

DATE IN <u>12-18</u>	SUSPENSE	ENGINEER <u>Brooks</u>	LOGGED IN <u>12-30-09</u>	TYPE <u>NSL</u>	PTG-LV APP NO <u>0936434358</u>
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

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

2009 DEC 30 A 9:06



D.J. Simmons, Inc.

6133

ADMINISTRATIVE APPLICATION CHECKLIST

Blanco Wash 27-3

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]
 [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 Oil Well
- [2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply
 [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
 [B] ☒ Offset Operators, Leaseholders or Surface Owner
 [C] ☐ Application is One Which Requires Published Legal Notice
 [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
 U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] ☐ Waivers are Attached
- [3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

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

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

Walter Parks
 Print or Type Name

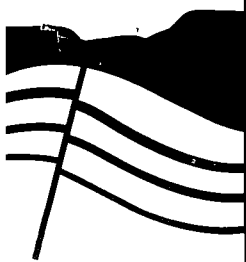
Walter Parks
 Signature

Senior Landman
 Title

12/29/09
 Date

wparks@djsimmons.com
 e-mail Address

Indian Lease FIMO



DJ SIMMONS, INC.

1009 Ridgeway Place
Suite 200
Farmington,
New Mexico 87401

505-326-3753
505-327-4659 FAX
info@djsimmonsinc.com
www.djsimmonsinc.com

December 16, 2009

RECEIVED

2009 DEC 18 PM 2 35

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

RE: Application for Administrative Approval
Non Standard Well Location
Blanco Wash 27-3 Well
Lybrook Gallup Formation
NW1/4NE1/4, Sec. 27, T24N, R8W NMPM
San Juan County, New Mexico

Gentlemen:

DJ Simmons, Inc. is requesting an administrative approval of this non-standard well location pursuant to Rule 104.B (1). Affected parties would be Elm Ridge Exploration Company LLC, M&M Production & Operation, Inc., and the Federal Indian Minerals Office-Bureau of Indian Affairs representing three Navajo Allotments that are lessees/owners of record and operating rights owners. The affected parties described lands are as follows:

S1/2SE1/4 Section 22, T24N, R8W NMPM
SE1/4SW1/4 Section 22, T24N, R8W NMPM

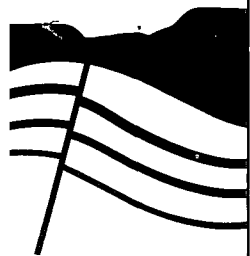
The Application for Permit to Drill has been applied for as a Lybrook Gallup pool. In 2007 a standard well site was rejected by the Federal Indian Minerals Management Office/Bureau of Indian Affairs/Farmington (FIMO) inspector due to the proposed 35 foot cut on the south side of a badland slope. Approximately 60% of the topographic features of the NW1/4NE1/4 of Section 27 are considered badlands with hills, cliffs, and water drainages. The present site was surveyed and staked in October of 2008 and approved by FIMO inspectors during an on-site inspection conducted on March 4, 2009 (see attached map).

As required by Rule 104.F (3) the following items are attached:

C-102 showing the well location and proposed spacing unit;

A plat showing offset mineral owners;

A complete list of operators or lessees of record for the off-setting proration unit with their current addresses.



DJ SIMMONS, INC.

1009 Ridgeway Place
Suite 200
Farmington,
New Mexico 87401

505-326-3753
505-327-4659 FAX
info@djsimmonsinc.com
www.djsimmonsinc.com

In accordance with Rule 104.F (3) and Rule 1207.A (2), a complete copy of the application was sent by certified mail-return receipt requested on the same date as this application to the operators/lessees on the attached list. A copy of the cover letter is attached.

Sincerely

Walter Parks
Senior Landman

Attachments:



DJ SIMMONS, INC.
DJ SIMMONS INC

1009 Ridgeway Place Suite 200
Farmington, New Mexico 87401
Phone: 505-326-3753 Ext 127
FAX: 505-327-4659

Date: 12/29/09

Number of Pages Including Cover Sheet: 2

To: Terry G. Warnell, NMOCD

From: Steve Sacks

Phone:

FAX: 505-476-3462

REMARKS:	Urgent	Reply ASAP	Please Comment	For Your Review <u>X</u>
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Attached is the Administrative Application Checklist as requested. Thank you for your time concerning this issue.

