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	[B]	Offset Operators, Lea	seholders or Surface	Owner	G, Sec 5 TA3N RGW
	[C]	Application is One W	hich Requires Publish	ed Legal Notic	G, Sec 5 T 23N RGW e 1735 FNL 2175 FE
•	[D]	Notification and/or C U.S. Bureau of Land Managerr	oncurrent Approval b ent - Commissioner of Public Lands,)
	[E]	For all of the above,	Proof of Notification	or Publication	is Attached, and/or,
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[3]		CURATE AND COMPL		N REQUIRED	TO PROCESS THE TYPE OF
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[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

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

Signature

Title

Date

CONSULTANT

8-26-08

e-mail Address brian@permitswest.com

Page 436 New Mexico

(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 Bluitt-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, Bluitt-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 320acre 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 OIL WELLS - SOUTHEAS	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 T 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 535.

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

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. $H_{0} \sim I_{0} \sim N_{0} < T_{0}$

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

49



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

Brian Wood, Consultant

8-25-08

Date

STATE OF NEW MEXICO

COUNTY OF SANTA FE

))SS: 〉

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

OFFICIAL SEA ATHRYN K. WE ാല Notar Public My Commission Expires My Commission Expires: ____ 10 Business Address: 37 VERANO LOOP, SANTA FE, NM 87508

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



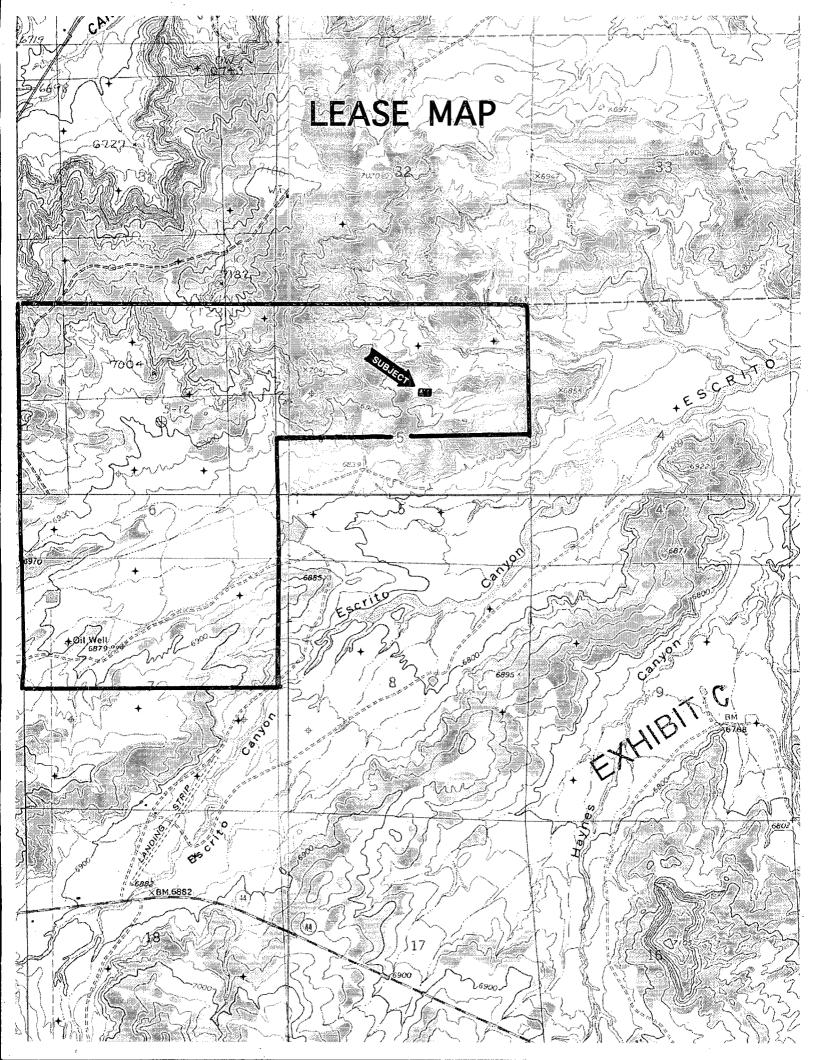
Form 3160 -3 (April 2004)		· . (FORM APPROVED OMB No. 1004-0137
UNITED STATES DEPARTMENT OF THE	INTERIOR	5. Lease Seri NMSF-0	
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la. Type of work: 🔽 DRILL REENT	7. If Unit or C N/A	A Agreement, Name and No.	
lb. Type of Well: 🖌 Oil Well 🗌 Gas Well 💭 Other	le Zone MARC		
2. Name of Operator ELM RIDGE EXPLORATION COMP		9. API Well 30-039-	30402
3a. Address P.O.BOX 156 BLOOMFIELD, NM 87413	3b. Phone No. (include area code) (505) 632-3476		ool, or Exploratory ΓΟ GALLUP (ASSOC.)
4. Location of Well (Report location clearly and in accordance with any State requirements.*) At surface At proposed prod. zone SAME			M. or Blk. and Survey or Area
14. Distance in miles and direction from nearest town or post office* 4 AIR MILES NE OF LYBROOK	· · · · ·	12. County or RIO AR	
 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 LOT 2 & SWNE (=	80.04 acres)
 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 BLM STATE WIDI	
 Elevations (Show whether DF, KDB, RT, GL, etc.) 6,871' GL 	22. Approximate date work will sta 12/01/2007	rt* 23. Estimated 3 WEE	
The following, completed in accordance with the requirements of Onsho	24. Attachments pre Oil and Gas Order No.1, shall be a	ttached to this form:	
 Well plat certified by a registered surveyor. A Drilling Plan. A Surface Use Plan (if the location is on National Forest System SUPO shall be filed with the appropriate Forest Service Office). 	Item 20 above). Lands, the 5. Operator certific	ation specific information and/or j	d by an existing bond on file (see plans as may be required by the
25. Signature	Name (Printed/Typed) BRIAN WOOD		Date 10/15/2007
Title CONSULTANT	PHONE: (505) 466-8120	FAX: (505) 466-96	i82
Approved by (Signature)	Name (Printed/Typed)		Date
Title	Office		······································
Application approval does not warrant or certify that the applicant hole conduct operations thereon. Conditions of approval, if any, are attached.	ds legal or equitable title to those righ	ts in the subject lease which	would entitle the applicant to
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a States any false, fictitious or fraudulent statements or representations as	crime for any person knowingly and to any matter within its jurisdiction.	villfully to make to any depar	tment or agency of the United

*(Instructions on page 2)

