



SUSPENSE	ENGINEER Brooks	LOGGED IN 8/26/08	TYPE NSL	APP NO. PKVR0823954560
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NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505

RECEIVED:

2008 AUG 26 PM 2 18

ABOVE THIS LINE FOR DIVISION USE ONLY

ADMINISTRATIVE APPLICATION CHECKLIST NSL-5937

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

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling] *oil well*
[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 _____

Elm Ridge's
Marcus B 2
30-039-30402

BLM

NSL-5937

06R10149052

ESCAPITO 22619

TD-6005 5-11-08

- [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

G, Sec 5 T23N R6W

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

1735' FNL 2175' FEL

- [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

- R-9068 -

- [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

BRIAN WOOD
(505) 466-8120
FAX 466-9682

B Wood

CONSULTANT

8-26-08

e-mail Address

brian@permitswest.com

(GENERAL RULES AND REGULATIONS - ASSOCIATED OIL AND GAS POOLS - Cont'd.)

associated pool, provision should be made in the general associated pool rules for underproduction from such well to be carried forward into subsequent proration periods, provided however, that such underproduction in excess of three times the current monthly allowable should not be carried forward, but should be cancelled.

(10) That in order to provide a reasonable period of time in which overproduction of current allowable by a gas well in an associated pool may be compensated for by underproduction, provision should be made in the general associated pool rules for such overproduction to be carried forward into subsequent proration periods, provided however, that any well which is overproduced by an amount exceeding three times its current monthly allowable should be shut in until such well is overproduced by an amount less than three times its current monthly allowable.

(11) That the volumetric gas allowable formulas applicable to the Bluit-San Andres Associated Pool and the Todd-Lower San Andres Associated Pool are no longer effective and should not be included in the special pool rules for said pools.

(12) That the inclusion of liquid gravity as a criterion in the classification of oil wells and gas wells in the Angels Peak-Gallup, Devils Fork-Gallup, Bluit-San Andres, Peterson-Pennsylvanian, and Todd-Lower San Andres Pools appears to serve no useful purpose, and should be discontinued.

(13) That the Jennings-Delaware Associated Pool and the North Paduca-Delaware Associated Pool, as heretofore created and defined, no longer fit the associated pool classification, and that said pools should be redefined as oil pools subject to the Commission General Rules and Regulations, and the Special Rules for said pools should be rescinded.

(14) That the Northwest Todd-San Andres Associated Pool as previously created and defined no longer fits the associated pool classification and should be redefined as an oil pool and the special pool rules therefor amended to provide only for 80-acre oil well spacing units and a gas-oil ratio limitation of 5000 to 1.

(15) That the existing special associated pool rules for the remaining 18 associated pools which provide for spacing of oil wells and gas wells, oil well and gas well locations, definition of oil wells and gas wells based on gas-liquid ratios, and special gas-oil ratio limitations, any of which are in conflict with the general rules and regulations for associated pools should be retained, but should be incorporated in one overall order applicable to associated oil and gas pools, and the orders presently applicable to said pools superseded.

(16) That the gas well location requirements for the Double L-Queen Associated Pool should be amended to comply with the general rules and regulations for associated pools.

(17) That all associated pool gas well underproduction should be cancelled as of January 31, 1977.

(18) That the Secretary-Director of the Commission should be authorized to administratively reinstate such cancelled underproduction, up to three times the current monthly allowable, upon a showing by the operator that such underproduction could be made up.

(19) That the rescission, amendment, and supersedure of the Special Pool Rules listed in Finding No. (3) above, and the adoption of General Rules applicable to the associated oil and gas pools in the State of New Mexico in accordance with the above findings will prevent waste and protect correlative rights, is in the public interest, and should be approved.

IT IS THEREFORE ORDERED:

(1) That effective February 1, 1977, general rules and regulations are hereby adopted for the associated oil and gas pools of northwest and Southeast New Mexico as follows:

GENERAL RULES AND REGULATIONS FOR THE ASSOCIATED OIL AND GAS POOLS OF NORTHWEST NEW MEXICO AND SOUTHEAST NEW MEXICO.

(See Special Pool Rules for each pool for rules applicable to that particular pool. Special Pool Rules will be found in the same classification order as in the General Section. If the Special Rule is in conflict with the General Rule, the Special Rule shall be applicable.)

A. WELL LOCATION AND ACREAGE REQUIREMENTS

RULE 1. Any well drilled to the producing formation of an associated pool regulated by this order and within said pool or within one mile outside the boundary of that pool, and not nearer to nor within the boundaries of another designated pool producing from the same formation, shall be spaced, drilled, operated, and prorated in accordance with the regulations in effect in that pool.

RULE 2. (a) See Special Pool Rules for applicable size of oil and gas spacing and proration units. Unless otherwise specified by the Special Pool Rules, 40-acre units shall comprise a governmental quarter-quarter section substantially in the form of a square, being a legal subdivision of the United States Public Land Surveys; 80-acre units shall comprise two contiguous quarter-quarter sections, being the N/2, S/2, E/2, or W/2 of a single governmental quarter section; 160-acre units shall comprise a governmental quarter section; and 320-acre units shall comprise two contiguous quarter sections, being the N/2, S/2, E/2, or W/2 of a single governmental section.

RULE 2. (b) Each well drilled or completed on a spacing and proration unit within an associated pool governed by these rules shall be located as provided below:

OIL WELLS AND GAS WELLS - NORTHWEST NEW MEXICO

Standard Proration Unit	Location Requirements
40 Acres	Not closer than 330 feet to the boundary of the tract
80, 160 and 320 Acres	Not closer than 790 feet to any quarter section line nor closer than 330 feet to any quarter-quarter section line or subdivision inner boundary

OIL WELLS - SOUTHEAST NEW MEXICO

Standard Proration Unit	Location Requirements
40 Acres	Not closer than 330 feet to the boundary of the tract
80 and 160 Acres	Within 150 feet of the center of the quarter-quarter section wherein located

REQUEST FOR ADMINISTRATIVE APPROVAL
FOR NONSTANDARD LOCATION
FOR ELM RIDGE EXPLORATION COMPANY, LLC
MARCUS B 2
1735' FNL & 2175' FEL SEC. 5, T. 23 N., R. 6 W.
RIO ARRIBA COUNTY, NM

R 5353

I. The well (30-039-30402) is on BLM surface and BLM oil and gas lease NMSF-078362. It is 905' from the closest lease line. The location is nonstandard for the Escrito Gallup (Associated) Pool Code 22619 due to terrain and archaeology. (The NSL location kept the pad out of a valley and resulted in less road). A standard location must be at least 330' from the quarter-quarter line and 790' from the quarter section line. This well is 325' further west than is standard. (Closest standard location would be 1735' FNL & 1850' FWL.) The APD cover sheet is attached as EXHIBIT A.

II. A C-102 showing the well and pro ration unit (W2NE4 Section 5) is attached (EXHIBIT B).

The BLM oil and gas lease (2,530.32 acres) boundary is marked as a solid line on the attached (EXHIBIT C) copy of the USGS topographic map. The well is on BLM lease NMSF-078362.

The well encroaches on the NW4 of Section 5. There are no Escrito Gallup wells in that quarter section. That quarter section is part of the same BLM lease.

Existing 80 acre Escrito Gallup (Associated) dedications touching or bordering the proposed the Marcus B 2 dedication are shown on Exhibit D. There is only one existing Escrito Gallup (Associated) dedication in 5-23n-6w or 32-24n-6w. That existing dedication is the E2NE4 Section 5 and is held by Elm Ridge's Rincon 5Y well. That well (30-039-24534) is 1,754' northeast.

All other wells in Sections 5 and 32 are Counselors Gallup-Dakota wells, the closest (880') of which is Elm Ridge's Marcus A 12. Terrain and archaeology forced that well into a nonstandard location (NSL-2460). 1988

The proposed Escrito Gallup (Associated) dedication (W2NE4 Section 5 (=80 acres)) is shown on EXHIBIT D. Elm Ridge's Marcus B 2 is the only Escrito Gallup (Associated) well in that dedication.

III. According to NM Oil Conservation Division records, the closest existing or approved Escrito Gallup (Associated) well is Elm Ridge's producing Rincon 5Y well. It is 1,754' northeast at 740' FNL & 730' FEL 5-23n-6w. EXHIBIT D shows the proposed NSL well, all adjacent existing Escrito Gallup (Associated) wells (circled), and all existing (1) and proposed (1) adjacent Escrito Gallup (Associated) dedicated spacing units which border the W2NE4 Section 5.

Registered letters were sent on August 25, 2008 to all of the offset interest owners. Copies of the postal receipts and letters are attached.

IV. A copy of the USGS map is attached (EXHIBIT D). The proposed well site is marked. Pro ration unit (solid line) for the Gallegos Gallup (Associated) is the 80 acre west half of the northeast quarter Section 5, Township 23 North, Range 6 West, Rio Arriba County, NM.

V. The nonstandard location is due to terrain and archaeology. The Marcus B 2 well site is on a small ridge in deference to keeping it out of a valley to the east. The drilling window (200' x 200') is less than an acre in size (0.92 acre). The drilling window falls in a valley (see EXHIBIT E, air photo).

VI. Archaeology (see EXHIBIT F, photograph of corrugated pottery) is immediately north of the drilling window. *How Far North*

VII. See item V. above and attached EXHIBITS E and F for a description and depiction of the surface conditions.

VIII. Directional drilling is not feasible because it is not cost effective.

IX. I hereby certify notice (EXHIBIT G) was sent on August 25, 2008 to the following owners of interests in the NW4 of Section 28 which adjoin the applicant's spacing unit on one or more of the two sides or the single closest corner to the proposed well and that the information is current and correct.

BLM

Bannon Energy et al

Belfer, Robert
BRS Exploration
Jack Cole et al
GARG Oil
Edward Hartman
M & G Drilling
Tiffany Gas
Vaughn Petroleum
Bonnie Vestica
Walsh Trust

B. Wood

Brian Wood, Consultant

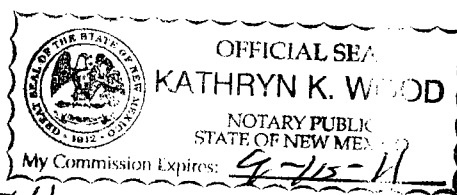
8-25-08

Date

STATE OF NEW MEXICO)
) SS:
COUNTY OF SANTA FE)

The foregoing instrument was acknowledged before me this 25th day of August, 2008 by Brian Wood. Witness my hand and official seal.