Sincerely

Steve Sacks

Warnell, Terry G, EMNRD

Subject: NSL Application

Hi Walter,

OCD just received your C-102 and other paperwork for the NSL on Blanco Wash Well No. 27-3 1

What we didn't get was the OCD Administrative Application Checklist

Please send or fax/email me a signed and completed Administrative Application Checklist for this well

<http://www.emnrd.state.nm.us/OCD/documents/AdminApplicationChecklist20090826.DOC>

Thank you,

Terry G. Warnell
New Mexico Oil Conservation Division
1220 South St. Francis
Santa Fe, NM 87505
505-476-3466

Fax'd 2nd request Dec 22, 2009

DISTRICT II
P.O. Drawer DD, Artesia, N.M. 88211-0719

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

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

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, NM 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code 42289		3 Pool Name LYBROOK GALLUP OIL	
4 Property Code		5 Property Name BLANCO WASH			6 Well Number 27-3
7 OGRID No. 5578		8 Operator Name D. J. SIMMONS INC.			9 Elevation 6797.52

¹⁰ Surface Location

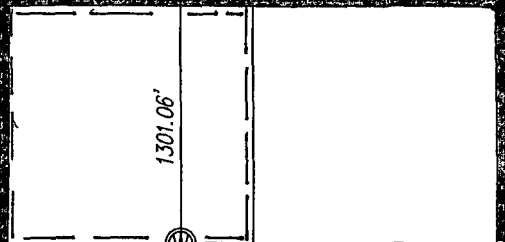
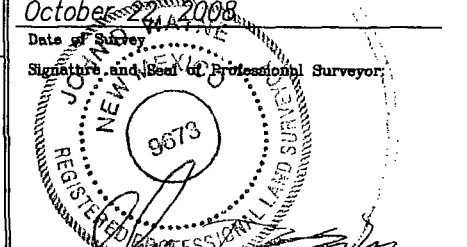
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	27	24N	8W		1301.06	NORTH	1698.21	EAST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

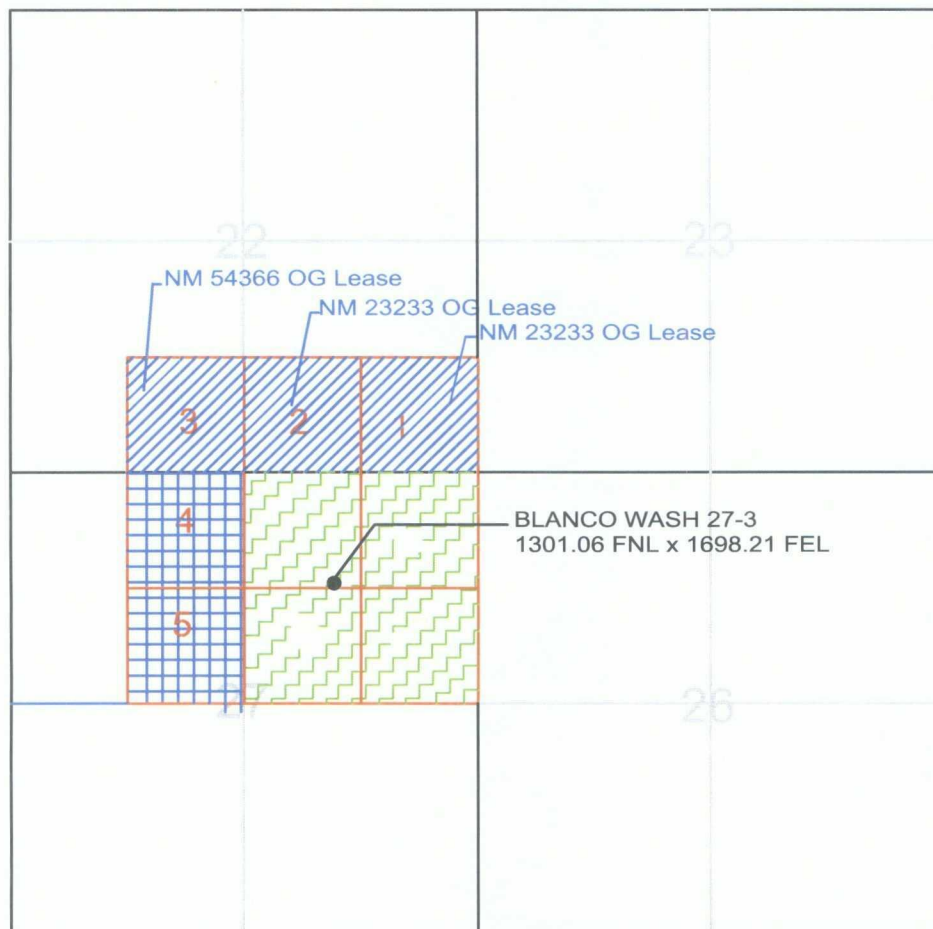
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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12a Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
40			

