

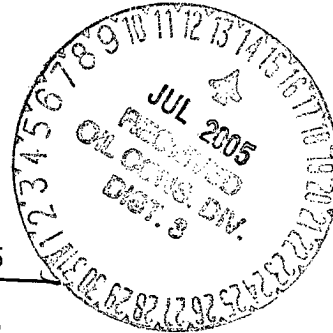


United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington District Office
1235 La Plata Highway
Farmington, New Mexico 87401

IN REPLY REFER TO:
Jicarilla Contract 11
3163.1(b) 2 (21110)



July 13, 2005

CORRECTED LETTER

This letter is to correct the 43 CFR Citation in paragraph three (3) below from 3165.1(b)2, to 3163.1(b)2.

**CERTIFIED--RETURN RECEIPT REQUESTED
7160 3901 9842 1254 1975**

Mr. Terry Lindeman
Elm Ridge Resources, Incorporated
P.O. Box 156
Bloomfield, NM 87413

Dear Mr. Lindeman:

30-039-29285

Reference is made to the following well drilled on Jicarilla Tribal Contract 11:

**No. 10E Jicarilla Apache B, located 1085' FSL and 1260 FEL, Sec. 20, T.24N., 5W.,
Rio Arriba County, New Mexico.**

By your letter dated May 10, 2005, you indicated that the above referenced well was mistakenly drilled on September 22, 2004, thinking that your company was actually drilling the 9E Jicarilla Apache B well which is located 1360' FNL and 1355' FWL Sec. 20, T. 24 N., R. 5 W. The Application for Permit to Drill (APD) the 9E Jicarilla Apache B well was approved on May 5, 2004. However, the APD for the 10E Jicarilla B well was not approved until March 9, 2005. Because of the mistake, the 10E Jicarilla Apache B well was actually spudded before the APD was approved.

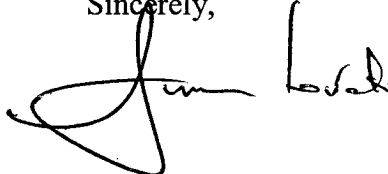
We certainly understand how this mistake could have occurred given the fact that the locations were in close proximity to each other. We also recognize that your decision to drill this well was based on misinformation and was unintentional. However, Elm Ridge Resources is subject to a nondiscretionary assessment of \$5,000 pursuant to **43 CFR 3163.1(b) 2**. You will be billed for this amount by our office at a later date. In addition, an inspection of the well site was conducted by our Cuba Field Office to determine if the location was constructed to the standards and

conditions outlined in the approved APD. You will be contacted by the Cuba Office for any further well site requirements.

Under 43 CFR 3165.3, you may request an Administrative Review of any instructions, orders, or decisions issued by the Authorized Officer. Such a request, including all supporting documents, must be filed in writing within 20-business days of receipt of this notice and must be filed with the State Director, Bureau of Land Management (NM92000), P.O. Box 27115, Santa Fe, New Mexico 87502-0115. Such a request will not result in a suspension of the instructions, orders, or decisions unless the reviewing official so determines. Procedures governing appeals from the instructions, orders, or decisions are contained in 43 CFR 3165.4 and 43 CFR 4.400 *et seq.*

If you have any questions regarding the above, please contact Jim Lovato at (505) 599-6367.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jim Lovato', is written over the word 'Sincerely,'.

For David J. Mankiewicz
Assistant Field Manager
Division of Minerals

cc:

New Mexico Oil Conservation Division
1000 Rio Brazos Road
Aztec, NM 87410

Bureau of Indian Affairs
Jicarilla Agency
P. O. Box 167
Dulce, NM 87528

Jicarilla Apache Nation
Oil and Gas Administration
P.O. Box 507
Dulce, NM 87528