Kathryn K. Wood
Notary Public



My Commission Expires: *9-12-11*

Business Address: 37 VERANO LOOP, SANTA FE, NM 87508

cc: Elm (Bloomfield & Dallas), OCD (Aztec & Santa Fe)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

5. Lease Serial No.
NMSF-078362

6. If Indian, Allottee or Tribe Name
N/A

7. If Unit or CA Agreement, Name and No.
N/A

8. Lease Name and Well No.
MARCUS B #2

9. API Well No.
30-039- 30462

1a. Type of work: ☒ DRILL ☐ REENTER

1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone

2. Name of Operator
ELM RIDGE EXPLORATION COMPANY, LLC

3a. Address **P. O. BOX 156
BLOOMFIELD, NM 87413**

3b. Phone No. (include area code)
(505) 632-3476

10. Field and Pool, or Exploratory
ESCRITO GALLUP (ASSOC.)

4. Location of Well (Report location clearly and in accordance with any State requirements.)*

At surface **1735' FNL & 2175' FEL**

At proposed prod. zone **SAME**

11. Sec., T. R. M. or Blk. and Survey or Area
5-23N-6W NMPM

14. Distance in miles and direction from nearest town or post office*
4 AIR MILES NE OF LYBROOK

12. County or Parish
RIO ARRIBA

13. State
NM

15. Distance from proposed*
location to nearest
property or lease line, ft.
(Also to nearest drig. unit line, if any) **905'**

16. No. of acres in lease
2,530.32

17. Spacing Unit dedicated to this well
LOT 2 & SWNE (= 80.04 acres)

18. Distance from proposed location*
to nearest well, drilling, completed,
applied for, on this lease, ft. **880' (A #12)**

19. Proposed Depth
5,800'

20. BLM/BIA Bond No. on file
BLM STATE WIDE 886201C

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
6,871' GL

22. Approximate date work will start*
12/01/2007

23. Estimated duration
3 WEEKS

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

1. Well plat certified by a registered surveyor.

2. A Drilling Plan.

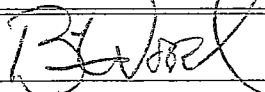
3. A Surface Use Plan (if the location is on National Forest System Lands, the
SUPO shall be filed with the appropriate Forest Service Office).

4. Bond to cover the operations unless covered by an existing bond on file (see
Item 20 above).

5. Operator certification

6. Such other site specific information and/or plans as may be required by the
authorized officer.

25. Signature



Name (Printed/Typed)

BRIAN WOOD

Date

10/15/2007

Title

CONSULTANT

PHONE: (505) 466-8120

FAX: (505) 466-9682

Approved by (Signature)

Name (Printed/Typed)

Date

Title

Office

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

EXHIBIT A

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised October 12, 2005

DISTRICT II
1301 W. Grand Avenue, Artesia, N.M. 88210

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

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

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-	² Pool Code 22619	³ Pool Name ESCRITO GALLUP (ASSOCIATED)
⁴ Property Code	⁵ Property Name MARCUS B	⁶ Well Number 2
⁷ GRID No. 149052	⁸ Operator Name ELM RIDGE EXPLORATION, LLC	⁹ Elevation 6871'

¹⁰ Surface Location

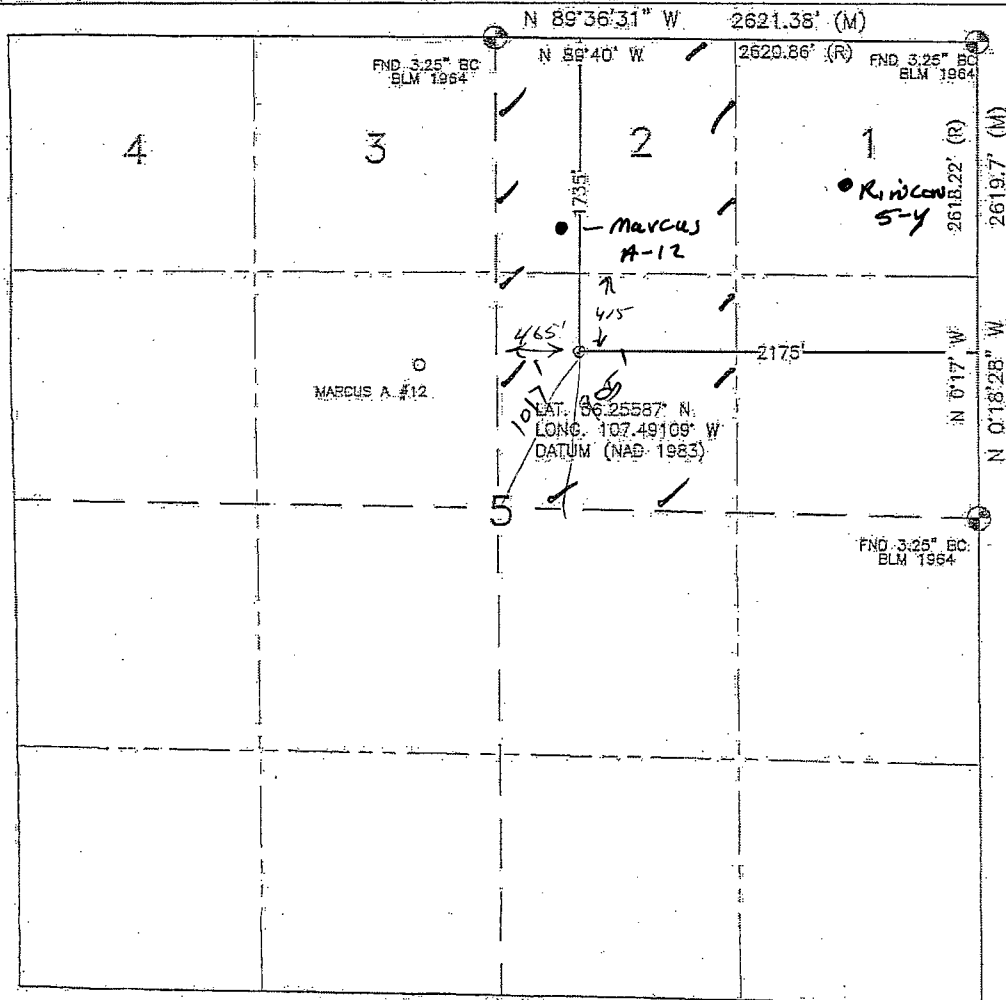
UL or lot no.	Section	Township	Range	Lot Idn.	Feet from the	North/South line	Feet from the	East/West line	County
G	5	23N	6W		1735'	NORTH	2175'	EAST	RIO ARriba

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 80.04					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, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner or a compulsory pooling order heretofore entered by the division.

Signature: *Brian Wood* Date: 10-15-07

Printed Name: BRIAN WOOD

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 6, 2007

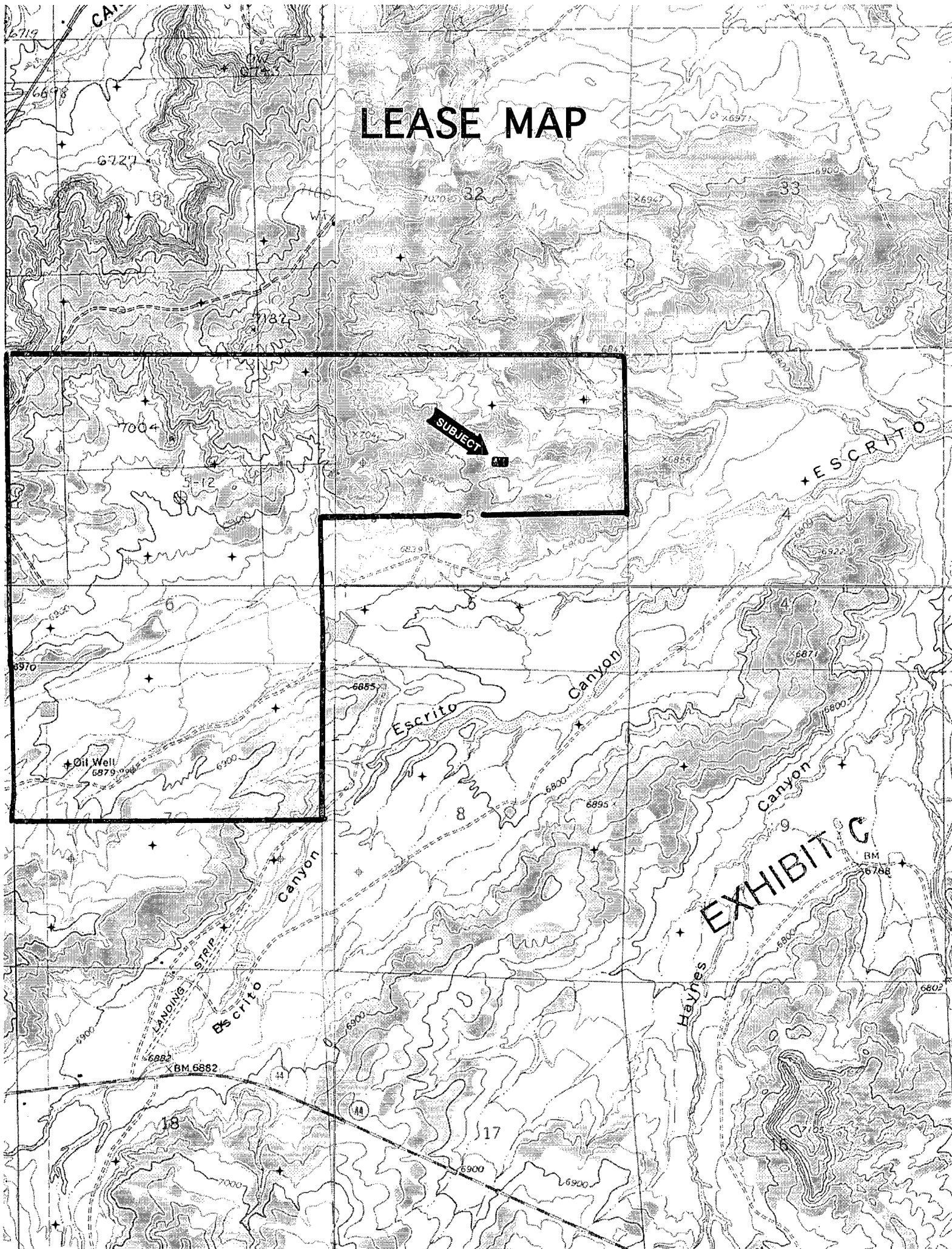
Signature and Seal of Professional Surveyor:

David Russell
DAVID R. RUSSELL
NEW MEXICO
REGISTERED PROFESSIONAL LAND SURVEYOR
10201

DAVID RUSSELL
Certificate Number: 10201

EXHIBIT B

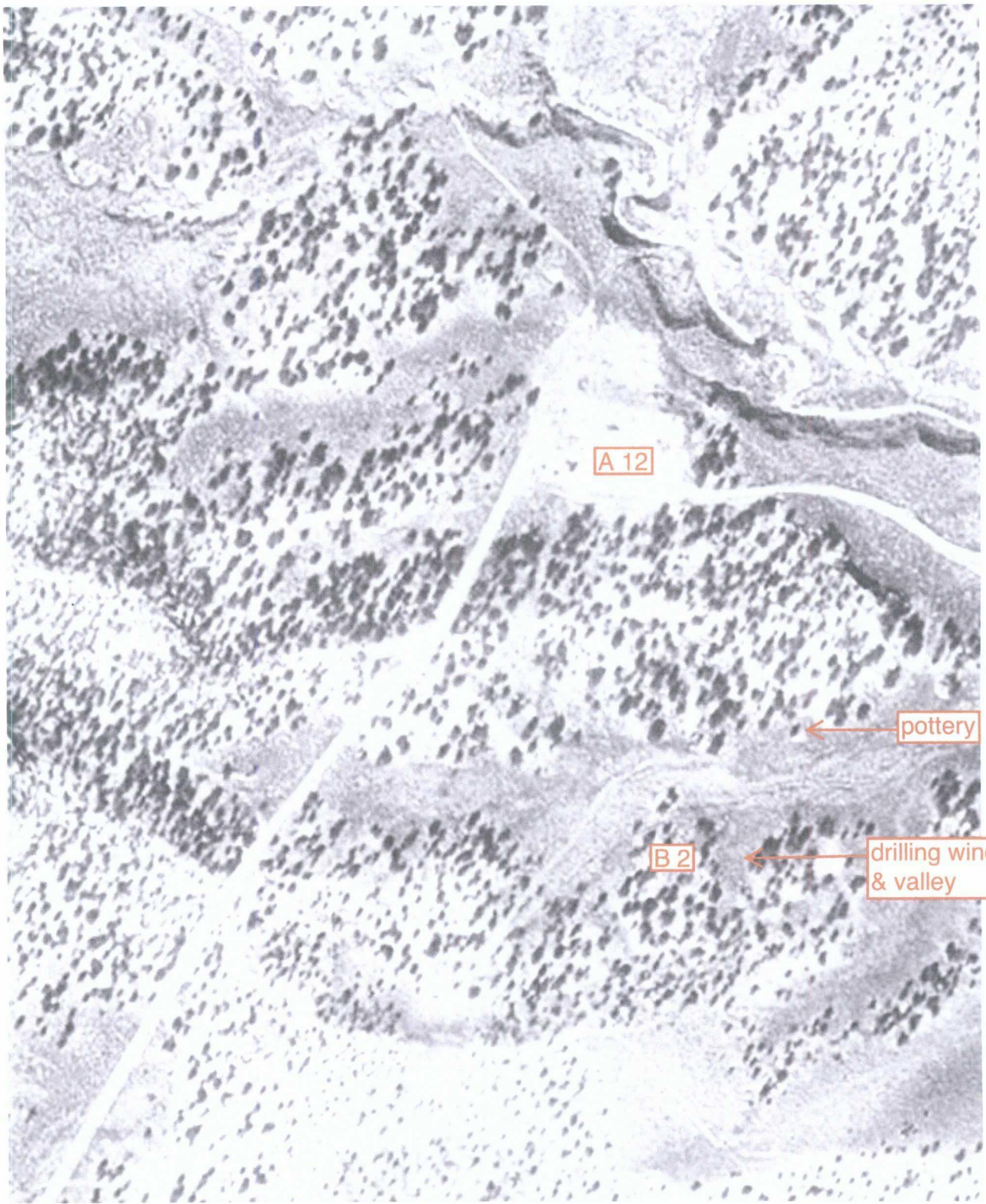
LEASE MAP



The image contains two side-by-side maps of Europe. The left map shows the location of the 'ECT' (European Central Bank) with a black arrow pointing to a circle containing the text 'ECT'. The right map shows the location of the 'A-R' (A-R) region with a black arrow pointing to a circle containing the text 'A-R'.

ESCRITO
Gallup Unit
80 Acres + ESCRITO

EXHIBIT D



0 100M

0 100yd

Image courtesy of the U.S. Geological Survey

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[Privacy Statement](#)

EXHIBIT E



EXHIBIT F

PERMITS WEST, INC.

PROVIDING PERMITS for LAND USERS

37Verano Loop, Santa Fe, New Mexico 87508

(505) 466-8120

August 25, 2008

Jim Lovato
BLM
1235 LaPlata Highway
Farmington, NM 87401

Dear Jim,

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Elm Ridge Exploration Company, LLC is applying for NSL approval for its Marcus B 2 well. The minimum state distance for such a well is 330' from a quarter-quarter line and 790' from the quarter section line. The well is 325' further west than is standard. Thus, it is a nonstandard location. The NSL is due to terrain and archaeology.

Well Name: Marcus B 2 Total Depth: 6,005'

Proposed NSL Zone: Escrito Gallup (Associated)

NSL Acreage Dedication: 80 acres (W2NE4 Section 5, T. 23 N., R. 6 W.)

Location: 1735' FNL & 2175' FEL Sec. 5, T. 23 N., R. 6 W.,

Rio Arriba County, NM on BLM lease NMSF-078362

Approximate Location: ≈4 air miles NE of Lybrook, NM

Applicant Name: Elm Ridge Exploration Company, LLC (505) 632-3476

Applicant's Address: P. O. Box 156, Bloomfield, NM 87413

Submittal Information: Application for a nonstandard location has been filed with the NM Oil Conservation Division (NMOCD). If you have an objection, then it must be filed with the NMOCD within 20 days of receipt of this letter. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,

Brian Wood
Brian Wood

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only, No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

FARMINGTON NM 87401

Postage	\$ 00.42
Certified Fee	\$2.70
Return Receipt Fee (Endorsement Required)	\$2.20
Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$ 05.32

08/25/2008

OFFICE EXPRESS SANTA FE, NM

Postage

08/25/2008

Sent To

Street, Apt. No.,
or PO Box No.

City, State, ZIP+4

EXHIBIT G

PERMITS WEST, INC.

PROVIDING PERMITS for LAND USERS

37Verano Loop, Santa Fe, New Mexico 87508

(505) 466-8120

August 25, 2008

Bannon Energy Prog 88B
Bannon Energy 89A
Bannon Energy Inc.
Robert Belfer
BRS Expl. Co. Inc.
3934 FM 1960 W 240
Houston, TX 77068-3539

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Elm Ridge Exploration Company, LLC is applying for NSL approval for its Marcus B 2 well. The minimum state distance for such a well is 330' from a quarter-quarter line and 790' from the quarter section line. The well is 325' further west than is standard. Thus, it is a nonstandard location. The NSL is due to terrain and archaeology.

Well Name: Marcus B 2 Total Depth: 6,005'

Proposed NSL Zone: Escrito Gallup (Associated)

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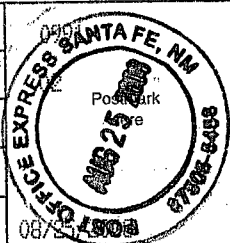
Please call me if you have any questions.

Sincerely,

Brian Wood

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only, No Insurance Coverage Provided)
For delivery information, visit our website at www.usps.com

Postage	\$	\$0.42
Certified Fee		\$2.70
Return Receipt Fee (Endorsement Required)		\$2.20
Restricted Delivery Fee (Endorsement Required)		\$0.00
Total Postage & Fees	\$	\$5.32



Sent To Bannon Belfer, BRS
Street, Apt. No.,
or PO Box No.
City, State, ZIP+4
PS Form 3800, August 2006 See Reverse for Instructions

EXHIBIT G

PERMITS WEST, INC.

PROVIDING PERMITS for LAND USERS

37Verano Loop, Santa Fe, New Mexico 87508

(505) 466-8120

August 25, 2008

Jack A. Cole
Jack A. Cole Trust
P. O. Box 191
Farmington, NM 87499

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Elm Ridge Exploration Company, LLC is applying for NSL approval for its Marcus B 2 well. The minimum state distance for such a well is 330' from a quarter-quarter line and 790' from the quarter section line. The well is 325' further west than is standard. Thus, it is a nonstandard location. The NSL is due to terrain and archaeology.

Well Name: Marcus B 2 Total Depth: 6,005'

Proposed NSL Zone: Escrito Gallup (Associated)

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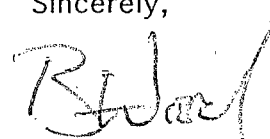
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Please call me if you have any questions.

Sincerely,



Brian Wood

7007 2560 0001 0314 2562

U.S. Postal Service	
CERTIFIED MAIL RECEIPT	
(Domestic Mail Only, No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
FARMINGTON, NM 87499	
OFFICIAL USE	
Postage	\$ 00.42
Certified Fee	\$2.70
Return Receipt Fee (Endorsement Required)	\$2.20
Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$ 05.32

Postmark Here

Sent To: Cole

Street, Apt. No.,
or PO Box No.

City, State, ZIP+4

PS Form 3800, August 2006 See Reverse for Instructions

EXHIBIT G

PERMITS WEST, INC.

PROVIDING PERMITS for LAND USERS

37Verano Loop, Santa Fe, New Mexico 87508

(505) 466-8120

August 25, 2008

GARG Oil
909 Wirt Rd.
Houston, TX 77024

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Elm Ridge Exploration Company, LLC is applying for NSL approval for its Marcus B 2 well. The minimum state distance for such a well is 330' from a quarter-quarter line and 790' from the quarter section line. The well is 325' further west than is standard. Thus, it is a nonstandard location. The NSL is due to terrain and archaeology.

Well Name: Marcus B 2 Total Depth: 6,005'

Proposed NSL Zone: Escrito Gallup (Associated)

NSL Acreage Dedication: 80 acres (W2NE4 Section 5, T. 23 N., R. 6 W.)

Location: 1735' FNL & 2175' FEL Sec. 5, T. 23 N., R. 6 W.,

Rio Arriba County, NM on BLM lease NMSF-078362

Approximate Location: ≈4 air miles NE of Lybrook, NM

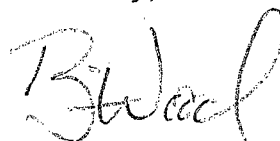
Applicant Name: Elm Ridge Exploration Company, LLC (505) 632-3476

Applicant's Address: P. O. Box 156, Bloomfield, NM 87413

Submittal Information: Application for a nonstandard location has been filed with the NM Oil Conservation Division (NMOCD). If you have an objection, then it must be filed with the NMOCD within 20 days of receipt of this letter. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,



Brian Wood

U.S. Postal Service CERTIFIED MAIL RECEIPT (Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
HOUSTON TX 77024	
Postage	\$ 0.42
Certified Fee	\$2.70
Return Receipt Fee (Endorsement Required)	\$2.20
Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$ 5.32

08/25/2008

Postmark
He
08/25/2008

SENT TO
GARG

Street, Apt. No.,
or PO Box No.

City, State, ZIP+4

PS Form 3800, August 2006 See Reverse for Instructions

EXHIBIT G

PERMITS WEST, INC.

PROVIDING PERMITS for LAND USERS

37Verano Loop, Santa Fe, New Mexico 87508

(505) 466-8120

August 25, 2008

Edward M. Hartman
1002 Tramway LN NE
Albuquerque, NM 87122

Dear Mr. Hartman:

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Elm Ridge Exploration Company, LLC is applying for NSL approval for its Marcus B 2 well. The minimum state distance for such a well is 330' from a quarter-quarter line and 790' from the quarter section line. The well is 325' further west than is standard. Thus, it is a nonstandard location. The NSL is due to terrain and archaeology.

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Proposed NSL Zone: Escrito Gallup (Associated)

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Location: 1735' FNL & 2175' FEL Sec. 5, T. 23 N., R. 6 W.,

Rio Arriba County, NM on BLM lease NMSF-078362

Approximate Location: ~4 air miles NE of Lybrook, NM

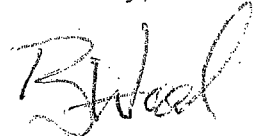
Applicant Name: Elm Ridge Exploration Company, LLC (505) 632-3476

Applicant's Address: P. O. Box 156, Bloomfield, NM 87413

Submittal Information: Application for a nonstandard location has been filed with the NM Oil Conservation Division (NMOCD). If you have an objection, then it must be filed with the NMOCD within 20 days of receipt of this letter. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,



Brian Wood

7007 2560 0003-0314 2587

U.S. Postal Service™	
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ALBUQUERQUE NM 87122	
Postage	\$ 0.42
Certified Fee	\$2.70
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Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$ 5.32

0997
EXPRESS SANTA FE, NM
Postmark
AUG 25
08/25/2008

Sent To: Hartman

Street, Apt. No.,
or PO Box No.