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		<h3>17 OPERATOR CERTIFICATION</h3> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p>
		<p><u>Steve Sacks</u> Signature</p> <p><u>Steve Sacks</u> Printed Name</p> <p><u>Permitting Specialist</u> Title</p> <p><u>8/6/2009</u> Date</p>
		<h3>18 SURVEYOR CERTIFICATION</h3> <p>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.</p> <p><u>October 22, 2008</u> Date of Survey</p> <p><u>[Signature]</u> Signature and Seal of Professional Surveyor</p> <p> Certificate Number <u>N.M. PLS #9673</u></p>

Blanco Wash 27-3
1301.06' FNL x 1698.21' FEL , Section 27, T24N, R8W
San Juan County, New Mexico



LEGEND



1 & 2. Elm Ridge Exploration Company LLC
12225 Greenville Avenue, Suite 950
Dallas TX 75243-9362

3. M&M Production & Operation, Inc.
5600 Sandalwood Drive
Farmington, NM 87402-4805



4 & 5. Affected Navajo Allottees Lessee



Blanco 27-3 Lease

1009 Ridgeway Place
Suite 200
Farmington, NM. 87401

PH. (505) 326-3753
FAX (505) 327-4659

www.djsimmonsinc.com

APPROVED: W.P

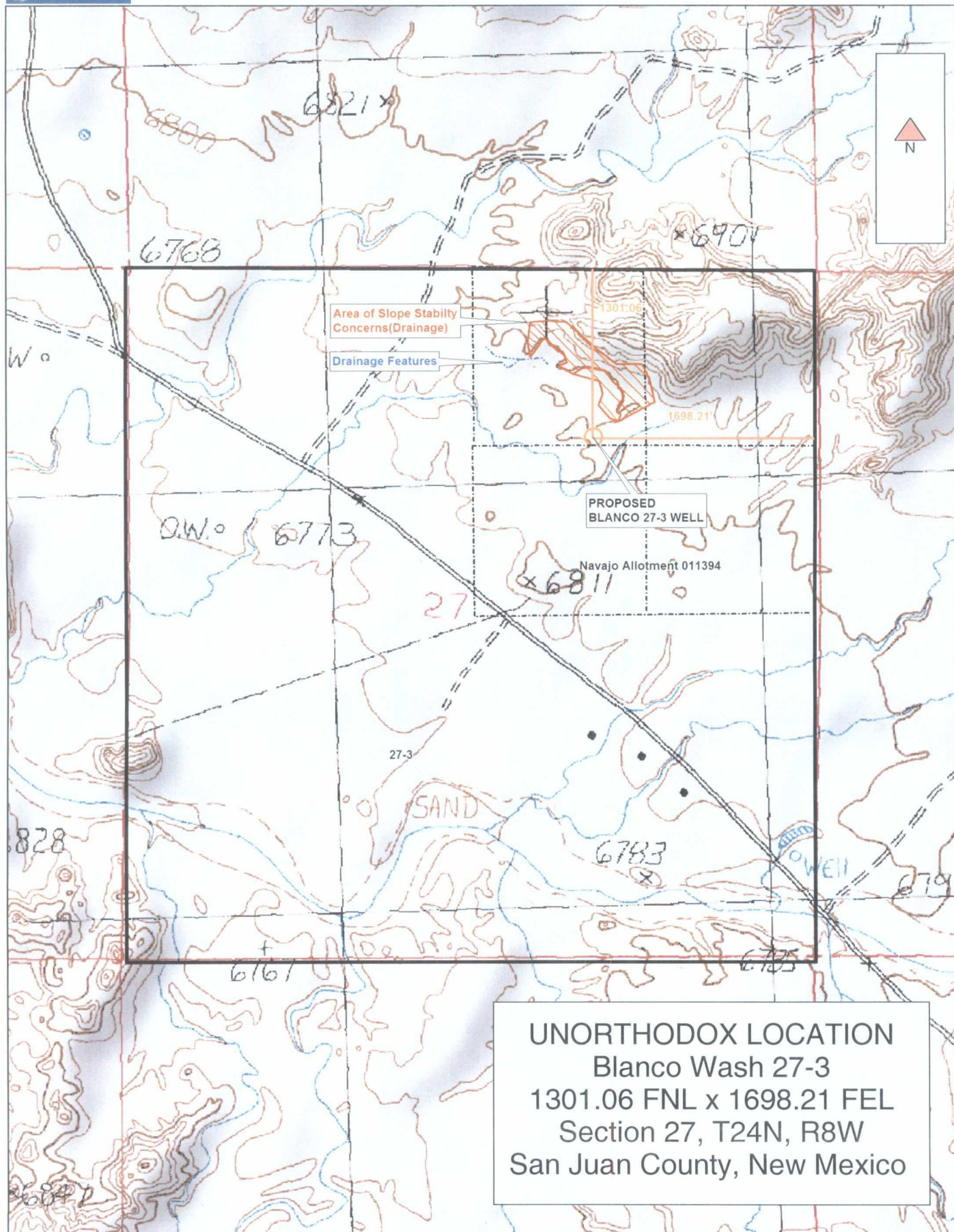
DRWN BY: C.D.S.