EXHIBITA

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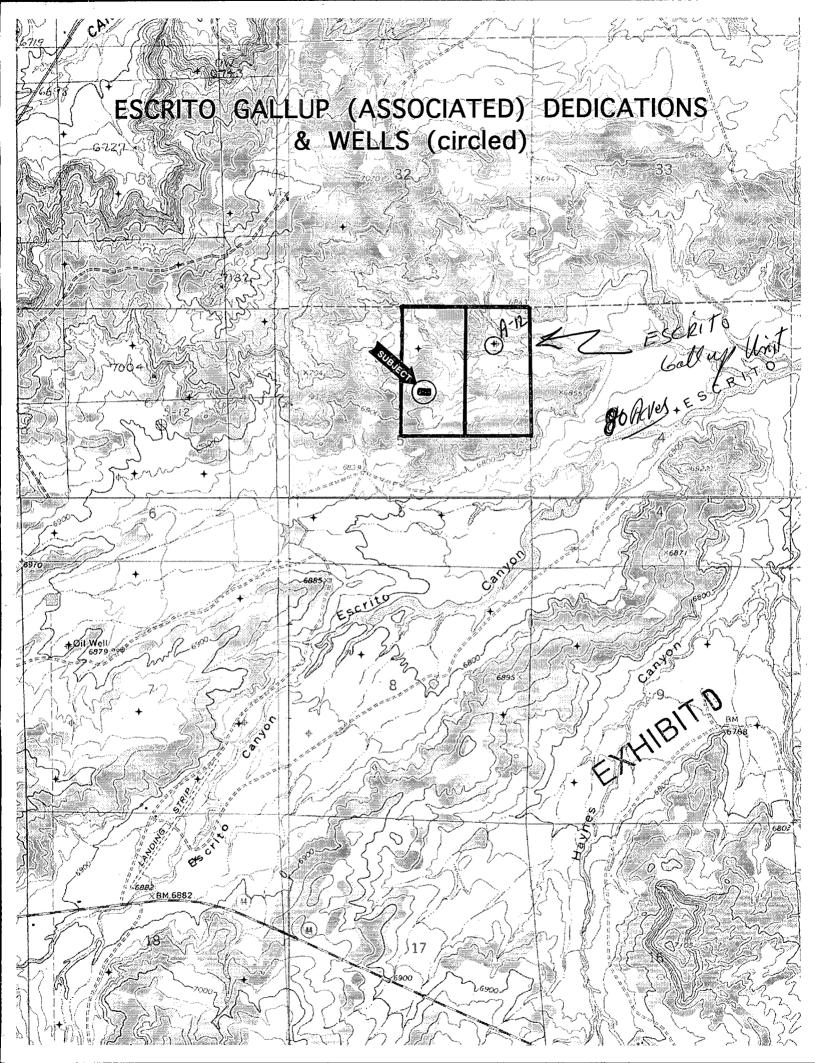
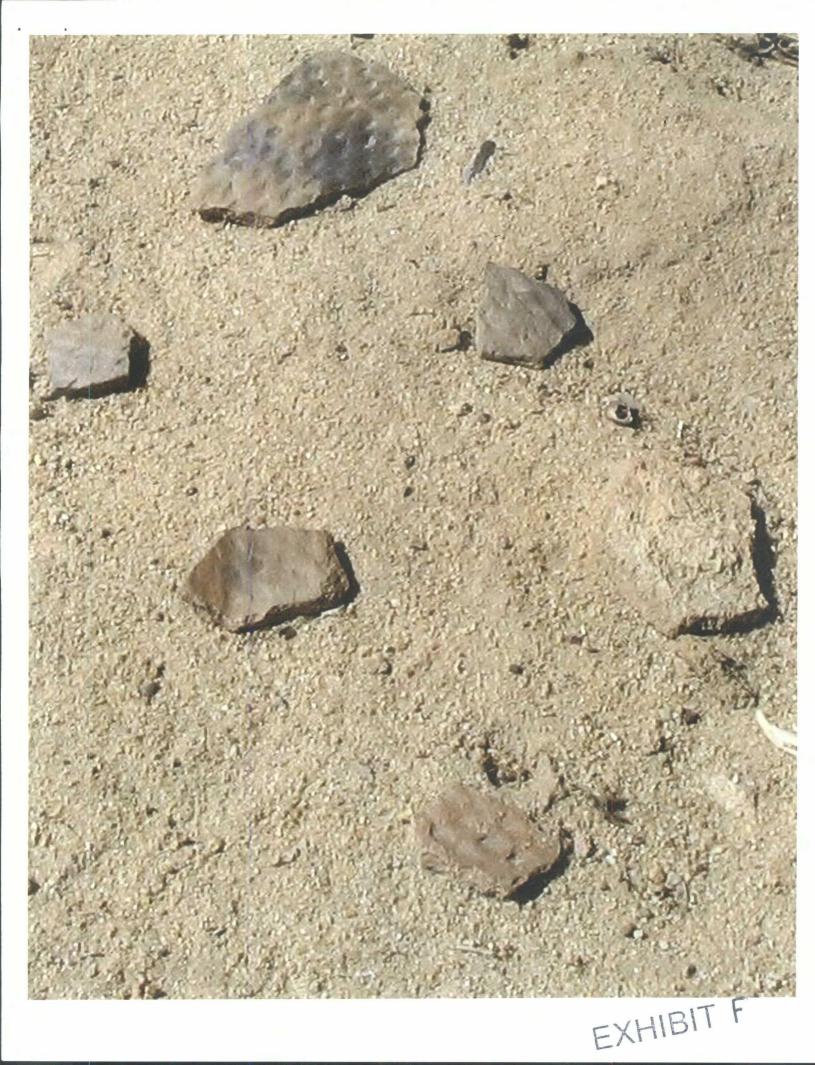




Image courtesy of the U.S. Geological Survey © 2004 Microsoft Corporation. **Terms of Use Privacy Statement**

EXHIBITE





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 2Total 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-078362Approximate Location: ≈4 air miles NE of Lybrook, NMApplicant Name: Elm Ridge Exploration Company, LLC(505) 632-3476Applicant's Address: P. O. Box 156, Bloomfield, NM 87413

<u>Submittal Information:</u> 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.

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Sincerely,

EXHIBITG

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

August 25, 2008

INC.

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

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Approximate Location:≈4 air miles NE of Lybrook, NMApplicant Name:Elm Ridge Exploration Company, LLC(505)Applicant's Address:P. O. Box 156, Bloomfield, NM 87413

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Please call me if you have any questions.

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Sincerely Brian Wood

EXHIBITG



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

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Please call me if you have any questions.

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Sincerely,

EXHIBITG



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 2Total 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-078362Approximate Location: ≈4 air miles NE of Lybrook, NMApplicant Name: Elm Ridge Exploration Company, LLC(505) 632-3476Applicant's Address: P. O. Box 156, Bloomfield, NM 87413

<u>Submittal Information</u>: 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.

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Sincerely,

EXHIBITG



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.

 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

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Please call me if you have any questions.

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Sincerely,

Brian Wood

EXHIBITG



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.

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<u>Submittal Information</u>: 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,

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EXHIBITG



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.

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<u>Applicant Name:</u> Elm Ridge Exploration Company, LLC (505) 632-3476 <u>Applicant's Address:</u> P. O. Box 156, Bloomfield, NM 87413

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Please call me if you have any questions.

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Sincerely

EXHIBITG



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.

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Please call me if you have any questions.

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Sincerely,

EXHIBITG



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.