City, State, ZIP+4

PS Form 3800, August 2006 See Reverse for Instructions

EXHIBIT G

PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS
37Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

August 25, 2008

M & G Drilling
P. O. Box 9560
Palm Springs, CA 92263

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Elm Ridge Exploration Company, LLC is applying for NSL approval for its Marcus B 2 well. The minimum state distance for such a well is 330' from a quarter-quarter line and 790' from the quarter section line. The well is 325' further west than is standard. Thus, it is a nonstandard location. The NSL is due to terrain and archaeology.

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Location: 1735' FNL & 2175' FEL Sec. 5, T. 23 N., R. 6 W.,

Rio Arriba County, NM on BLM lease NMSF-078362

Approximate Location: ≈4 air miles NE of Lybrook, NM

Applicant Name: Elm Ridge Exploration Company, LLC (505) 632-3476

Applicant's Address: P. O. Box 156, Bloomfield, NM 87413

Submittal Information: Application for a nonstandard location has been filed with the NM Oil Conservation Division (NMOCD). If you have an objection, then it must be filed with the NMOCD within 20 days of receipt of this letter. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,

Brian Wood

7007 3020 0001 7514 9389

U.S. Postal Service TM	
CERTIFIED MAILTM RECEIPT	
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For delivery information visit our website at www.usps.com	
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Certified Fee	\$2.70
Return Receipt Fee (Endorsement Required)	\$2.20
Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$5.32

Postmark: 08/25/2008

Sent To: M & G

Street, Apt. No.,
or PO Box No.

City, State, ZIP+4

EXHIBIT G

PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS
37Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

August 25, 2008

Tiffany Gas Co.
P. O. Box 50
Farmington, NM 87499

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Elm Ridge Exploration Company, LLC is applying for NSL approval for its Marcus B 2 well. The minimum state distance for such a well is 330' from a quarter-quarter line and 790' from the quarter section line. The well is 325' further west than is standard. Thus, it is a nonstandard location. The NSL is due to terrain and archaeology.

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Proposed NSL Zone: Escrito Gallup (Associated)
NSL Acreage Dedication: 80 acres (W2NE4 Section 5, T. 23 N., R. 6 W.)
Location: 1735' FNL & 2175' FEL Sec. 5, T. 23 N., R. 6 W.,
Rio Arriba County, NM on BLM lease NMSF-078362
Approximate Location: ~4 air miles NE of Lybrook, NM
Applicant Name: Elm Ridge Exploration Company, LLC (505) 632-3476
Applicant's Address: P. O. Box 156, Bloomfield, NM 87413

Submittal Information: Application for a nonstandard location has been filed with the NM Oil Conservation Division (NMOCD). If you have an objection, then it must be filed with the NMOCD within 20 days of receipt of this letter. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,

Brian Wood

Brian Wood

U.S. Postal Service
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FARMINGTON, NM 87499

Postage	\$ 00.42	0991
Certified Fee	\$2.70	02
Return Receipt Fee (Endorsement Required)	\$2.20	
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$ 05.32	08/25/2008



Sent To
Tiffany
Street, Apt. No.,
or PO Box No.
City, State, ZIP+4

EXHIBIT G

PERMITS WEST, INC.

PROVIDING PERMITS for LAND USERS

37Verano Loop, Santa Fe, New Mexico 87508

(505) 466-8120

August 25, 2008

Vaughn Petro. Royalty PRTS LTD.
3738 Oak Lawn Ave.
Dallas, TX 75219

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Elm Ridge Exploration Company, LLC is applying for NSL approval for its Marcus B 2 well. The minimum state distance for such a well is 330' from a quarter-quarter line and 790' from the quarter section line. The well is 325' further west than is standard. Thus, it is a nonstandard location. The NSL is due to terrain and archaeology.

Well Name: Marcus B 2 Total Depth: 6,005'

Proposed NSL Zone: Escrito Gallup (Associated)

NSL Acreage Dedication: 80 acres (W2NE4 Section 5, T. 23 N., R. 6 W.)

Location: 1735' FNL & 2175' FEL Sec. 5, T. 23 N., R. 6 W.,

Rio Arriba County, NM on BLM lease NMSF-078362

Approximate Location: ≈4 air miles NE of Lybrook, NM

Applicant Name: Elm Ridge Exploration Company, LLC (505) 632-3476

Applicant's Address: P. O. Box 156, Bloomfield, NM 87413

Submittal Information: Application for a nonstandard location has been filed with the NM Oil Conservation Division (NMOCD). If you have an objection, then it must be filed with the NMOCD within 20 days of receipt of this letter. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,


Brian Wood

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DALLAS, TX 75219	
OFFICIAL USE	
Postage	\$ 0.42
Certified Fee	\$2.70
Return Receipt Fee (Endorsement Required)	\$2.20
Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$ 5.32
08/25/2008	
Sent To: Vaughn	
Street, Apt. No., or PO Box No.	
City, State, ZIP+4	

PS Form 3800, August 2006 See Reverse for Instructions

EXHIBIT G

PERMITS WEST, INC.

PROVIDING PERMITS for LAND USERS

37Verano Loop, Santa Fe, New Mexico 87508

(505) 466-8120

August 25, 2008

Bonnie Vistica
5489 Covey Creek Cir.
Stockton, CA 95207

Dear Ms. Vistica:

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Elm Ridge Exploration Company, LLC is applying for NSL approval for its Marcus B 2 well. The minimum state distance for such a well is 330' from a quarter-quarter line and 790' from the quarter section line. The well is 325' further west than is standard. Thus, it is a nonstandard location. The NSL is due to terrain and archaeology.

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Location: 1735' FNL & 2175' FEL Sec. 5, T. 23 N., R. 6 W.,

Rio Arriba County, NM on BLM lease NMSF-078362

Approximate Location: ≈4 air miles NE of Lybrook, NM

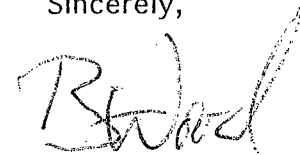
Applicant Name: Elm Ridge Exploration Company, LLC (505) 632-3476

Applicant's Address: P. O. Box 156; Bloomfield, NM 87413

Submittal Information: Application for a nonstandard location has been filed with the NM Oil Conservation Division (NMOCD). If you have an objection, then it must be filed with the NMOCD within 20 days of receipt of this letter. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,



Brian Wood

7007 3020 0001 7514 9358

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For delivery information visit our website at www.usps.com	
STOCKTON CA 95207	
Postage	\$ 40.42
Certified Fee	\$2.70
Return Receipt Fee (Endorsement Required)	\$2.20
Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$ 45.32

0904
POST OFFICE EXPRESS SANTA FE, NM
Postmark
here
AUG 25 2008

Sent To: Vistica

Street, Apt. No.,
or PO Box No.

City, State, ZIP+4

PS Form 3800, August 2006 See Reverse for Instructions

EXHIBIT G

PERMITS WEST, INC.

PROVIDING PERMITS for LAND USERS

37Verano Loop, Santa Fe, New Mexico 87508

(505) 466-8120

August 25, 2008

Walsh Trust
204 N. Auburn
Farmington, NM 87401

Dear Trustee:

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Elm Ridge Exploration Company, LLC is applying for NSL approval for its Marcus B 2 well. The minimum state distance for such a well is 330' from a quarter-quarter line and 790' from the quarter section line. The well is 325' further west than is standard. Thus, it is a nonstandard location. The NSL is due to terrain and archaeology.

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Location: 1735' FNL & 2175' FEL Sec. 5, T. 23 N., R. 6 W.,

Rio Arriba County, NM on BLM lease NMSF-078362

Approximate Location: ≈4 air miles NE of Lybrook, NM

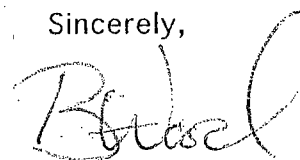
Applicant Name: Elm Ridge Exploration Company, LLC (505) 632-3476

Applicant's Address: P. O. Box 156, Bloomfield, NM 87413

Submittal Information: Application for a nonstandard location has been filed with the NM Oil Conservation Division (NMOCD). If you have an objection, then it must be filed with the NMOCD within 20 days of receipt of this letter. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,



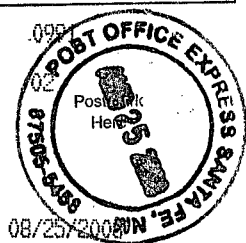
Brian Wood

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FARMINGTON, NM 87401

Postage	\$	\$0.42
Certified Fee		\$2.70
Return Receipt Fee (Endorsement Required)		\$2.20
Restricted Delivery Fee (Endorsement Required)		\$0.00
Total Postage & Fees	\$	\$5.32



Sent To: Walsh

Street, Apt. No.,
or PO Box No.

City, State, ZIP+4

EXHIBIT G



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



September 19, 2008

Mr. Brian Wood
Permits West, Inc.
37 Verano Loop
Santa Fe, NM 87508

**Re: Elm Ridge Exploration Company, LLC
Marcus B Well No. 2
NSL Application**

Dear Mr. Wood:

I have reviewed the attached application.

In Paragraph IX on the second page, you state the notice was sent "to the following owners of interests in the NW/4 of Section 28 which adjoin the applicant's spacing unit." I am inclined to regard this as a typographical error, since the well is in Section 5, and I do not see where any Section 28 would be affected.

Additionally, I note that, due to the 790 foot setback requirement from both quarter section lines, the location will also encroach on the diagonal toward the SW/4 of Section 5. 3

Please advise if the notices were, in fact, correctly sent to owners of interests in the NW/4 of Section 5. Also, it will be necessary to notify owners in the SW/4 of Section 5 (except for the SW/4 SW/4) if different from those already notified, due to the diagonal encroachment.

If you have questions or other concerns, please feel free to contact the undersigned.

Very truly yours,

David K. Brooks
Legal Examiner
505-476-3450
david.brooks@state.nm.us



PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS
37Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

October 3, 2008

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

Dear Mr. Brooks:

As requested in your September 19 letter regarding Elm Ridge's Marcus B 2 NSL application, I have ...


corrected the typographical error (Section 28 changed to Section 5)
(notices were sent to the interest owners in Section 5, not 28)

notified the interest owner (Resource Development) in SW4 Section 5
(SW4 Section 5 is $\geq 1,017'$ from the Marcus B 2 well)

I have attached the appropriate pages.

Please call me if you have any questions.

Sincerely,



Brian Wood

RECEIVED
2008 OCT 6 PM 12 29

III. According to NM Oil Conservation Division records, the closest existing or approved Escrito Gallup (Associated) well is Elm Ridge's producing Rincon 5Y well. It is 1,754' northeast at 740' FNL & 730' FEL 5-23n-6w. EXHIBIT D shows the proposed NSL well, all adjacent existing Escrito Gallup (Associated) wells (circled), and all existing (1) and proposed (1) adjacent Escrito Gallup (Associated) dedicated spacing units which border the W2NE4 Section 5.

Registered letters were sent on August 25, 2008 to all of the offset interest owners. Copies of the postal receipts and letters are attached.

IV. A copy of the USGS map is attached (EXHIBIT D). The proposed well site is marked. Pro ration unit (solid line) for the Gallegos Gallup (Associated) is the 80 acre west half of the northeast quarter Section 5, Township 23 North, Range 6 West, Rio Arriba County, NM.