SEPT 2009

PROJECT: Blanco Wash 27-3

SCALE: NTS

UNORTHODOX LOCATION
Blanco Wash 27-3
Section 27, T24N, R8W
San Juan County, NM.



Data use subject to license.

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www.delorme.com

Scale 1 : 12,000



1" = 1,000.0 ft

Data Zoom 14-3

NEW MEXICO WELL LOCATION PLAT

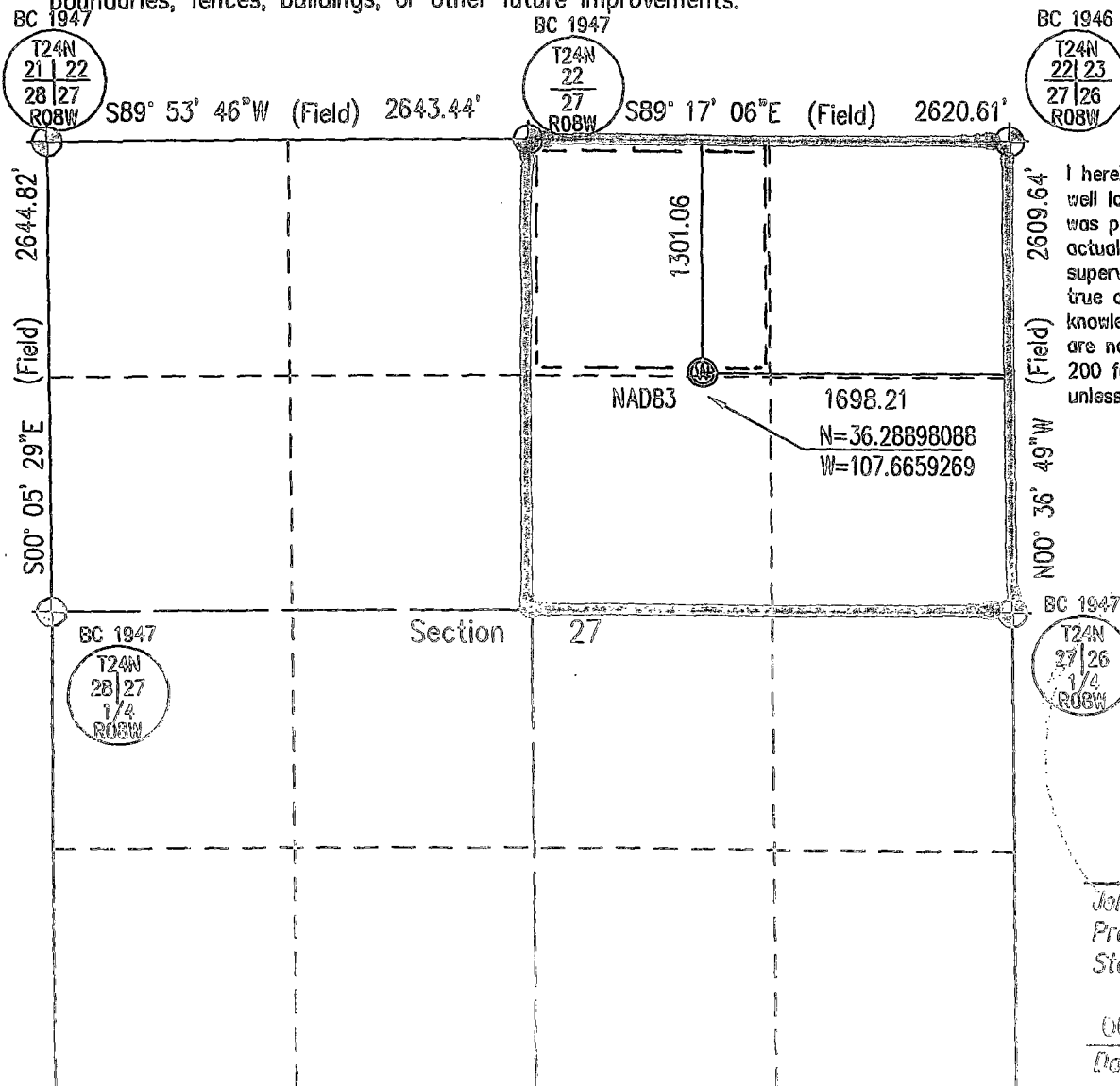
OPERATOR ED SIMMONS INC.
 LEASE BLANCO WASH WELL NO. 27-3
 SECTION 27 TOWNSHIP 24 North RANGE 6 West N.M.P.M.
 COUNTY San Juan NEW MEXICO
 FOOTAGE LOCATION OF WELL: 1301.06 FEET FROM THE North LINE and
1698.21 FEET FROM THE East LINE and
 GROUND LEVEL ELEVATION: 6797.52
 SURFACE USE WITHIN 200' RADIUS: No Improvements Within 200'
 BASIS OF BEARING: GPS Data
 BASIS OF ELEVATION: GPS Data - NAD 83 - PDOP #1.3