<u>Well Name:</u> Marcus B 2 <u>Total Depth</u>: 6,005' <u>Proposed NSL Zone:</u> Escrito Gallup (Associated) <u>NSL Acreage Dedication</u>: 80 acres (W2NE4 Section 5, T. 23 N., R. 6 W.) <u>Location</u>: 1735' FNL & 2175' FEL Sec. 5, T. 23 N., R. 6 W., <u>Rio Arriba County, NM on BLM lease NMSF-078362</u> <u>Approximate Location</u>: ≈4 air miles NE of Lybrook, NM <u>Applicant Name</u>: Elm Ridge Exploration Company, LLC (505) 632-3476 <u>Applicant's Address</u>: P. O. Box 156, Bloomfield, NM 87413

<u>Submittal Information</u>: 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.

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Sincerely,

EXHIBITG



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.

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Please call me if you have any questions.

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Sincerely,

Brian Wood

EXHIBITG

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.

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,

and k Goods

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



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 \dots

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

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

Brian Wood, Consultant

10-3-08

Date

STATE OF NEW MEXICO

COUNTY OF SANTA FE

) SS:)

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

AL SEAL WOOD Notary Public RY PUBLIC My Commission Expires:

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

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





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, 1 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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Please call me if you have any questions.

Sincerely,

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DISTRICT II 1301 W. Grand Avenue, Artesia, N.M. 86210 OIL CONCEDUATION DURION DURION State Lease - 4 Co	ffice
DESTRICT III 1000 Rio Brazos Rd., Aztec. N.M. 87410 1220 South St. Francis Dr. UCT 16 2007 Fee Lease - 3 Co	
DISTRICT_IV 1220 S. St. Francis Dr., Santa Fe, NM 67505 Santa Fe, NM 87505 Bureau of Land Management Formation Field Office	ORT
1220 S. St. Francis Dr., Santa Pe, NM 87505 WELL LOCATION AND ACREAGE DEDICATION PLAT	
¹ API Number 30-039-30402 ² Pool Code 22619 ESCRITO GALLUP (ASSOCIATED)	
*Property Code *Well Number	
· 36835 · MARCUS B · 2	
⁷ OGRID No. ⁶ Operator Name ⁹ Elevation	
149052 ELM RIDGE EXPLORATION, LLC 6871'	
¹⁰ Surface Location	1
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 ARRIB	3A
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 Dødicated Acres ¹⁵ Joint or Infill ¹⁴ Consolidation Code ¹⁵ Order No.	
80.04	
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATION OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION	ΈD
N 89'36'31" W 2621.38' (M) 117 OPERATOR CERTIFICATION	N
FND 3.25" BC N 85"40' W 2620.86' (R) FND 3.25" BC BLM 1964	
S working the interest or undersed minimum interest in .0	
4 3 2 1 C lond including the proposed bottom hale location of	or has
in the second se	order
R PJ 10-15-0	7
Signature Date	_
BRIAN WOOD	- 1
O Printed Name	
LAT. 36.25587' N	
DATUM (NAD 1983) Z was plotted from field notes of actual surveys made	e by
me or under my supervision, and that the same is the and correct to the best of my belief.	67118
FND 3.25" BC JUNE 6, 2007	
Date of Survey Signature and Scal of Professional Surveyor-	
All - Ala BUCKS	10
S S S S S S S S S S S S S S S S S S S	L
OP TEN MEXICOL	
AREASTERNED (10201) HOLE	,
PROFESSIONAL UNO	
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DAVIÒ RUŜSELL	
Certificata Number 10201	

		r					
Submit 3 Copies To Appropriate District Office	State of N Energy, Minerals a					Form C- May 27,	
District I 1625 N French Dr., Hobbs, NM 88240	Energy, winterais a	allu Inatul		WELL API		<u> </u>	
District II 1301 W Grand Ave., Artesia, NM 88210	OIL CONSERV			30-039	Type of Lease	<u><u> </u></u>	
<u>District III</u> 1000 Rio Brazos Rd , Aztec, NM 87410	1220 South			STA	TE 🔲	FEE 🔲	
District IV 1220 S St Francis Dr , Santa Fe, NM 87505	Santa Fe	, NM 87	505	6. State Oil NMSF-0783	& Gas Lease 362	No.	
SUNDRY NOTICE	S AND REPORTS ON			7. Lease Na	ame or Unit A	greement Nar	ne
(DO NOT USE THIS FORM FOR PROPOSAL DIFFERENT RESERVOIR USE "APPLICAT				MARCUS	в		
PROPOSALS) 1. Type of Well: Oil Well Gas	Well 🗌 Other			8. Well Nu			
2. Name of Operator				9. OGRID	Number 1490	52	
ELM RIDGE EXPLORATION COMF 3. Address of Operator	'ANY, LLC			10 Pool na	me or Wildca		
P. O. BOX 156, BLOOMFIELD, NM	87413				GALLUP (AS		
4. Well Location				L			
Unit Letter: G	1735' FNL &						
Section 5	Township 23 N 1. Elevation (Show whe		Range 6 West RKB RT GR etc.)	NMPM	RIO ARRIB	BA County	AW.
上,上述1988年1988年1988年1987年1988年1988年1989年1987年1987	5,871' GL						
Pit type: <u>DRILLING</u> Depth to Groundwater:	<u>>100'</u> Distance from neare	st fresh wat	er well: <u>>1,000'</u> Distan	ce from nearest	surface water: <u>></u>	<u>>50'</u>	
Pit Liner Thickness: <u>12 mil</u> Below-Grad	e Tank: Volume	bl	ols; Construction Mat	erial: <u>SYNTHE</u>	TIC		
12. Check	Appropriate Box to	Indicate	e Nature of Notic	ce, Report o	or Other Da	ita	
NOTICE OF INTE	ENTION TO:		SUB	SEQUENT	REPORT	OF:	
	PLUG AND ABANDON		REMEDIAL WORK			RING CASING	
	CHANGE PLANS MULTIPLE COMPL		COMMENCE DRIL CASING/CEMENT		. PAND		
			CAUNC/CEMENT	000			_
OTHER: DRILLING PIT 13. Describe proposed or complete	d operations (Clearly)	Etate all ne	OTHER:	ive pertinent	dates includ	ing estimated	date of
starting any proposed work). S							
recompletion.				x			
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		/					
I hereby certify that the information abo has been/will be constructed or closed accordin	ve/is true and complete	to the bes	t of my knowledge : permit 🗍 or an (attach	and belief. I f ed) alternative	urther certify th OCD-approved	1at any pit or be plan □.	low-grade ta
SIGNATURE I Julie	/TI	ITLE: CO	NSULTANT	DATE	E: OCTOBER	15, 2007	
Type or print name: BRIAN WOOD For State Use Only	E-mail address: b	rian@peri	nitswest.com	Telepho	one No.: (505)) 466-8120	
/a	An		Deputy Oil &	Gas Ins	Dector	NOV 2 A	2007
APPROVED BY:Conditions of Approval (if any):		ITLE	Deputy Oil & Dist	rict #3	DATE_		2001
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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

Drilling Program

1. ESTIMATED FORMATION TOPS

Formation	<u>GL Depth</u>	<u>KB Depth</u>	Elevation
San Jose	0' ~	<u>12'</u>	+6,871'
	•	· <u> </u>	
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>	Water Zones	<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.