V. The nonstandard location is due to terrain and archaeology. The Marcus B 2 well site is on a small ridge in deference to keeping it out of a valley to the east. The drilling window (200' x 200') is less than an acre in size (0.92 acre). The drilling window falls in a valley (see EXHIBIT E, air photo).

VI. Archaeology (see EXHIBIT F, photograph of corrugated pottery) is immediately north of the drilling window.

VII. See item V. above and attached EXHIBITS E and F for a description and depiction of the surface conditions.

VIII. Directional drilling is not feasible because it is not cost effective.

IX. I hereby certify notices (EXHIBIT G) were sent on August 25, 2008 and October 3, 2008 to the following owners of interests in the W2 of Section 5 which adjoin the applicant's spacing unit on one or more of the two sides or the single closest corner to the proposed well and that the information is current and correct.

BLM

Bannon Energy et al
Belfer, Robert
BRS Exploration
Jack Cole et al
GARG Oil
Edward Hartman
M & G Drilling
Resource Development
Tiffany Gas
Vaughn Petroleum
Bonnie Vestica
Walsh Trust

B. Wood

Brian Wood, Consultant

10-3-08

Date

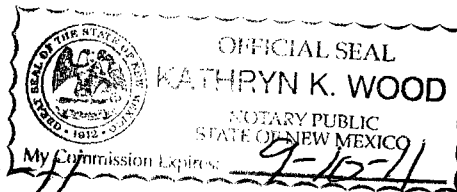
STATE OF NEW MEXICO)
) SS:
COUNTY OF SANTA FE)

The foregoing instrument was acknowledged before me this 3rd day of October, 2008 by Brian Wood. Witness my hand and official seal.

Kathryn K. Wood

Notary Public

My Commission Expires: *9-10-11*



Business Address: 37 VERANO LOOP, SANTA FE, NM 87508

cc: Elm (Bloomfield & Dallas), OCD (Aztec & Santa Fe)

PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS
37Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

October 3, 2008

Resource Development Technology LLC
P. O. Box 1020
Morrison, CO 80465

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

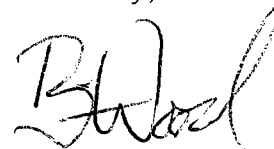
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Rio Arriba County, NM on BLM lease NMSF-078362
Approximate Location: ≈4 air miles NE of Lybrook, NM
Applicant Name: Elm Ridge Exploration Company, LLC (505) 632-3476
Applicant's Address: P. O. Box 156, Bloomfield, NM 87413

Submittal Information: Application for a nonstandard location has been filed with the NM Oil Conservation Division (NMOCD). If you have an objection, then it must be filed with the NMOCD within 20 days of receipt of this letter. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,


Brian Wood

2495 1000 3001 5642

7006 3458-8000 0008-854E 9006

U.S. Postal Service	
CERTIFIED MAIL RECEIPT	
<small>(Domestic Mail Only. No Insurance Coverage Provided)</small>	
<small>For delivery information visit our website at www.usps.com</small>	
OFFICIAL USE	
Postage	\$ 42
Certified Fee	2.70
Return Receipt Fee (Endorsement Required)	3.20
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$5.32

QUICKSEND CPU
SANTA FE, NM
87508
Postmark Here
OCT 03 2008

Sent To Resource Develop-

Street, Apt. No.,
or PO Box No.

City, State, ZIP+4

PS Form 3800, August 2006 See Reverse for Instructions

RECEIVED

OCT 16 2007

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
Bureau of Land Management
Farmington Field Office

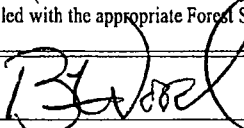
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMSF-078362
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name N/A RCVD NOV 13 '07
2. Name of Operator ELM RIDGE EXPLORATION COMPANY, LLC		7. If Unit or CA Agreement, Name and No. N/A OIL CONS. DIV.
3a. Address P. O. BOX 156 BLOOMFIELD, NM 87413		8. Lease Name and Well No. MARCUS B #2 DIST. 3
3b. Phone No. (include area code) (505) 632-3476		9. API Well No. 30-039- 30402
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 1735' FNL & 2175' FEL At proposed prod. zone SAME		10. Field and Pool, or Exploratory ESCRITO GALLUP (ASSOC.)
14. Distance in miles and direction from nearest town or post office* 4 AIR MILES NE OF LYBROOK		11. Sec., T. R. M. or Blk. and Survey or Area 5-23N-6W NMPM
15. Distance from proposed* location to nearest property or lease line, ft (Also to nearest drig. unit line, if any) 905'	16. No. of acres in lease 2,530.32	17. Spacing Unit dedicated to this well LOT 2 & SWNE (= 80.04 acres)
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 880' (A #12)	19. Proposed Depth 5,800'	20. BLM/BIA Bond No. on file BLM STATE WIDE 886201C
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6,871' GL	22. Approximate date work will start* 12/01/2007	23. Estimated duration 3 WEEKS

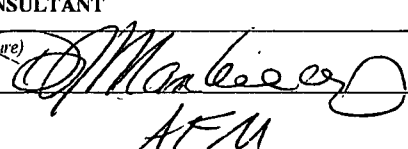
24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature 	Name (Printed/Typed) BRIAN WOOD	Date 10/15/2007
--	------------------------------------	--------------------

Title CONSULTANT PHONE: (505) 466-8120 FAX: (505) 466-9682

Approved by (Signature) 	Name (Printed/Typed) AFM	Date 11/8/07
--	-----------------------------	-----------------

Title AFM	Office FFO
--------------	---------------

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

NOTIFY AZTEC OCD 24 HRS.
PRIOR TO CASING & CEMENT

HOLD C104 FOR NSL

BLM'S APPROVAL OR ACCEPTANCE OF THIS ACTION DOES NOT RELIEVE THE LESSEE AND OPERATOR FROM OBTAINING ANY OTHER AUTHORIZATION REQUIRED FOR OPERATIONS ON FEDERAL AND INDIAN LANDS

DRILLING OPERATIONS AUTHORIZED ARE
SUBJECT TO COMPLIANCE WITH ATTACHED
"GENERAL REQUIREMENTS".

NOV 20 2007
AV

NMOCD
8

This action is subject to technical and
procedural review pursuant to 43 CFR 3165.3
and appeal pursuant to 43 CFR 3165.4

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240

DISTRICT II
1301 W. Grand Avenue, Artesia, N.M. 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised October 12, 2005

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, NM 87505

RECEIVED

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

OCT 16 2007

Bureau of Land Management ☐ AMENDED REPORT
Farmington Field Office

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-30462	² Pool Code 22619	³ Pool Name ESCRITO GALLUP (ASSOCIATED)
⁴ Property Code 36835	⁵ Property Name MARCUS B	⁶ Well Number 2
⁷ GRID No. 149052	⁸ Operator Name ELM RIDGE EXPLORATION, LLC	⁹ Elevation 6871'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
G	5	23N	6W		1735'	NORTH	2175'	EAST	RIO ARriba

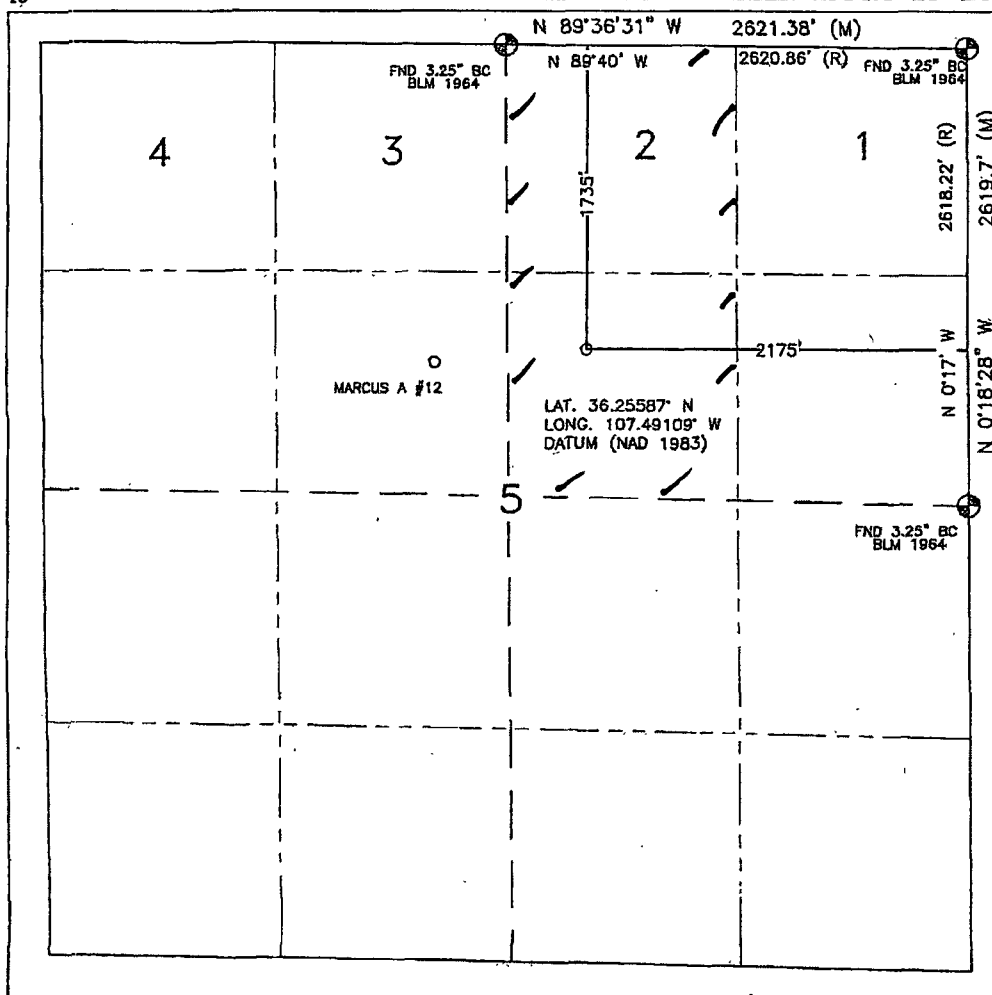
¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 80.04	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, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner or a compulsory pooling order heretofore entered by the division.

Brian Wood 10-15-07
Signature Date

BRIAN WOOD

Printed Name

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.

