tech.
ELK Resources, LLC
(303) 339-1919
kkuhn@elkresources.net

From: Brooks, David K., EMNRD [mailto:david.brooks@state.nm.us]
Sent: Tuesday, July 01, 2008 4:55 PM
To: Richard Crist
Subject: FW: Ute Mountain Ute Tribal #21D NSL application

From: Brooks, David K., EMNRD
Sent: Tuesday, July 01, 2008 3:49 PM
To: 'rcrist@elkresources.net'
Subject: Ute Mountain Ute Tribal #21D NSL application

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Thanks

David K. Brooks
Legal Examiner

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7/2/2008

"Working Days" excludes Saturdays, Sundays, and legal holidays. All other references to "days" means Calendar Days.

"Working Interest" means, subject to Article 7.02, the right to explore and drill for, develop, take, produce, remove, store, treat, process, transport, and market Minerals, and the right to proceeds from the sale of Minerals produced (exclusive of the Tribe's Royalty Interest), subject to all costs, expenses and burdens attributable to the exploration for, development, production, processing, and marketing of such Minerals.

ARTICLE 2. GRANT OF CONTRACT ACREAGE.

2.01 DESCRIPTION OF THE CONTRACT ACREAGE.

(a) The Contract Acreage comprises the below-described mineral estate underlying three specific tracts ("Tracts"), consisting of approximately 16,440 acres, except to the extent that such mineral acreage, to the depth specified, is subject to any leases or other agreements granting rights to explore for or produce Minerals. Any lands initially within the Contract Acreage, for which Elk surrenders, relinquishes, forfeits, or loses the rights to explore for or develop Minerals, shall not thereafter be deemed Contract Acreage. The three Tracts are described as follows:

Tract A: Secs. 30 and 31, T. 31 N., R. 14 W., N.M.P.M.
 (only those formations below the base of the Point Lookout);

 Secs. 24, 27, 28, 33, and 34, T. 31 N., R. 15 W., N.M.P.M.
 (all depths);

 Secs. 25, 26, 35, and 36, T. 31 N., R. 15 W., N.M.P.M.
 (only those formations below the base of the Point Lookout),

approximately 7,040 acres, more or less;

Tract B: S $\frac{1}{2}$ and N $\frac{1}{2}$ NW $\frac{1}{4}$ and SW $\frac{1}{4}$ NW $\frac{1}{4}$ and N $\frac{1}{2}$ NE $\frac{1}{4}$ and SE $\frac{1}{4}$ NE $\frac{1}{4}$,
 Sec. 10, T. 31 N., R. 15 W., N.M.P.M. (all depths),

 Secs. 11, 12, 14, T. 31 N., R. 15 W., N.M.P.M. (all depths),

 E $\frac{1}{2}$ and NW $\frac{1}{4}$ NW $\frac{1}{4}$ and S $\frac{1}{2}$ NW $\frac{1}{4}$ and N $\frac{1}{2}$ SW $\frac{1}{4}$ and SE $\frac{1}{4}$ SW $\frac{1}{4}$,
 Sec. 15, T. 31 N., R. 15 W. N.M.P.M. (all depths),

approximately 3,040 acres, more or less; and

Tract C: Secs. 15, 16, 18, and 19, T. 31 N., R. 14 W., N.M.P.M. (all depths),

 S $\frac{1}{2}$ and NE $\frac{1}{4}$ and N $\frac{1}{2}$ NW $\frac{1}{4}$ and SE $\frac{1}{4}$ NW $\frac{1}{4}$, Sec. 17,
 T. 31 N., R. 14 W., N.M.P.M. (all depths);

Secs. 20, 21, 22, 29, and 32, T. 31 N., R. 14 W., N.M.P.M.
(only those formations below the base of the Point Lookout);

approximately 6,360 acres, more or less.

(b) Elk shall prepare or cause to be prepared a title opinion on the Contract Acreage. If (1) that title opinion reveals a title defect on any of the lands included within the Contract Acreage prior to the disbursement of the bonus payment pursuant to Article 4.01, and (2) the Tribe does not cure such title defect within thirty (30) days of written notice from Elk as to such title defect, Elk may delete the lands which are the subject of such title defect from the Contract Acreage, and the Escrow Agent shall thereupon deduct the deleted acreage from the calculation of the bonus for purposes of the disbursement.

2.02 GRANT OF RIGHT TO EXPLORE AND PRODUCE.

Subject to the terms and conditions of this Agreement, the Tribe hereby gives, grants and conveys to Lessee, for the various periods of time specified in Article 3, the exclusive right and privilege to explore the Contract Acreage, by geophysical means or otherwise, and to drill for, extract, remove, and dispose of all the Minerals underlying the Contract Acreage, to the depths specified in the preceding Article 2.01.

2.03 CONTRACT ACREAGE SURFACE USE

In exercising its rights under Article 2.02, Lessee shall have the non-exclusive right, in accordance with Articles 2.04 and 9 of this Agreement, to use the surface of the Contract Acreage for the drilling, producing, saving, treating, transporting and marketing of Minerals. Lessee's use of tribal surface on the Contract Acreage is subject to (i) the issuance of the Tribe's consent, which shall not be unreasonably withheld, to the location of such surface facilities, including roads, drilling pads, pipelines, tanks, power stations and other needed structures, upon the payment of surface damages, as specified in Article 9; and (ii) appropriate federal agency approval. Nothing herein contained is intended to preclude the Tribe or the United States from continuing to conduct mineral assessment or evaluation activities on the Contract Acreage concurrently with the exercise of Lessee's rights under this Agreement.

2.04 SHARING ROADS AND FACILITIES WITH OTHERS.

(a) The parties understand that the Tribe has granted mineral development rights on certain Sections within the Contract Acreage to third parties for the production of Minerals lying above the base of the Point Lookout Formation, and that Elk is expected to cooperate with these third parties in the use of roads on the Contract Acreage, as provided in this Article.

(b) When Elk applies for a right-of-way for a road pursuant to Article 9.03, or seeks the Tribe's consent pursuant to Article 9.01(b) to build a road across the Contract Acreage, it shall coordinate with any other party with mineral development rights on the Contract Acreage in an attempt to insure that any such road meets the needs of all parties with such mineral development rights. All parties with mineral development rights on lands of the Contract Acreage are expected to