PAGE 2

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

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

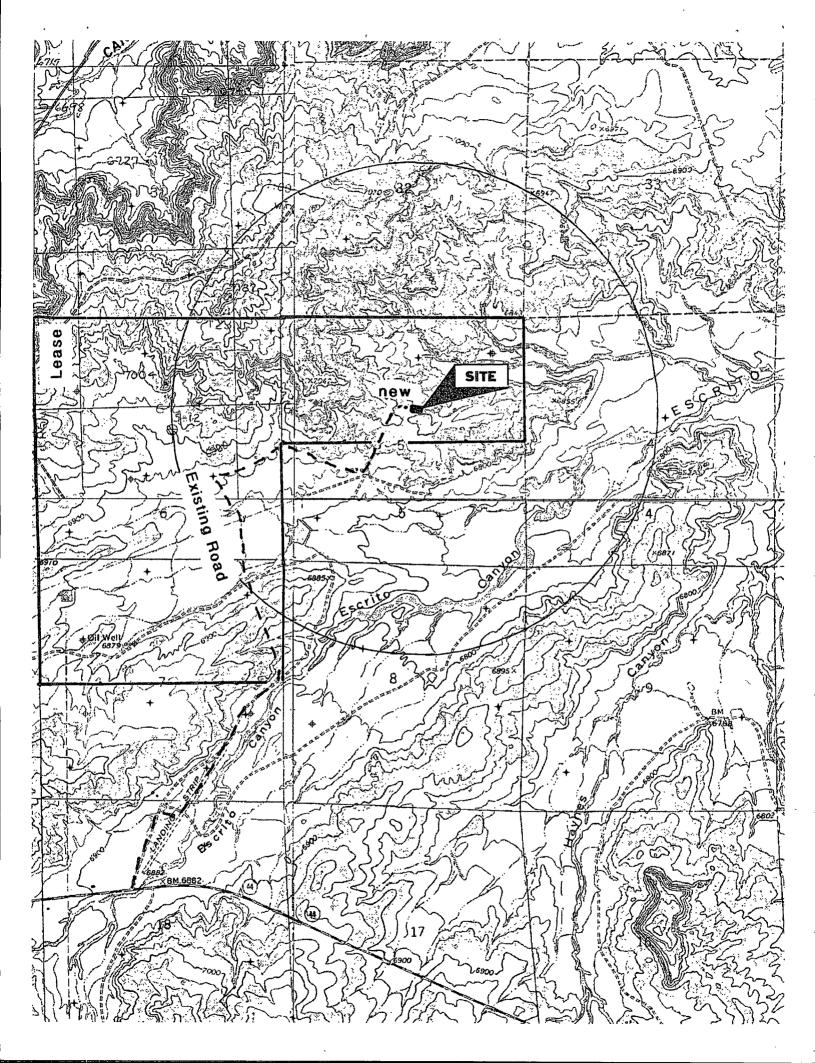
<u>Hole Size</u>	<u>O. D.</u>	Pounds/Foot	<u>Grade</u>	Туре	<u>Age</u>	<u>Depth Set</u>
12-1/4"	8-5/8"	24	J-55 or K-55	ST&C	New	350'
7-7/8"	5-1/2"	10.5	J-55	LT&C	New	5,800'
		15.5				

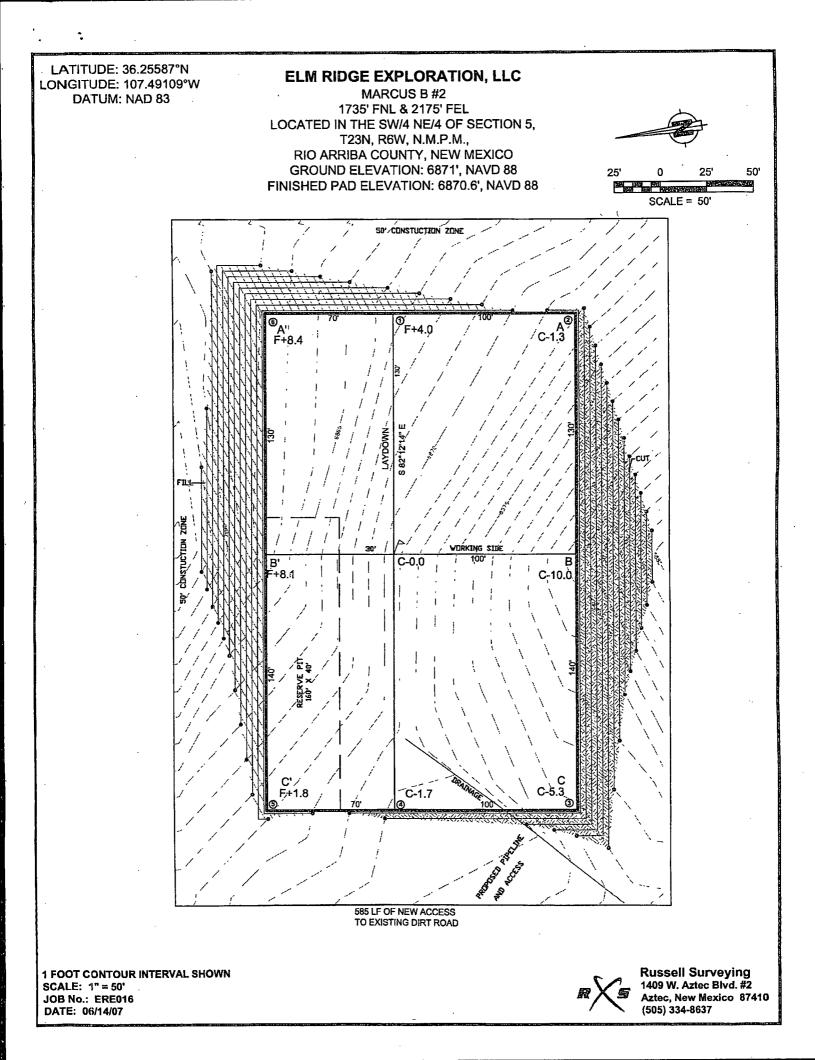
Surface casing will be cemented to the surface with ≈ 290 cubic feet (≈ 245 sacks) Class B with 1/4 pound per sack cellophane + 2% CaCl₂. Yield = 1.18 cubic feet per sack. Weight = 15.2 pounds per gallon. Volume = 100% excess. Centralizers will be installed on the middle of the shoe joint and every other centralizer thereafter.

joint

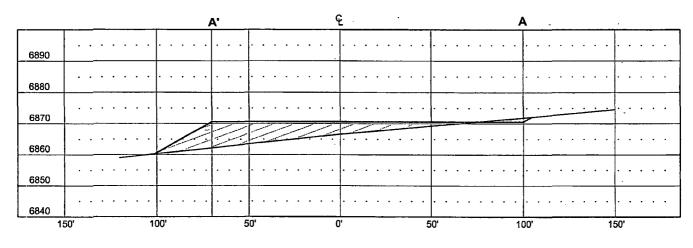
Production casing will be cemented to the surface in 2 stages with a stage tool set @ \approx 3,800'. Centralizers will be installed on the middle of the shoe joint and on every joint thereafter (\geq 2 dozen centralizers). Thread lock the guide shoe, bottom of float collar, and bottom of stage tool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