JUNE 6, 2007

Date of Survey

Signature and Seal of Professional Surveyor:

David A. Russell



DAVID RUSSELL

Certificate Number

10201

Submit 3 Copies To Appropriate District Office
District I
1625 N French Dr., Hobbs, NM 88240
District II
1301 W Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S St Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
May 27, 2004

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO. 30-039- <u>30402</u>
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. NMSF-078362
7. Lease Name or Unit Agreement Name MARCUS B
8. Well Number 2
9. OGRID Number 149052
10. Pool name or Wildcat ESCRITO GALLUP (ASSOCIATED)

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
6,871' GL

Pit or Below-grade Tank Application ☒ or Closure ☐

Pit type: **DRILLING** Depth to Groundwater: $\geq 100'$ Distance from nearest fresh water well: $\geq 1,000'$ Distance from nearest surface water: $\geq 50'$

Pit Liner Thickness: 12 mil Below-Grade Tank: Volume bbls; Construction Material: SYNTHETIC

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS)

1. Type of Well: Oil Well ☒ Gas Well ☐ Other ☐

2. Name of Operator
ELM RIDGE EXPLORATION COMPANY, LLC

3. Address of Operator
P. O. BOX 156, BLOOMFIELD, NM 87413

4. Well Location
Unit Letter: G 1735' FNL & 2175' FEL
Section 5 Township 23 North Range 6 West NMPM RIO ARRIBA County

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: DRILLING PIT <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOC guidelines ☒, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Brian Wood TITLE: CONSULTANT DATE: OCTOBER 15, 2007

Type or print name: BRIAN WOOD E-mail address: brian@permitswest.com Telephone No.: (505) 466-8120

For State Use Only

APPROVED BY: [Signature] TITLE: Deputy Oil & Gas Inspector, District #3 DATE: NOV 20 2007

Conditions of Approval (if any):

Elm Ridge Exploration Company, LLC
Marcus B #2
1735' FNL & 2175' FEL
Sec. 5, T. 23 N., R. 6 W.
Rio Arriba County, New Mexico

PAGE 1

Drilling Program

1. ESTIMATED FORMATION TOPS

<u>Formation</u>	<u>GL Depth</u>	<u>KB Depth</u>	<u>Elevation</u>
San Jose	0'	12'	+6,871'
Ojo Alamo Sandstone	1,531'	1,543'	+5,340'
Kirtland Shale	1,671'	1,683'	+5,200'
Fruitland	1,956'	1,968'	+4,915'
Pictured Cliffs Sandstone	2,016'	2,028'	+4,855'
Lewis Shale	2,216'	2,228'	+4,655'
Chacra	2,636'	2,648'	+4,235'
Menefee Shale	3,126'	3,138'	+3,745'
Point Lookout Sandstone	4,366'	4,378'	+2,505'
Mancos Shale	4,526'	4,528'	+2,345'
Gallup Sandstone	5,506'	5,518'	+1,635'
Total Depth	5,800'	5,812'	+1,071'

2. NOTABLE ZONES

<u>Oil &/or Gas Zones</u>	<u>Water Zones</u>	<u>Coal Zone</u>
Fruitland	Nacimiento	Fruitland
Pictured Cliffs	Fruitland	
Gallup	Pictured Cliffs	

Water zones will be protected with casing, cement, and weighted mud. Fresh water encountered during drilling will be recorded by depth, cased, and cemented. Oil and gas shows will be tested for commercial potential based on the well site geologist's recommendations.

Elm Ridge Exploration Company, LLC
Marcus B #2
1735' FNL & 2175' FEL
Sec. 5, T. 23 N., R. 6 W.
Rio Arriba County, New Mexico

PAGE 2

3. PRESSURE CONTROL

The drilling contract has not yet been awarded. Thus the exact BOP model to be used is not yet known. A typical 2,000 psi model is on PAGE 3.

A $\geq 2,000$ psi BOP and choke manifold system will be installed and tested to $\approx 2,000$ psi before drilling the surface casing plug. It will remain in use until the well is completed or abandoned. A safety valve and sub with a full opening valve to fit the drill pipe and collars will be available on the rig floor in the open position at all times for use when kelly is not in use.

All BOP mechanical and pressure tests will be recorded on the driller's log. BOPs will be inspected and opened and closed at least daily to assure good mechanical working order. Inspections will be recorded on the daily drilling report. Pressure tests will be conducted before drilling out from under all casing strings which are set and cemented in place.

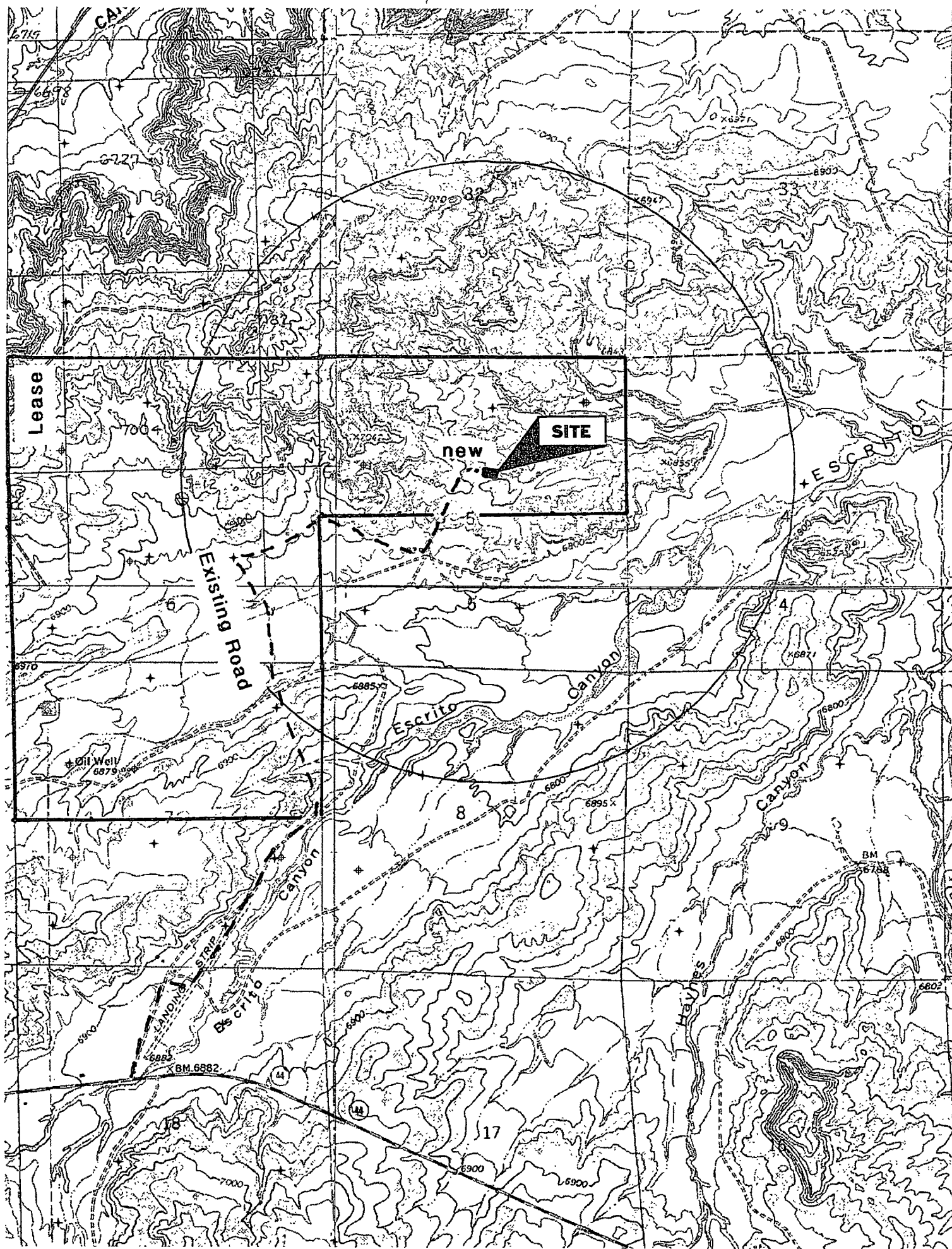
4. CASING & CEMENT

<u>Hole Size</u>	<u>O. D.</u>	<u>Pounds/Foot</u>	<u>Grade</u>	<u>Type</u>	<u>Age</u>	<u>Depth Set</u>
12-1/4"	8-5/8"	24	J-55 or K-55	ST & C	New	350'
7-7/8"	5-1/2"	10.5 15.5	J-55	LT & C	New	5,800'

Surface casing will be cemented to the surface with ≈ 290 cubic feet (≈ 245 sacks) Class B with 1/4 pound per sack cellophane + 2% CaCl_2 . Yield = 1.18 cubic feet per sack. Weight = 15.2 pounds per gallon. Volume = 100% excess. Centralizers will be installed on the middle of the shoe joint and every other

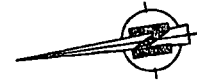
~~centralizer~~
joint

Production casing will be cemented to the surface in 2 stages with a stage tool set @ $\approx 3,800'$. Centralizers will be installed on the middle of the shoe joint and on every joint thereafter (≥ 2 dozen centralizers). Thread lock the guide shoe, bottom of float collar, and bottom of stage tool only. Use API casing dope.

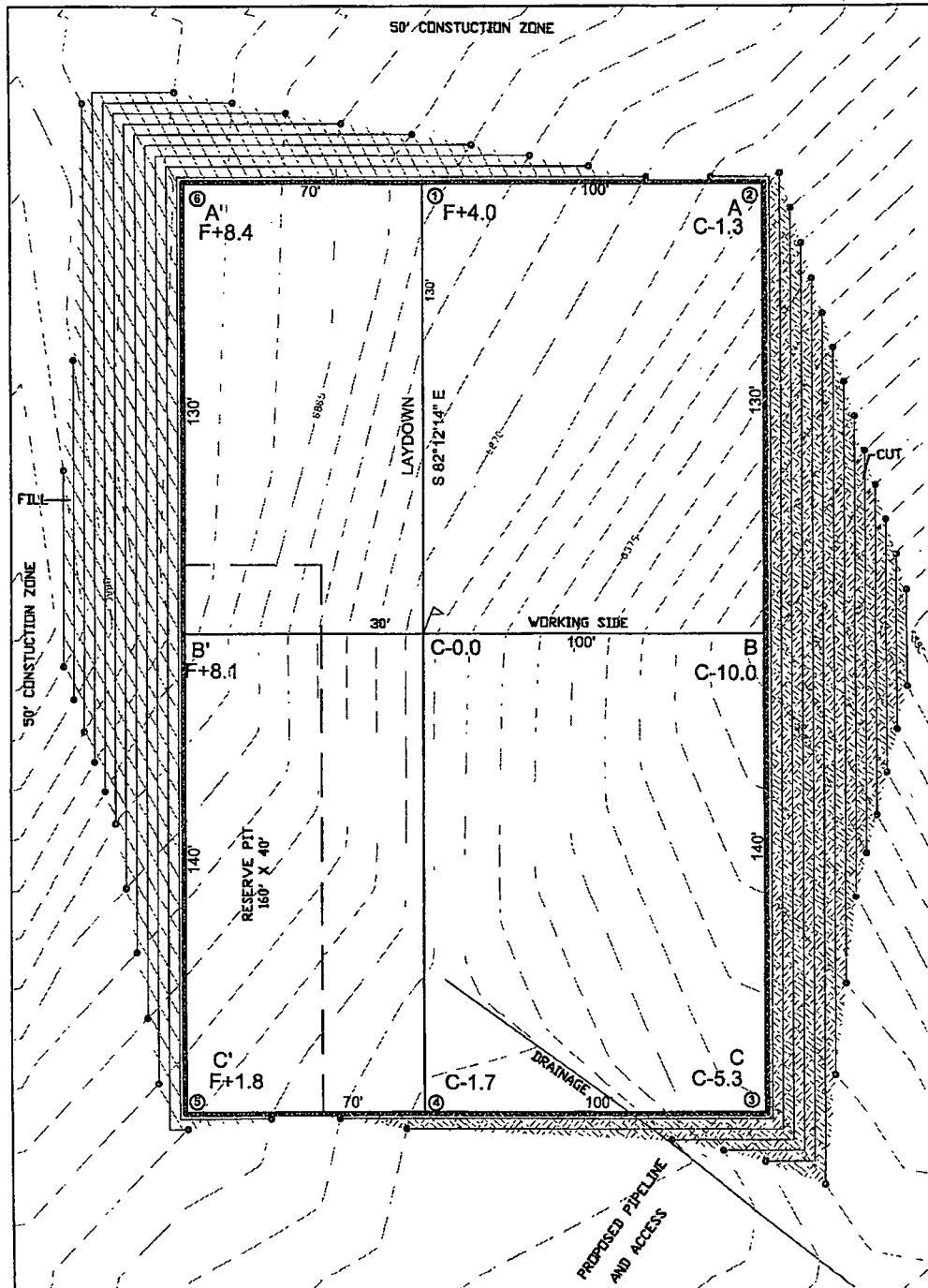


LATITUDE: 36.25587°N
LONGITUDE: 107.49109°W
DATUM: NAD 83

ELM RIDGE EXPLORATION, LLC
MARCUS B #2
1735' FNL & 2175' FEL
LOCATED IN THE SW/4 NE/4 OF SECTION 5,
T23N, R6W, N.M.P.M.,
RIO ARriba COUNTY, NEW MEXICO
GROUND ELEVATION: 6871', NAVD 88
FINISHED PAD ELEVATION: 6870.6', NAVD 88