500' 500'
 1" = 1000'

Some information on this plat is based on information taken from previous surveys, record information, or collateral evidence and may not reflect that which may be disclosed by a complete boundary survey. This plat is not to be relied on for the establishment of surface boundaries, fences, buildings, or other future improvements.

- BC 1947
- WELL Location
- STONE Marked
- ALUMINUM CAP



I hereby certify that the proposed well location shown on this plat was prepared from field notes of an actual survey by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief, and that there are no visible improvements within 200 feet of this proposed wellhead, unless noted otherwise.

John D. Wayne
 Professional L.S. #9673
 State of New Mexico

OCTOBER 22, 2008

Date Surveyed:

NOVEMBER 20, 2008

Date Platted:

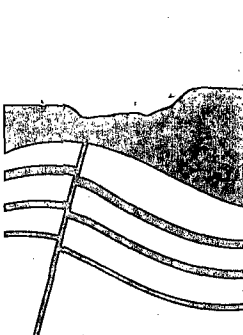
SCALE: 1" = 1000'

Complete List of Off-setting Operators

Elm Ridge Exploration Company LLC
12225 Greenville Avenue, Suite 950
Dallas, TX 75243-9362

M&M Production & Operation, Inc.
5600 Sandalwood Drive
Farmington, NM 87402

United States Department of Interior
Federal Indian Minerals Office-Bureau of Indian Affairs
Attn: Ms. Cristina Ashley
1235 La Plata Highway, Suite B
Farmington, NM 87401



CERTIFIED MAIL – RECEIPT REQUESTED
NO. 7008 2810 0001 9140 1543

December 16, 2009

DJ SIMMONS, INC.

1009 Ridgeway Place
Suite 200
Farmington,
New Mexico 87401

505-326-3753
505-327-4659 FAX
info@djsimmonsinc.com
www.djsimmonsinc.com

Elm Ridge Exploration Company LLC
12225 Greenville Avenue, Suite 950
Dallas, TX 75243-9362

RE: Application for Administrative Approval;
Non Standard Well Location
Blanco Wash 27-3 Well, Navajo Allotments #011389, 01101556, 011391,
Lybrook Gallup Formation
NW1/4NE1/4, Sec. 27, T24N, R8W NMPM
San Juan County, New Mexico

To Whom It May Concern:

DJ Simmons, Inc. has made an application to the New Mexico Oil Conservation Division (NMOCD) for Administrative approval of the above referenced Non Standard Well Location. In accordance with the NMOCD Rule 104.B (1) Oil Well Acreage and Location Requirements, 104.F Non Standard Locations, and Rule 1207.A (2) Notification Requirements for Specific Adjudications, Non Standard Locations, DJ Simmons, Inc. is advising you of this application as an "Affected Person" of an adjoining spacing unit.