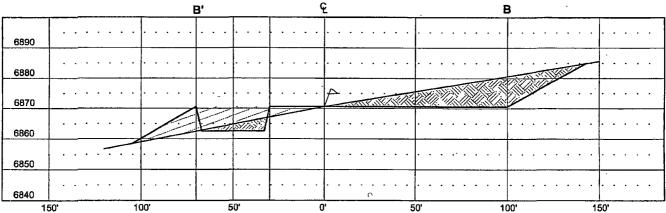






ELM RIDGE EXPLORATION, LLC MARCUS B #2 1735' FNL & 2175' FEL LOCATED IN THE SW/4 NE/4 OF SECTION 5, T23N, R6W, N.M.P.M., RIO ARRIBA COUNTY, NEW MEXICO GROUND ELEVATION: 6871', NAVD 88 FINISHED PAD ELEVATION: 6870.6', NAVD 88





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

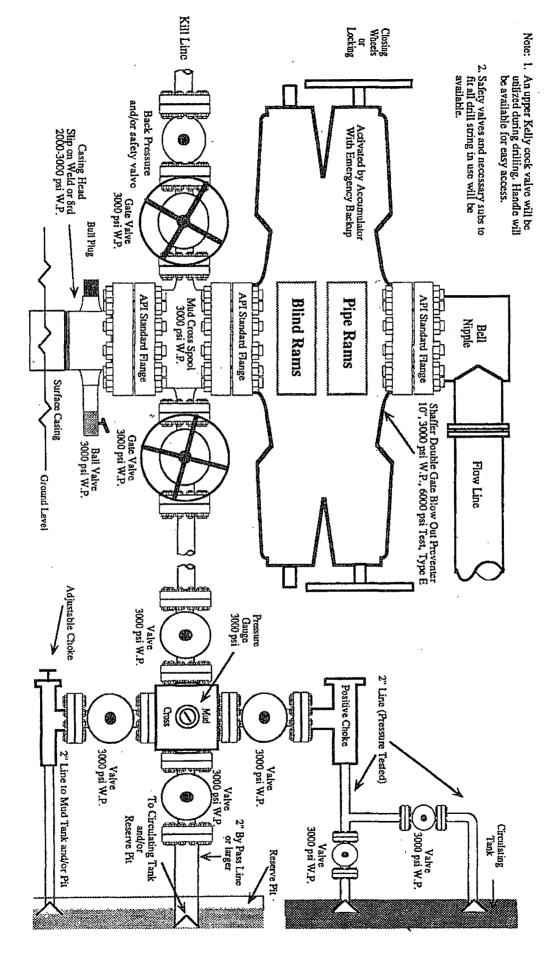
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Russell Surveying 1409 W. Aztec Bivd. #2 Aztec, New Mexico 87410 (505) 334-8637





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.

BUREAU OF LAND MANAGEMENT APR 3 0 2008 SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill obureenter an management & If Indian, Allottee or Tribe Name abandoned well. Use Form 3160-3 (APD) for such proposals. 7. If Unit or CA/Agreement, Name and/or N	Form 3160-5 (November 199	• ⁴⁾ DEP	UNITED STATES	FRIOR	REC	EIVEL	⁷ 01	ORM APPROVED MBNo 1004-0135 rgures July 31, 1996				
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PO BOX 156, Bloomfield, NM 87413 505-632-3476 To. Field and Pool, or Exploratory Area 4. Location of Well (Poolgage, Sec. T. R. M. or Survey Description) To. Sec. 5: 723M-R6W Escrito Galup (assoc) 17.55 FNL X 2175 FEL Rio Arriba, NM 12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA TYPE OF SUBMISSION TYPE OF ACTION Notice of Intent Acidize Production (Start/Resume) Wall Integrity Occurrent Triat Reclamation Subsequent Report Casing Repair Prove Construction Reclamation 10. Droke Poget of Comparison Action of the Production (Start/Resume) Wall Integrity Other Spud, Surface 10. Droke Poget of Comparison Action of the Production (Start/Resume) Wall Integrity Other Spud, Surface 10. Droke Poget of Comparison Action of the Production (Start/Resume) Wall Integrity Other Spud, Surface 10. Droke Poget of Comparison Action of the Production (Start/Resume) Wall Integrity Other Spud, Surface 10. Droke Poget of Comparison Action of the Production (Start/Resume) Wall Integrity Other Spud, Surface 10. Droke Poget of Comparison Action in the Production (Start/Resume) Wall Integrity Other Spud, Surface 10. Droke Poget of Comparis	Elm Ridge	e Exploration Com	bany, LLC				9. API Well N	0.				
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Hick APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA TYPE OF SUBMISSION TYPE OF ACTION Notice of Intent Activity	"G" Sec. 3	5- <i>T23N-R6W</i>					11. County or F	Parish, State				
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Image: Prind Abandonment Notice Convert to Injection Plug Back Water Disposal In Describe Properties or Completed Operations (darly as a li) performed with, including retinanced and true version depth of all performed methods, and the performed operations (darly for the performed performed operations) (darly faste all performed operations) (darly faste all performed p	X Subsequ	ent Report	Casing Repair	New	Construction	Recomplete	2	Other Spud Surface				
If the propend is to deepen directonally or recomplete horscenable, give subsurface locations and measured and une versical depth of all partitions markets and measured handling to the provide de ball doed No an file with BLM/BLA. Required subsequer toposes shall be file within 30 days pollowing completent or a serve interval. A Pern 3160-4 shall be filed once the provide de ball doed No an file with BLM/BLA. Required subsequer toposes shall be filed within 30 days pollowing completent or a serve interval. A Pern 3160-4 shall be filed once the provide de ball doed No an file with BLM/BLA. Required subsequer toposes shall be filed within 30 days pollowing completent in ready for final inspection.) EIM 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. 1 ACCEPTED FOR RECORD MAY 0 6 2008 MAY 0 6 2008 Sharia O'kelly Signature Sharia O'kelly Date April 29, 2008 Approved by Title Conditions of approval if any are attached. Approval of this police does not warnant or certify that the applicant to conduce openiations thereon. Title Office MAY 0 5 2008 Title Date April 29, 2008 Title Date Office<	Final Al	pandonment Notice			•		•					
ACCEPTED FOR RECORD MAY 0 6 2008 PARAMETRY 0	Elm Ridge 5/8" J-55 : calcium C	e Exploration Com 24# Casing to 3 <u>94</u> hloride and 1/8# p	pany, LLC Spud the abo with a hole size of 12 1 olyflake. Circulated 20 b	/4" W bls of	e then pum good ceme	ped 320 sks nt to surface.	of Type G ce Pressure te	ement with 2%				
Approved by Title Date 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 entifie the applicant to conduct operations thereon. Office	for 30 plus	s minutes. BLM wa	is notified but not preser	nt to w	itness ceme	enting or casi	ing job. 🖌					
Approved by Title Date 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 entifie the applicant to conduct operations thereon. Office		ч ч						MAY 0 6 2008				
Ministry Saves 14. Thereby certify that the foregoing is true and correct Name (Printed/Typed) Signature Sharla O'kelly Signature Sharla O'kelly Date April 29, 2008 Approved by Title 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 entit 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, fictition fraudulent statements or representations as to any matter within its jurisdiction.												
Name (Printed/Typed) Title Signature Signature Marce (Printed/Typed) Date Production Assistant Date April 29, 2008 Title Approved by Title 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, fictition fraudulent statements or representations as to any matter within its jurisdiction.	pt Sur Fo	ec bole tot	al depth?			1		BYTE Salvers				
Sharla O'kelly Production Assistant Signature Date April 29, 2008 Approved by Title 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. 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, fictition fraudulent statements or representations as to any matter within its jurisdiction.			; is true and correct									
Signature Date April 29, 2008 THIS PACE FOR FEDERAL OR STATE USE Approved by Title Date Conditions of approval, if any, are attached. Approval of this notice does not warrant or cert fy that the applicant holds legal or equitable tide 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, fictitio fraudulent statements or representations as to any matter within its jurisdiction.	Name (P		011-11-1	Title	•	Dead	• • • • • • • • • • • • •					
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fraudulent statements or representations as to any matter within its jurisdiction.	certify that the	applicant holds legal or equi	itable title to those rights in the subj		Office	<u> </u>		·				
(Instructions on reverse)	Title 18 U.S.C	. Section 1001, makes it	a crime for any person knowing		ilifully to make	to any departmen	t or agency of the	e United States any false, fictition				
	(Instructions on	reverse)										