25' 0 25' 50'
SCALE = 50'



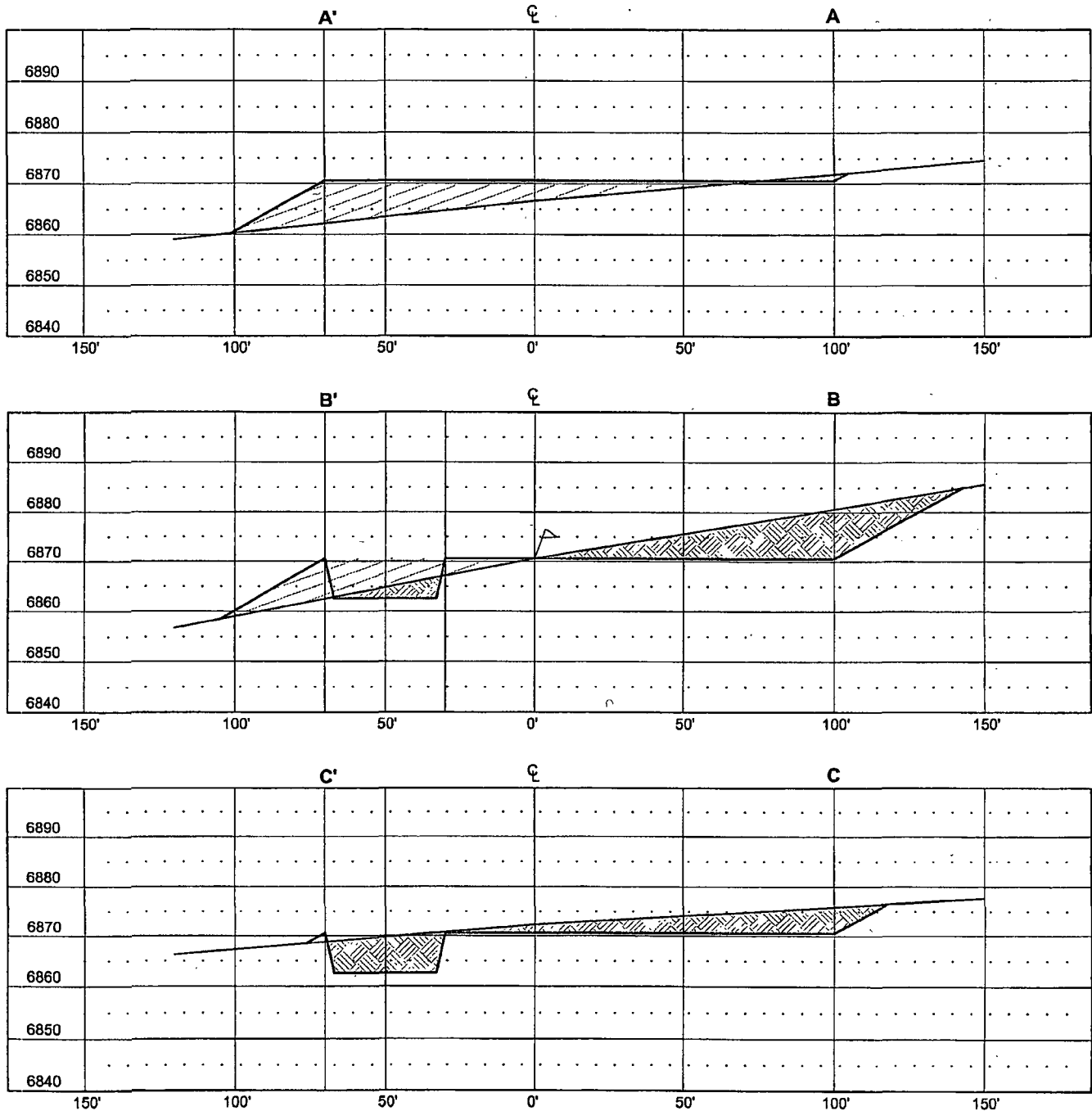
585 LF OF NEW ACCESS
TO EXISTING DIRT ROAD

1 FOOT CONTOUR INTERVAL SHOWN
SCALE: 1" = 50'
JOB No.: ERE016
DATE: 06/14/07

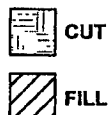


Russell Surveying
1409 W. Aztec Blvd. #2
Aztec, New Mexico 87410
(505) 334-8637

ELM RIDGE EXPLORATION, LLC
MARCUS B #2
1735' FNL & 2175' FEL
LOCATED IN THE SW/4 NE/4 OF SECTION 5,
T23N, R6W, N.M.P.M.,
RIO ARRIBA COUNTY, NEW MEXICO
GROUND ELEVATION: 6871', NAVD 88
FINISHED PAD ELEVATION: 6870.6', NAVD 88



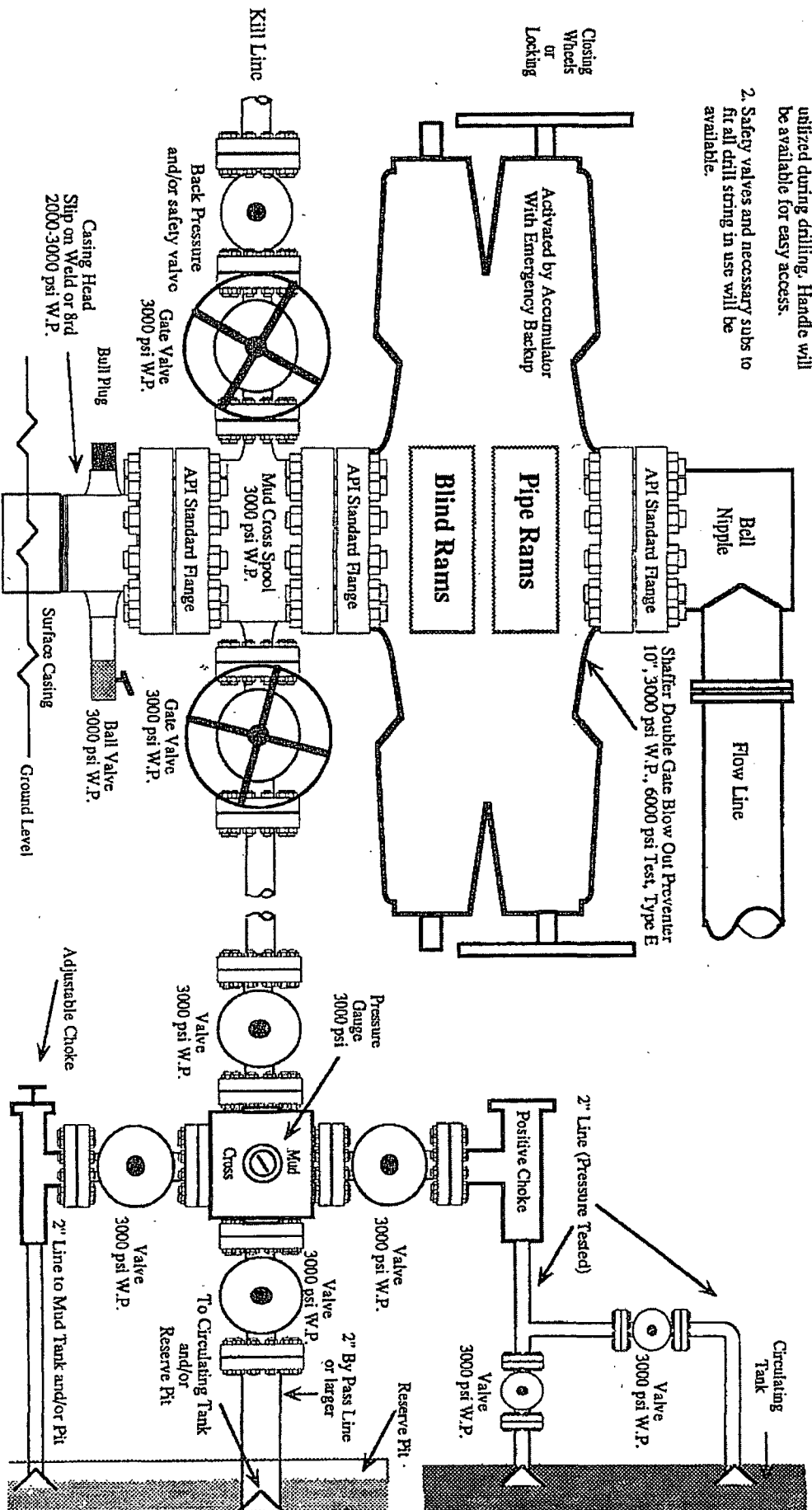
VERT. SCALE: 1" = 30'
 HORZ. SCALE: 1" = 50'
 JOB No.: ERE016
 DATE: 06/14/07



Russell Surveying
 1409 W. Aztec Blvd. #2
 Aztec, New Mexico 87410
 (505) 334-8637

2,000 PSI BOP SYSTEM

- Note: 1. An upper Kelly cock valve will be utilized during drilling. Handle will be available for easy access.
2. Safety valves and necessary subs to fit all drill string in use will be available.



Note: This equipment is designed to meet requirements for a 2-M rating standard per 43 CFR part 3160 (amended). Proper operation and testing of equipment will be carried out per standard. 2,000 psi equipment can be substituted in the drawing to meet minimum requirements per standard.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

APR 30 2008

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

Elm Ridge Exploration Company, LLC

3a. Address

PO BOX 156, Bloomfield, NM 87413

3b. Phone No. (include area code)

505-632-3476

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

"G" Sec. 5-T23N-R6W
1735' FNL X 2175' FEL

5. Lease Serial No.

NMSF-078362

6. If Indian, Allottee or Tribe Name

N/A

7. If Unit or CA/Agreement, Name and/or N

OIL CONS. DIV.