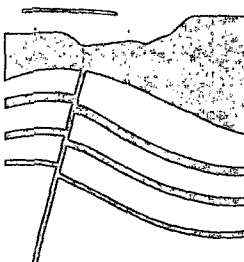
A copy of the application is attached for your review. If you have no objection to the application then please sign the attached wavier letter and return it to the NMOCD in the enclosed self addressed stamped envelope. If you do not sign the wavier or enter an objection within twenty days the Division Director may approve this application.

If you have any questions or need further information please call me at (505) 326-3753, Ext. 127.

Sincerely

Steve Sacks
Regulatory and Permitting Specialist

Enclosures



CERTIFIED MAIL - RECEIPT REQUESTED
NO. 7008 2810 0001 9140 1550

November 20, 2009

DJ SIMMONS, INC.

1009 Ridgeway Place
Suite 200
Farmington,
New Mexico 87401

505-326-3753
505-327-4659 FAX
info@djsimmonsinc.com
www.djsimmonsinc.com

M&M Production & Operation, Inc.
5600 Sandalwood Drive
Farmington, NM 87402-4805

RE: Application for Administrative Approval;
Non Standard Well Location
Blanco Wash 27-3 Well, Navajo Allotments #011389, 01101556, 011391,
Lybrook Gallup Formation
NW1/4NE1/4, Sec. 27, T24N, R8W NMPM
San Juan County, New Mexico

To Whom It May Concern:

DJ Simmons, Inc. has made an application to the New Mexico Oil Conservation Division (NMOCD) for Administrative approval of the above referenced Non Standard Well Location. In accordance with the NMOCD Rule 104.B (1) Oil Well Acreage and Location Requirements, 104.F Non Standard Locations, and Rule 1207.A (2) Notification Requirements for Specific Adjudications, Non Standard Locations, DJ Simmons, Inc. is advising you of this application as an "Affected Person" of an adjoining spacing unit.

A copy of the application is attached for your review. If you have no objection to the application then please sign the attached wavier letter and return it to the NMOCD in the enclosed self addressed stamped envelope. If you do not sign the wavier or enter an objection within twenty days the Division Director may approve this application.

If you have any questions or need further information please call me at (505) 326-3753, Ext. 127.

Sincerely

Steve Sacks
Permitting Specialist

Enclosures

CERTIFIED MAIL – RECEIPT REQUESTED
NO. 7008 2810 0001 9140 1567

November 16, 2009

DJ SIMMONS, INC.

1009 Ridgeway Place
Suite 200
Farmington,
New Mexico 87401

505-326-3753
505-327-4659 FAX
info@djsimmonsinc.com
www.djsimmonsinc.com

United States Department of Interior
Federal Indian Minerals Office-Bureau of Indian Affairs
Attn: Ms. Cristina Ashley
1235 La Plata Highway, Suite B
Farmington, NM 87401

RE: Application for Administrative Approval;
Non Standard Well Location
Blanco Wash 27-3 Well, Navajo Allotments #011389, 01101556, 011391,
Lybrook Gallup Formation
NW1/4NE1/4, Sec. 27, T24N, R8W NMPM
San Juan County, New Mexico

Dear Ms. Ashley:

DJ Simmons, Inc. is requesting the record title owners of the Navajo Allotted leases listed above be advised that are adjacent to the DJ Simmons, Inc. lease NO-G-0110-1556, Allotment No. 011394 who has made an application to the New Mexico Oil Conservation Division (NMOCD) for Administrative approval of the above referenced Non Standard Well Location. In accordance with the NMOCD Rule 104.B (1) Oil Well Acreage and Location Requirements, 104.F Non Standard Locations, and Rule 1207.A (2) Notification Requirements for Specific Adjudications, Non Standard Locations, DJ Simmons, Inc. is advising you of this application as an "Affected Person" of an adjoining spacing unit.

Enclosed for your review are the following items:

1. Copies of the New Mexico NMOCD Rules 104.f and 1207.A (2);
2. Lease Descriptions Map;
3. Copy of the Crow Mesa West Quadrangle Map;
4. Blanco Wash 27-3 Well NM C-102.

If you have no objection to the application, please sign the attached wavier letter and return it to the NMOCD in the enclosed self addressed stamped envelope. If you do not sign the wavier or enter an objection within twenty days, the Division Director may approve this application.