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NHOCD 6

Form 3160-5 ~(November [#] 1994)	UNITED STATES PARTMENT OF THE INT	REC	IVED		RM APPROVED 3 No. 1004-0135 rrs July 31, 1996			
	JREAU OF LAND MANAGE		5 2008	5. Lease Serial ?				
SUNDRY	NOTICES AND REPORTS	ON WELLS		NMSF-07836				
Do not use thi	s form for proposals to	drill or reenter, a	d Managemei		ottee or Tribe Name			
abandoned well	. Use Form 3160-3 (APD) 1	for such proposals		N/A	RCVD MAY 22 '08			
		RATE OF ALL THE	S water to be start		Agreement, Name and/or N			
	LICATE – Other instruc	tions on reverse	side		OIL CONS. DIV.			
1. Type of Well				N/A	<u> </u>			
Cil Well Gas Well	Other			8. Well Name a	nd No.			
2. Name of Operator				Marcus B #2				
Elm Ridge Exploration Con	· · · · · · · · · · · · · · · · · · ·			9. API Well No.				
3a Address	1	b. Phone No. (include	· ·	30-039-3040				
PO BOX 156, Bloomfield, I		505-632-3476			l, or Exploratory Area			
4. Location of Well (Footage, Sec.	, I., R., M., or Survey Description,)		Escrito Gallu	the second s			
"G" Sec. 5-T23N-R6W				11. County or Par	rish, State			
1735' FNL X 2175' FEL				Rio Arriba, N	M			
12. CHECK APPROPRIATE BO	OX(ES) TO INDICATE NATU	RE OF NOTICE, RE	PORT, OR OTH	IER DATA				
TYPE OF SUBMISSION	TYPE OF ACTION							
Notice of Intent	Acidize	Deepen		(Start/Resume)	Water Shut-Off			
X Subsequent Report	Alter Casing	Fracture Treat	Reclamation		Well Integrity			
X Subsequent Report	Casing Repair	New Construction Plug and Abandon	Temporarily	-	Other			
Final Abandonment Notice	Convert to Injection	Plug Back	Water Dispo					
Elm Ridge Exploration CO There was no 15.5# availal		•		for this well o	due to availability.			
· · ·					ACCEPTED FOR RECORD MAY 192003 FARMENICTION FIELD OFFICE BY TL SALVEN			
14. I hereby certify that the foregoin	ng is frue and correct	1						
Name (Printed/Typed)	Mackey	Title	Administr	ative Manage	er			
Signature	lacks	Date	Mav	iv 13, 2008				
- VIN-	DHS SPACE FO	DR FEDERAL OR ST						
Approved by	anna an an an an Arthur an Anna	Title		Date				
Conditions of approval, if any, are attached certify that the applicant holds legal or eq which would entitle the applicant to condu-	uitable title to those rights in the subje act operations thereon.	ect lease		[
Title 18 U.S.C. Section 1001, makes fraudulent statements or representation			to any department	or agency of the	United States any false, fictitious			
(Instructions on reverse)								

NMOCD

<i>.</i> .	etter A	R	ECEIVI	ED	
orm 3160-5	UNITED STATES			F	ORM APPROVED MB No 1004-0135
November 1994) DEPA	ARTMENT OF THE INT	FERIOR	MAY 20 200	8 E	xpires July 31, 1996
	EAU OF LAND MANAGE			5. Lease Seria	
SUNDRY N	NOTICES AND REPORTS	S ON WELLSBureau	of Land Mana	SNAMEF-078	362
	form for proposals to			6.° If Indian, A	allottee or Tribe Name
abandoned well.	Use Form 3160-3 (APD)	tor such proposal	S.	N/A	<u>RCVD MAY 30 '08</u>
SUBMIT IN TRIPLI	CATE – Other instru	ctions on reverse	e side	7. If Unit or C	CA/Agreement, Name and/or N OIL CONS. DIV.
Type of Weil				N/A	DIST. 3
X Oil Well Gas Well	C Other	**REVISED**		8. Well Name	and No.
. Name of Operator		/		Marcus B #	2
Elm Ridge Exploration Comp	any, LLC	_		9. API Well N	lo.
a. Address		3b. Phone No. (includ	le area code)	30-039-304	02
PO BOX 156, Bloomfield, NN	M 87413	505-632-3476		10. Field and F	ool, or Exploratory Area
Location of Well (Footage, Sec., 7		n)		Escrito Gal	lup (assoc.)
'G" Sec. 5-T23N-R6W				11. County or	Parish, State
1735' FNL X 2175' FEL				Dio Arribo	
				Rio Arriba,	
2. CHECK APPROPRIATE BOX		URE OF NOTICE, RE	PORT, OR OTI	HER DATA	
TYPE OF SUBMISSION	TYPE OF ACTION				
Notice of Intent	Acidize	Deepen Fracture Treat	Production Reclamation	(Start/Resume)	Water Shut-Off .
X Subsequent Report	Casing Repair	New Construction Plug and Abandon	Recomplete	;	Other Spud, Surface
Final Abandonment Notice	Convert to Injection	Plug Back	Water Disp		
b. Describe Proposed or Complexed Operatio If the proposal is to deepen directionally Attach the Bord under which the work of Following completion of the involved oper Testing has been completed. Final Abar determined that the site is ready for final inspec Elm Ridge Exploration Comp 5/8" J-55 24# Casing to 394'	or recomplete borizontally, give su will be performed or provide the B rations. If the operation results in indoament Notices shall be filed or ston.)	ubsurface locations and meass load Na on file with BLM/ a multiple completion or rea naly after all requirements, in OVE WELL AS OF 5:45	ared and true vertica BIA. Required subs- completion in a new scluding reclamation, am 4-27-08.	1 depths of all pe equent reports shal interval, a Form 3 have been comple On 4-28-08	rtinent markers and zones. I be filed within 30 days 1160-4 shall be filed once ted, and the operator has We ran 9 joints of 8
vith 2% calcium Chloride and	d 1/8# polyflake. Circul	ated 20 bbls of go	od cement to	surface. Pro	essure tested well to
1500 PSI for 30 plus minutes	S. BLIN Was notified but	not present to will	ness cementi		
				ACCEPTE	d for record
				MAY	2 8 2008
				EADAINGT	ON FIELD OFFICE
	,			BY	
4. I hereby certify that the foregoing	is true and correct				
Name (Printed/Typed)		Title			
	O'kelly		Product	tion Assista	nt
Signator Mala Ol	celly	Date	Apri	129, 2008	
		FOR FEDERAL OR ST	ATEIUSE		
Approved by		Title		Date	<u>ش</u> ائنده و ۲ بازده وروان در می
		1			
Conditions of approval, if any, are attached, certify that the applicant holds legal or equi which would entitle the applicant to conduct	itable title to those rights in the sub				