N/A

8. Well Name and No.

Marcus B #2

9. API Well No.

30-039-30402

10. Field and Pool, or Exploratory Area

Escrito Gallup (assoc)

11. County or Parish, State

Rio Arriba, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize <input type="checkbox"/> Deepen <input type="checkbox"/> Production (Start/Resume) <input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing <input type="checkbox"/> Fracture Treat <input type="checkbox"/> Reclamation <input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair <input type="checkbox"/> New Construction <input type="checkbox"/> Recomplete <input type="checkbox"/> Other Spud, Surface casing
	<input type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input type="checkbox"/> Temporarily Abandon <input type="checkbox"/> Water Disposal
	<input type="checkbox"/> Convert to Injection <input type="checkbox"/> Plug Back <input type="checkbox"/> Water Disposal

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Elm Ridge Exploration Company, LLC Spud the above well as of 5:45 am 4-27-08 On 4-28-08 we ran 9 joints of 8 5/8" J-55 24# Casing to 394' with a hole size of 12 1/4" We then pumped 320 sks of Type G cement with 2% calcium Chloride and 1/8# polyflake. Circulated 20 bbls of good cement to surface. Pressure tested well to 1500 PSI for 30 plus minutes. BLM was notified but not present to witness cementing or casing job. ✓

ACCEPTED FOR RECORD

MAY 06 2008

FARMINGTON FIELD OFFICE

BY J. SANCHEZ

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Sharla O'Kelly

Title

Production Assistant

Signature

Sharla O'Kelly

Date

April 29, 2008

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)

NMOCD 8

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

MAY 15 2008

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No.

NMSF-078362

6. If Indian, Allottee or Tribe Name

N/A

RCVD MAY 22 '08

7. If Unit or CA/Agreement, Name and/or N

OIL CONS. DIV.

N/A

DIST 3

8. Well Name and No.

Marcus B #2

9. API Well No.

30-039-30402

10. Field and Pool, or Exploratory Area

Escrito Gallup (assoc.)

11. County or Parish, State

Rio Arriba, NM

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

Elm Ridge Exploration Company, LLC

3a. Address

PO BOX 156, Bloomfield, NM 87413

3b. Phone No. (include area code)

505-632-3476

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

"G" Sec. 5-T23N-R6W

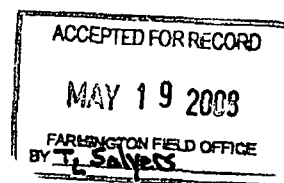
1735' FNL X 2175' FEL

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize <input type="checkbox"/> Deepen <input type="checkbox"/> Production (Start/Resume) <input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input checked="" type="checkbox"/> Alter Casing <input type="checkbox"/> Fracture Treat <input type="checkbox"/> Reclamation <input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair <input type="checkbox"/> New Construction <input type="checkbox"/> Recomplete <input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Convert to Injection <input type="checkbox"/> Plug Back <input type="checkbox"/> Water Disposal

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomple horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once Testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Elm Ridge Exploration CO LLC changed the casing weight on the production string for this well due to availability. There was no 15.5# available to us, so we purchased 17# and ran it instead. ✓



14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Amy Mackey

Title

Administrative Manager

Signature

Date

May 13, 2008

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)

NMOCD

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

MAY 20 2008

FORM APPROVED
OMB No 1004-0135
Expires July 31, 1996

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well
☒ Oil Well ☐ Gas Well ☐ Other (**REVISED**)

2. Name of Operator
Elm Ridge Exploration Company, LLC

3a. Address
PO BOX 156, Bloomfield, NM 87413

3b. Phone No. (include area code)
505-632-3476

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
"G" Sec. 5-T23N-R6W
1735' FNL X 2175' FEL

5. Lease Serial No.
1-078362

6. If Indian, Allottee or Tribe Name
N/A

7. If Unit or CA/Agreement, Name and/or N
RCVD MAY 30 '08
OIL CONS. DIV.
DIST. 3

8. Well Name and No.
Marcus B #2

9. API Well No.
30-039-30402

10. Field and Pool, or Exploratory Area
Escrito Gallup (assoc.)

11. County or Parish, State
Rio Arriba, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize <input type="checkbox"/> Deepen <input type="checkbox"/> Production (Start/Resume) <input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing <input type="checkbox"/> Fracture Treat <input type="checkbox"/> Reclamation <input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair <input type="checkbox"/> New Construction <input type="checkbox"/> Recomplete <input type="checkbox"/> Other Spud, Surface casing
	<input type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Convert to Injection <input type="checkbox"/> Plug Back <input type="checkbox"/> Water Disposal

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomple horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once Testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Elm Ridge Exploration Company, LLC Spud the above well as of 5:45 am 4-27-08. On 4-28-08 we ran 9 joints of 8 5/8" J-55 24# Casing to 394' with a hole size of 12 1/4" and 405' deep. We then pumped 320 sks of Type G cement with 2% calcium Chloride and 1/8# polyflake. Circulated 20 bbls of good cement to surface. Pressure tested well to 1500 PSI for 30 plus minutes. BLM was notified but not present to witness cementing or casing job.

ACCEPTED FOR RECORD

MAY 28 2008

FARMINGTON FIELD OFFICE
BY

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed) Sharla O'Kelly Title Production Assistant

Signature *Sharla O'Kelly* Date April 29, 2008

THIS SPACE FOR FEDERAL OR STATE USE

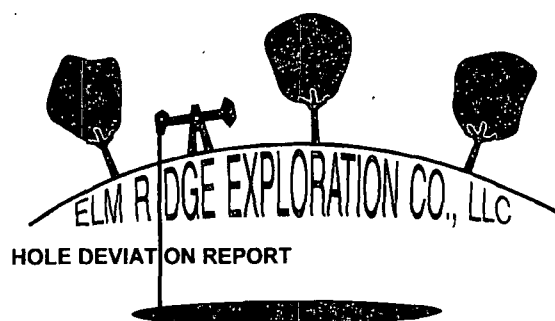
Approved by Title Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. Office

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)

NMOCD



Operator: ELM RIDGE EXPLORATION, CO LLC.

Well Name: **Marcus B #2**

Discription of Lease: 1735' FNL X 2175' FEL
G - Sec. 5-T23N-R6W
Rio Arriba County , NM
API: 30-039-30402

FROM	TO	DEVIATION
0	151'	3/4
151'	302'	1/4
302'	364'	1/4
364'	581'	1/2
581'	828'	1/2
828'	1077'	3/4
1077'	1481'	1/4
1481'	1884'	3/4
1884'	2288'	3/4
2288'	2724'	3/4
2724'	3195'	3/4
3195'	3511'	3/4
3511'	3855'	1
3855'	4180'	1 1/4
4180'	4481'	3/4
4481'	4922'	1
4922'	5205'	1
5205'	5510'	1
5510'	5801'	1 1/2

RCVD JUN 26 '08

OIL CONS. DIV.

DIST. 3

I hereby swear or (affirm) that the statements made are a full and correct report.

Elm Ridge Exploration CO, LLC

Charla O'Kelly

Sworn to and subscribed before me by Amy Mackey, Elm Ridge Exploration CO, LLC
This 28th day of April, 2008. To certify which witness my hand and seal of office.

Notary Public in and for San Juan
County in the State of New Mexico.

My commission expires on: 4/13/2009

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

SUNDRY NOTICES AND REPORTS ON WELLS JUL 09 2008

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

Elm Ridge Exploration Company, LLC

3a. Address

PO BOX 156, Bloomfield, NM 87413

3b. Phone No. (include area code)

505-632-3476

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

"G" Sec. 5-T23N-R6W
1735' FNL X 2175' FEL

5. Lease Serial No.

NMSF-078362

6. If Indian, Allottee or Tribe Name

N/A

7. If Unit or CA/Agreement, Name and/or N

N/A

8. Well Name and No

Marcus B #2

9. API Well No.

30-039-30402

10. Field and Pool, or Exploratory Area

Escrito Gallup (assoc)

11. County or Parish, State

Rio Arriba, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize <input type="checkbox"/> Deepen <input type="checkbox"/> Production (Start/Resume) <input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing <input type="checkbox"/> Fracture Treat <input type="checkbox"/> Reclamation <input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair <input type="checkbox"/> New Construction <input type="checkbox"/> Recomplete <input type="checkbox"/> Other TD, Production casing
	<input type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Convert to Injection <input type="checkbox"/> Plug Back <input type="checkbox"/> Water Disposal

13 Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomple horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once Testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Elm Ridge Exploration Company, LLC Reached a TD of 6005' on 5-11-08, we drilled a 7 7/8" hole and ran 143 total joints, (91 of 5 1/2" J-55 17# (due to shortage of the 15 5#) and 52 joints of the 5 1/2" J-55 15 5#) to 6000' 5-13-08 We pumped 454 sks of 50/50/G/POZ for the first stage with 20 bbls of good cement to surface, Circulated for eight hours then pumped 630 sks of 65/35/G/POZ for the second stage with 36 bbls of good cement to surface Pressure tested well to 1500 PSI for 30 plus minutes. BLM was notified of cement and casing Job but were not present to witness.

Good test?

RCVD JUL 11 '08
OIL CONS. DIV.

DIST. 3

Report Rig Release date

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Sharla O'Kelly

Title

Production Assistant

Signature

Date

May 14, 2008

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

Title

Date

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(Instructions on reverse)

NMOCD

ACCEPTED FOR RECORD

JUL 10 2008

FARMINGTON FIELD OFFICE
BY J. S. [Signature]

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

JUL 15 2008

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or reenter an on Field Office
abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No.

NMSF-078362

6. If Indian, Allottee or Tribe Name

N/A

RCVD JUL 17 '08

7. If Unit or CA/Agreement, Name and/or N

OIL CONS. DIV.

DIST. 3

N/A

8. Well Name and No.

Marcus B #2

9. API Well No.

30-039-30402

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Escrito Gallup (assoc.)

11. County or Parish, State

Rio Arriba, NM

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<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing <input type="checkbox"/> Fracture Treat <input type="checkbox"/> Reclamation <input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair <input type="checkbox"/> New Construction <input type="checkbox"/> Recomplete <input type="checkbox"/> Other Completion
	<input type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input type="checkbox"/> Temporarily Abandon <input type="checkbox"/> Summary
	<input type="checkbox"/> Convert to Injection <input type="checkbox"/> Plug Back <input type="checkbox"/> Water Disposal

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Elm Ridge Exploration CO LLC. Has completed the above well as follows; From June 12, 2008 to July 15, 2008 On May 13, 2008 The Drilling Rig was released and on June 12, 2008 we MIRU Basic # 1229. 6-16-08; Hold safety meeting and RU Wire Line truck, perforate 4 SPF from 5553' to 5636' 6-17-08; Hold safety meeting and RU Halliburton, start acid job, pumped 30 bbls to establish rate of 20 BPM then pumped 3,500 gallons of 7 1/2% MCA acid with additives, flushed w/ 134 bbl of 2% KCL to bottom perf. RD Halliburton. 6-20-08; Hold Safety meeting and RU Halliburton. frac w/ 2092 MSCF N2, 38,597 gallons of 13 CP Delta 140 ssw, pumped 1,441 sks of 20/40 CRC sand coated w/ssw 6-26-08, TBG landed w/ 12' KB, 171 joints of 2 3/8" 4 7# J-55 TBG set at 5556'. Pressure tested well to 1500 PSI for 30 plus minutes, test good RD and release rig, flow testing to tank until hooked up.

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Sharla O'Kelly

Title

Production Assistant

Signature

Date

July 15, 2008

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

Title

Date

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(Instructions on reverse)

ACCEPTED FOR RECORD

JUL 16 2008

FARMINGTON FIELD OFFICE
BY T. SANCHEZ

NMOCD