(Transfer from service label)

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

SENDER: COMPLETE THIS SECTION

- ☒ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- ☒ Print your name and address on the reverse so that we can return the card to you.
- ☒ Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

M&M Production & Operation, Inc.
5600 Sandalwood Drive
Farmington, NM 87402-4805

COMPLETE THIS SECTION ON DELIVERY

A. Signature

Teresa D. McCann

☐ Agent

☐ Addressee

B. Received by (Printed Name)

Teresa D. McCann

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☒ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

2. Article Number

(Transfer from service label)

7008 2810 0001 9140 1550

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

SENDER: COMPLETE THIS SECTION

- ☒ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- ☒ Print your name and address on the reverse so that we can return the card to you.
- ☒ Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

United States Department of Interior
Federal Indian Minerals Office-Bureau
Attn: Ms. Cristina Ashley
1235 La Plata Highway, Suite B
Farmington, NM 87401

COMPLETE THIS SECTION ON DELIVERY

A. Signature

Ashley Dye

☐ Agent

☐ Addressee

B. Received by (Printed Name)

ASHLEY DYE

C. Date of Delivery

11/25/09

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☒ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

2. Article Number

(Transfer from service label)

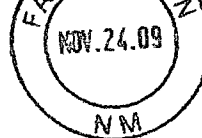
7008 2810 0001 9140 1567

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

1009 Ridgeway Place, Ste. 200
Farmington, NM 87401



November 20, 2009

M&M Production & Operation, Inc.
5600 Sandalwood Drive
Farmington, NM 87402-4805

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

OFFICIAL USE

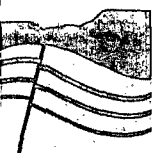
Postage	\$ 1.05
Certified Fee	2.80
Return Receipt Fee (Endorsement Required)	2.30
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.15

Nov 24-09
Postmark Here

Sent To
M&M Production & Operation, Inc.
5600 Sandalwood Drive
Farmington, NM 87402-4805

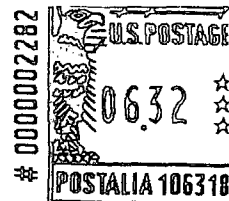
PS Form 3800, August 2006 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none">Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.Print your name and address on the reverse so that we can return the card to you.Attach this card to the back of the mailpiece, or on the front if space permits.	<p>A. Signature <input type="checkbox"/> Agent X <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) C. Date of Delivery</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>
1. Article Addressed to: M&M Production & Operation, Inc. 5600 Sandalwood Drive Farmington, NM 87402-4805	3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.
2. Article Number (Transfer from service label)	4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes
7008 2810 0001 9140 1550	



DJ SIMMONS, INC.

1009 Ridgeway Place, Ste. 200
Farmington, NM 87401



ONS, INC.

Ridgeway Place
200
Farmington,
NM 87401

United States Department of Interior
Federal Indian Minerals Office-Bureau of Ir
Attn: Ms. Cristina Ashley
1235 La Plata Highway, Suite B
Farmington, NM 87401

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none">Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.Print your name and address on the reverse so that we can return the card to you.Attach this card to the back of the mailpiece, or on the front if space permits.		<p>A. Signature <input type="checkbox"/> Agent X <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) C. Date of Delivery</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>	
1. Article Addressed to: United States Department of Interior Federal Indian Minerals Office-Bureau of Ir Attn: Ms. Cristina Ashley 1235 La Plata Highway, Suite B Farmington, NM 87401		3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
2. Article Number (Transfer from service label)		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	
7008 2810 0001 9140 1567			

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540



7008 2810 0001 9140 1567
7008 2810 0001 9140 1567

U.S. Postal Service TM	
CERTIFIED MAIL [®] RECEIPT	
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For delivery information visit our website at www.usps.com	
OFFICIAL USE	
Postage	\$ 1.22
Certified Fee	2.80
Return Receipt Fee (Endorsement Required)	2.30
Restricted Delivery Fee (Endorsement Required)	6.32
Total Postage	10.64
United States Department of Interior	
Federal Indian Minerals Office-Bureau of Ir	
Attn: Ms. Cristina Ashley	
1235 La Plata Highway, Suite B	
Farmington, NM 87401	

Postmark Here: NOV 24-09 SS

PS Form 3800, August 2005 See reverse for instructions

December 16, 2009

RECEIVED

2009 DEC 29 AM 8 18

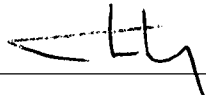
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

RE: Wavier
Non Standard Well Location
Blanco Wash 27-3 Well
Lybrook Gallup Formation
NW1/4NE1/4, Sec. 27, T24N, R8W NMPM
San Juan County, New Mexico

To Whom It May Concern:

The Elm Ridge Exploration Company LLC, Dallas, Texas is in receipt of the Blanco Wash 27-3 Non Standard Well Location application and has reviewed the application provided by DJ Simmons, Inc. as operator of the Blanco Wash 27-3 Well. Elm Ridge Exploration Company LLC, Dallas, Texas an offset Operator/Lessee of the surrounding lands has no objection to the drilling of said well.