(Instructions on reverse)

NMOCD B



Operator: ELM RIDGE EXPLORATION, CO LLC.Well Name:Marcus B #2Discription of Lease:1735' FNL X 2175' FEL

G - Sec. 5-T23N-R6W Rio Arriba County , NM API: 30-039-30402

FROM	то	DEVIATION	
0	151'	3/4	
151'	302'	1/4	
302'	364'	1/4	•
364'	581'	1/2	RCVD JUN 26 '08
581'	828'	1/2	
282'	1077'	3/4	OIL CONS. DIV.
1077	1481'	1/4	
1481'	1884'	3/4	
1884'	2288'	3/4	DIST. 3
2288'	2724'	3/4	0131.0
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	

I hearby swear or (affirm) that the statements made are a full and correct report. En Ridge Exploration CO, LLC Sworn, to and subscribed before me by Amy Mackey, Elm RidgeExploration CO (LLC This 28th day of April, 2008. To certify which witness my band and seal of office. OF NEN My commission expires on: 4/13/2009

> 20 CR 5060 • Bloomfield, NM 87413 • (505) 632-3476 • Fax (505) 632-8151 Mailing Address: P.O. Box 156 • Bloomfield, NM 87413

BURGENU OF LAND MANAGEMEENT 5. Lase: Smith No. BUNDEN HOTEGEA ND REPORTS NO WILLS U.U. 0.5. 5. Lase: Smith No. BUNDEN HOTEGEA ND REPORTS NO WILLS U.U. 0.5. 5. Lase: Smith No. MUSES - 073392 6. If Main. Allence on The Nume. Numer HOTEGEA ND REPORTS NO WILLS 6. If Main. Allence on The Nume. Numer HOTEGEA TO FORM NO. Numer HOTEGEA ND. Numer HOTEGEA ND. 9. ANNOW TOTEGEA ND. 9. ANNOW Numer HOTEGEA ND. 9. ANNOW Numer HOTEGEA ND. 9. ANNOW Numer HOTEGEA ND. 9. ANNOW TOTEGEA ND. 10. Exclamation Numer HOTEGEA ND. 10. Exclamation Construction		UNITED STATES ARTMENT OF THE INTERIOI) ON Exp	DRM APPROVED BB No. 1004-0135 pures July 31, 1996	• •
SUBMIT IN TRIPLICATE - Other instructions on reverse side N/A In Tried Viell N/A Weil Seaweil Ober Note of Viell N/A Marcuss B #2 Marcuss B #2 Marcuss B #2 Marcuss B #2 Note of Departs Sob 039-30402 OD 100: 156, Bloomineid, NM 87413 Sob 532-3775 ID State of Mail (Products, Sec. 7, X, M, or Swrap Department) Exercit Gally (assoc) ID State of Mail (Products, Sec. 7, X, M, or Swrap Department) Exercit Gally (assoc) ID State of Mail (Products, Sec. 7, X, M, or Swrap Department) Exercit Gally (assoc) ID State of Marcuss, Sec. 7, X, M, or Swrap Department) Exercit Gally (assoc) ID State of Marcus Adver Calling Depart ID YE OF SUBMISSION ID Production (StateResman) Wert Shellowing ID State of Interat Adver Calling Depart Rectination Calling The Depart of Department (Production (StateResman)) ID State of Interat Adver Calling Depart of Interation (Easting The	SUNDRY I Do not use this	NOTICES AND REPORTS ON W form for proposals to drill o	VELLS JUL or reenter an		NMSF-0783 6. If Indian, Al	62	
Image: Specific Well Obser Image: Specific Well None and No Image: Specific Well None Specific Well None Specific Well None Specific Well None Specific Well None Image: Specific Well None Specific Well None Specific Well None Specific Well None Image: Specific Well None Specific Well None Specific Well None Specific Well None Image: Specific Well None Specific Well None Specific Well None Specific Well None Image: Specific Well None Specific Well None Specific Well None Specific Well None Image: Specific Well None Specific Well None Specific Well None Specific Well None Image: Specific Well None Specific Well None Specific Well None Specific Well None Image: Specific Well None Specific Well None Specific Well None Specific Well None Image: Specific Well None Specific Well None Specific Well None Specific Well None Image: Specific Well None Specific Well None Specific Well None Specific Well None Image: Specific Well None Specific Well None Specific Well None Specific Well None Image: Specific Well None Specific Well None Specific Well None	SUBMIT IN TRIPL	ICATE Other instructions	on reverse			A/Agreement, Name and/or N	
		Other				and No	
a. Address 3b. Phone No. (include area code) 30-039-30402 20 B/X 155, B/cOnflield, NM 87413 505-632-3476 ID. Field and Pool or Exploratory Area Location of Will Groader, Sec. T. R. A. or Sinvey Description ID. Field and Pool or Exploratory Area C1 Sec. 5-1723N-R6W ID. Consty or Parsh, State 7.35 FinLX 2175 FEL ID. Consty or Parsh, State Right Groader, Sec. 7 TYPE OF SUBMISSION TYPE OF ACTION Notice of Inten Address Production (Star/Resume) Well Integrity Subsequent Roport Charge Plane Production (Star/Resume) Well Integrity Charge Plane Plane Abandon Cassing Control Cassing Control Cassing Control Privation of the Control Charge Plane Plane Abandon Cassing Control Cassing Control Subsequent Roport Charge Plane Plane Abandon Cassing Control Cassing Control Subsequent Roport Charge Plane Plane Abandon Cassing Control Cassing Control Subsequent Roport Charge Plane Plane Abandon Cassing Control Cassing Control Cassing Control Charge Plane Plane Abandon Cassing Control Cassing C	. Name of Operator	Dany IIC	· · · · · · · · · · · · · · · · · · ·				
G'S Soc. 5-T23N-R8W II. County or Partish, State: Rio Arriba, NM 2. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA TYPE OF SUBMISSION II. Production (Start/Resume) Mainter State Mainter State Subsequent Report II. County or Partish, State Mainter State III. County or Partish, State Risk of the state III. County or Partish, State TYPE OF SUBMISSION III. County or Partish, State TYPE OF SUBMISSION III. County or Partish, State Type of submission III. County or Partish, State Subsequent Report III. County or Partish, State Subsequent Report III. County or Partish, State The robust of county or Partish, State IIII. County or Partish, State River State State IIII. County or Partish, State Type of Submission IIII. County or Partish, State River State IIII. County or Partish, State River State IIIII. County or Partish, State River State IIIII. County or Partish, State River State IIIIII. County or Partish, State River State IIIIII. County or Partish, State River State IIIIIIIIIIIII. County or Par	a. Address	3b. Ph	,	e area code)	30-039-3040)2	
	G" Sec. 5-T23N-R6W	F., R., M., or Survey Description)				the contract of the second	•
TYPE OF SUBMISSION TYPE OF ACTION Where Share Construction Water Share Construction Water Share Construction Subsequent Report Hale Casing Preduction (Start/Resume) Water Share Config Final Abandomment Notice Convert to Injection Prug Back Breve Onstruction Recomplete Other TD, Production Private Proved in to depend detailed or convert to Injection Prug Back Breve Onstruction Recomplete Other TD, Production Cash of the Share Converts Convert to Injection Prug Back Brever Disposal Additional Provide State					,	M	
Notice of latert			NOTICE, RE	PORT, OR OTH	IER DATA		
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T the propue is to depend the developed final equivalent to be consider and measured and true version of the invited expension of the invited expension. If the operation much is an invite complete on the c	Final Abandonment Notice	Convert to Injection Plug	g Back	Water Dispo	sal		
DIST. 3 Approved by Title Production Assistant Signature Sharla O'kelly Date May 14, 2008 May 14, 2008 approved by Title Inditions of approval, if any, are stacked. Approval of this motice does not warrant or diversities to conduct operations thereon. Office title would entitle the applicant holds legal or equitable title to those rights in the subject lease of the united states any false, fictilious or unducted states as to any matter within its jurisdiction. Office tarts USE 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, fictilious or unducted states on any matter within its jurisdiction. ACCEPTED FOR RECORD JUL 1 if 2008 Life 2008 Interviewed Date Date	Ve pumped 454 sks of 50/50 ours then pumped 630 sks ested well to 1500 PSI for 30	D/G/POZ for the first stage with of 65/35/G/POZ for the second plus minutes. BLM was notif	th 20 bbls of id stage with	good cemen 36 bbls of go	t to surface, ood cement t	Circulated for eight to surface Pressure te not present to RCVD JUL 11 '08	ł .
A Specific Release date 4. Thereby certify that the foregoing is true and correct Name (Printed/Typed) Signature Signature May 14, 2008 Title May 14, 2008 Title May 14, 2008 Office Inditions of approval, if any, are attached. Approval of this notice does not warrant or rify that the applicant to conduct operations thereon. Ide 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 audulent statements or representations as to any matter within its jurisdiction. Nature constant ACCEPTED FOR RECORD JUL 1 0 2008 Figure constant Second Constant							
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OTHIS SPACE FOR FEDERAL OR STATE USE pproved by Title Date onditions of approval, if any, are attached. Approval of this notice does not warrant or trify that the applicant holds legal or equitable title to those rights in the subject lease hich would entitle the applicant to conduct operations thereon. Office the 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 audulent statements or representations as to any matter within its jurisdiction. astructions on reverse) ACCEPTED FOR RECORD JUL 1 0 2008			e				
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	nstructions on reverse)						
			NMOCD	R		FAREDICTION FIELD OFF	CE.