Signature



Date

12/22/09

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Thursday, January 07, 2010 4:00 PM
To: 'wparks@djsimmons.com'
Subject: Blanco Wash #27-3; NSL Application

Dear Walter

If I interpret this application, you are dedicating an oil unit (40 acres) to this well. For a 40 acre, NW/4 NE/4 unit, it is indeed a non-standard location, but does not encroach toward any of the units adjoining to the north and west. This is harmless because you have given notice to those owners, even though those notices were not required.

However, the location encroaches toward the SE/4 NE/4 and SW/4 NE/4 of Section 27. Your plat indicates that the entire NE/4 is a single lease. However, I did not see any statement in the application or materials you furnished to the effect that DJ Simmons owns the operating rights for the entire NE/4. Please advise if that is the case, and, in that case, I will proceed promptly to write this order.

I apologize for not addressing this matter sooner. I did not notice the request for priority processing until I looked at the application in detail today.

Sincerely

David K. Brooks
Legal Examiner
505-476-3450

Brooks, David K., EMNRD

From: Walter Parks [wparks@djsimmons.com]
Sent: Friday, January 08, 2010 9:37 AM
To: Brooks, David K., EMNRD
Subject: FW: Blanco Wash #27-3; NSL Application

David

Will this E Mail from my Permit Specialist suffice for stating D.J. Simmons owns the lease operating rights in all of the NE/4 of T24N-R8W or do you require resubmit other evidence.

Walter Parks
Senior Landman
D.J. Simmons, Inc.
(505) 326-3753 Ext 116
cell: (970) 749-9482
wparks@djsimmons.com

From: Steve Sacks
Sent: Friday, January 08, 2010 9:24 AM
To: Walter Parks
Subject: FW: Blanco Wash #27-3; NSL Application

Walter:

DJ Simmons, Inc. does own the operating rights to the entire NE/4 (160 acres) of Section 27, T24N, R8W, NMPM through Lease Number NO-G-0110-1556, Navajo Allotment Number 011394.

Steve Sacks
Regulatory and Permitting Specialist
505-326-3753 Ext 127

From: Brooks, David K., EMNRD [mailto:david.brooks@state.nm.us]
Sent: Thursday, January 07, 2010 4:00 PM
To: Walter Parks
Subject: Blanco Wash #27-3; NSL Application

Dear Walter

If I interpret this application, you are dedicating an oil unit (40 acres) to this well. For a 40 acre, NW/4 NE/4 unit, it is indeed a non-standard location, but does not encroach toward any of the units adjoining to the north and west. This is harmless because you have given notice to those owners, even though those notices were not required.

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Sincerely

David K. Brooks
Legal Examiner
505-476-3450

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Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Tuesday, January 12, 2010 10:36 AM
To: 'Walter Parks'
Cc: Hayden, Steven, EMNRD; 'jay_spielman@nm.blm.gov'; 'llrwb@austin.rr.com'
Subject: Blanco Wash 27 #3, San Juan County, NM; NSL application
Attachments: DJ Simmons Blanco Wash 27 #3.doc

Dear Walter

The referenced NSL application was granted under date of Jan 8, 2010 by Order NSL-6133.

The signed original order will be posted on OCD's website.

Sincerely
David K. Brooks
Legal Examiner

November 20, 2009

RECEIVED
2009 DEC 10 PM 2 55

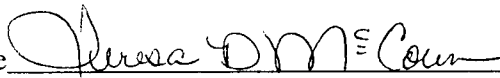
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

RE: Wavier
Non Standard Well Location
Blanco Wash 27-3 Well
Lybrook Gallup Formation
NW1/4NE1/4, Sec. 27, T24N, R8W NMPM
San Juan County, New Mexico

To Whom It May Concern:

M&M Production & Operation, Inc., Farmington, New Mexico is in receipt of the Blanco Wash 27-3 Non Standard Well Location application and has reviewed the application provided by DJ Simmons, Inc. as operator of the Blanco Wash 27-3 Well. M&M Production & Operation, Inc., Farmington, New Mexico an offset Operator/Lessee of the surrounding lands has no objection to the drilling of said well.

Signature



Date

12-8-09