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	UNITED STATES		L 15 2008	FC FC)RM APPROVED 4B No. 1004-0135 pires July 31, 1996	
	BUREAU OF LAND MANAGEMENT					
Do not use th	is form for proposals to a	drill or reenteria	Land Monege Mon Field Offic	L6. If Indian, Allottee of Tribe Name		
	II. Use Form 3160-3 (APD) fo			N/A	RCVD JUL 17 '08	
				7. If Unit or C.	A/Agreement, Name and/or N	
SUBMIT IN TRI	PLICATE - Other instruct	ions on revers	e side		OIL CONS. DIV.	
1. Type of Well			<u></u>	N/A	DIST. 3	
Cil Well Gas Well	Other			8. Well Name	and No.	
2. Name of Operator				Marcus B #	and the second	
Elm Ridge Exploration Co	mpany, LLC	b. Phone No. (includ	da anaa aada)	9. API Well No.		
3a. ; Address PO BOX 156, Bloomfield,		605-632-3476	ie ureu couej	30-039-304	ool, or Exploratory Area	
and the second se	c., T., R., M., or Survey Description)	· · · · · · · · · · · · · · · · · · ·			up (assoc.)⇒	
"G" Sec. 5-T23N-R6W	· · · · · · · ·			11. County or P		
1735' FNL X 2175' FEL				Rio Arriba,-I	NM	
2e						
	OX(ES) TO INDICATE NATUR	RE OF NOTICE, RE	EPORT, OR OT	HER DATA		
TYPE OF SUBMISSION	TYPE OF ACTION					
Notice of Intent	Acidize	Deepen Fracture Treat	Production	(Start/Resume) n	Water Shut-Off	
X Subsequent Report	Casing Repair	New Construction	Recomplete		Other Completion	
Final Abandonment Notice	Change Plans Convert to Injection	Plug and Abandon Plug Back	Temporarily Water Disp	osal	Summery	
Testing has been completed. Final determined that the site is ready for final u EIm Ridge Exploration CC May 13, 2008 The Drilling meeting and RU Wire Line Halliburton, start acid job, acid with additives,flushed RU Halliburton, frac w/ 20 sand coated w/ssw 6-26-0	operations If the operation results in a Abandonment Notices shall be filed only spectron.) D LLC. Has completed the a <u>Rig was released and on J</u> e truck, perforate 4 SPF from pumped 30 bbls to establis w/ 134 bbl of 2% KCL to b 92 MSCF N2, 38,597 gallor 8, TBG landed w/ 12' KB, 1 is minutes, test good RD a	above well as foll une 12, 2008 we om 5553' to 5636 in rate of 20 BPN ottom perf. RD H ns of 13 CP Delta 171 joints of 2 3/8	notuding redamation. ows; From Ju e MIRU Basic 5' 6-17-08; Ho A then pumpe Halliburton. 6- a 140 ssw, pu B'' 4 7# J-55 T	have been complete ine 12, 2008 # 1229. 6-16 old safety me d 3,500 gallo 20-08; Hold mped 1,441 "BG set at 55	to July 15,2008 On 5-08; Hold safety eeting and RU ons of 71/2% MCA Safety meeting and sks of 20/40 CRC 556' Pressure tested	
14. I hereby certify that the forego						
Name (Printed/Typed)		Title				
A second s	Signature A A A A A A A A A A A A A A A A A A A					
Mala	July 15, 2008					
	THIS SPACE FO	R FEDERAL OR ST	TATE USE			
Approved by		Title		Date		
	hed. Approval of this notice does not wan equitable title to those rights in the subject duct operations thereon.					
Title 18 U.S.C. Section 1001, make	s it a crime for any person knowingly ions as to any matter within its jurisd	y and willfully to make liction.	to any departmen	t or agency of the	United States any false, fictitious or	
(Instructions on reverse)	· · · · · · · · · · · · · · · · · · ·				ACCEPTED FOR RECORD	
	L/A				JUL 1 6 2008	
	NMOCD 4				FARMINGTION FIELD OFFICE	
٧D					BY TE Salvers	

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