



SUSPENSE	11/501	ENGINEER	MS	LOGGED IN	NSL	APP NO	129038996
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NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

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

ABOVE THIS LINE FOR DIVISION USE ONLY

Elm Ridge

ADMINISTRATIVE APPLICATION CHECKLIST

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

Application Acronyms:

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

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

[A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
DHC CTB PLC PC OLS OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
WFX PMX SWD IPI EOR PPR

[D] Other: Specify

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

[A] Working, Royalty or Overriding Royalty Interest Owners

☒ [B] Offset Operators, Leaseholders or Surface Owner

[C] Application is One Which Requires Published Legal Notice

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

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

[F] Waivers are Attached

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

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

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

Print or Type Name

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

Signature

Title

CONSULTANT

Date

10-14-01

e-mail Address

brian@permitswest.com

REQUEST FOR ADMINISTRATIVE APPROVAL FOR NON-STANDARD LOCATION
FOR ELM RIDGE RESOURCES, INC.
BONITA CANYON 1 WELL
SOUTH LINDRITH GALLUP DAKOTA
1185' FNL & 950' FEL SEC. 23, T. 23 N., R. 4 W., SANDOVAL COUNTY, NM

I. The well is on Jicarilla Apache tribal surface and a Jicarilla Apache tribal oil and gas lease (BIA #390). The proposed location is non-standard for the Gallup. A standard location must be at least 330' from the quarter-quarter line. This well is staked 195' further south than standard. (Closest standard location would be 990' FNL and 950' FEL and among trees.) The APD is attached.

II. A C-102 showing the well location and proration unit (NE4NE4 for the Gallup and ~~NE4 for the Dakota~~) is attached. The lease (contains 1,920 acres: all of Sections 23, 24, & 26; T. 23 N., R. 4 W.) is shown on the attached copy of the Five Lakes Canyon NW USGS topo map.

III. According to NM Oil Conservation Division records reviewed in the Santa Fe office on August 22, 2001; the closest producer is Elm Ridge's Whitaker #53 - a Gallup Dakota well which is 2,543' south at 1650' FSL & 1650' FEL 23-23n-4w. A standard location would actually be closer to the Whitaker #53. The next closest well after that is Galloway's Delo #1 well which is a Pictured Cliffs well 2,632' northeast in SWSW 13-23n-4w.

A copy of the Five Lakes Canyon NW 7.5' USGS maps is attached. The map shows the proposed well site, Gallup (dotted line including all of NE4NE4 Sec. 23) spacing unit, Dakota (dashed line including all of NE4 Sec. 23) spacing unit, and lease (solid line including all of Sections 23, 24, and 26).

There is only one lease within a minimum 1,185' radius. Elm Ridge is the operator of the Gallup and Dakota rights in the Sections 23 and 26 portions of the tribal lease.

Three existing Pictured Cliffs spacing units adjoin the Elm Ridge's proposed acreage dedication. Only the PC wells are shown as black squares, not their acreage dedications.

Registered letters were sent on October 13, 2001 to all offset interest owners. A copy of the each letter is attached.

IV. A copy of the Five Lakes Canyon NW USGS map is attached. The proposed well site is marked. Proration unit for the Gallup is the 40 acre northeast quarter of the northeast quarter of Section 23. Proration unit for the Dakota is the 160 acre northeast quarter of Section 23. Both are in Township 23 North, Range 4 West, NMPM, Sandoval County, NM.

V. Elm Ridge selected its location to miss trees. The drilling window is in a pinyon-juniper forest. The Jicarilla Apache Nation wants to minimize tree loss.

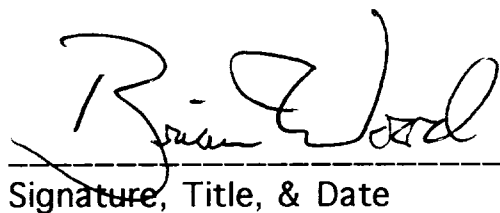
VI. No archaeology sites were found.

VII. See item V. above and attached map for a description of the surface conditions.

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

IX. I hereby certify notice has been sent to the following lessees, lessors, operators of spacing units, or owners of undrilled leases 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.

Bureau of Indian Affairs
Bureau of Land Management
Chace Oil Co. Inc.
Fisher, J. C.
Galloway, W. M.
Jicarilla Apache Nation Oil & Gas Administration
Whittier Energy Co.

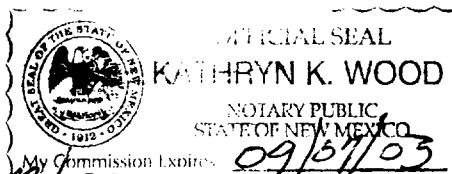
 *Brian Wood* *Consultant* *10-14-01*

Signature, Title, & Date

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

The foregoing instrument was acknowledged before me this 14th day of October, 2001 by Brian Wood. Witness my hand and official seal.

Kathryn K. Wood
Notary Public



My Commission Expires: 09/07/03

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

cc: Aztec OCD, Clark, Endsley

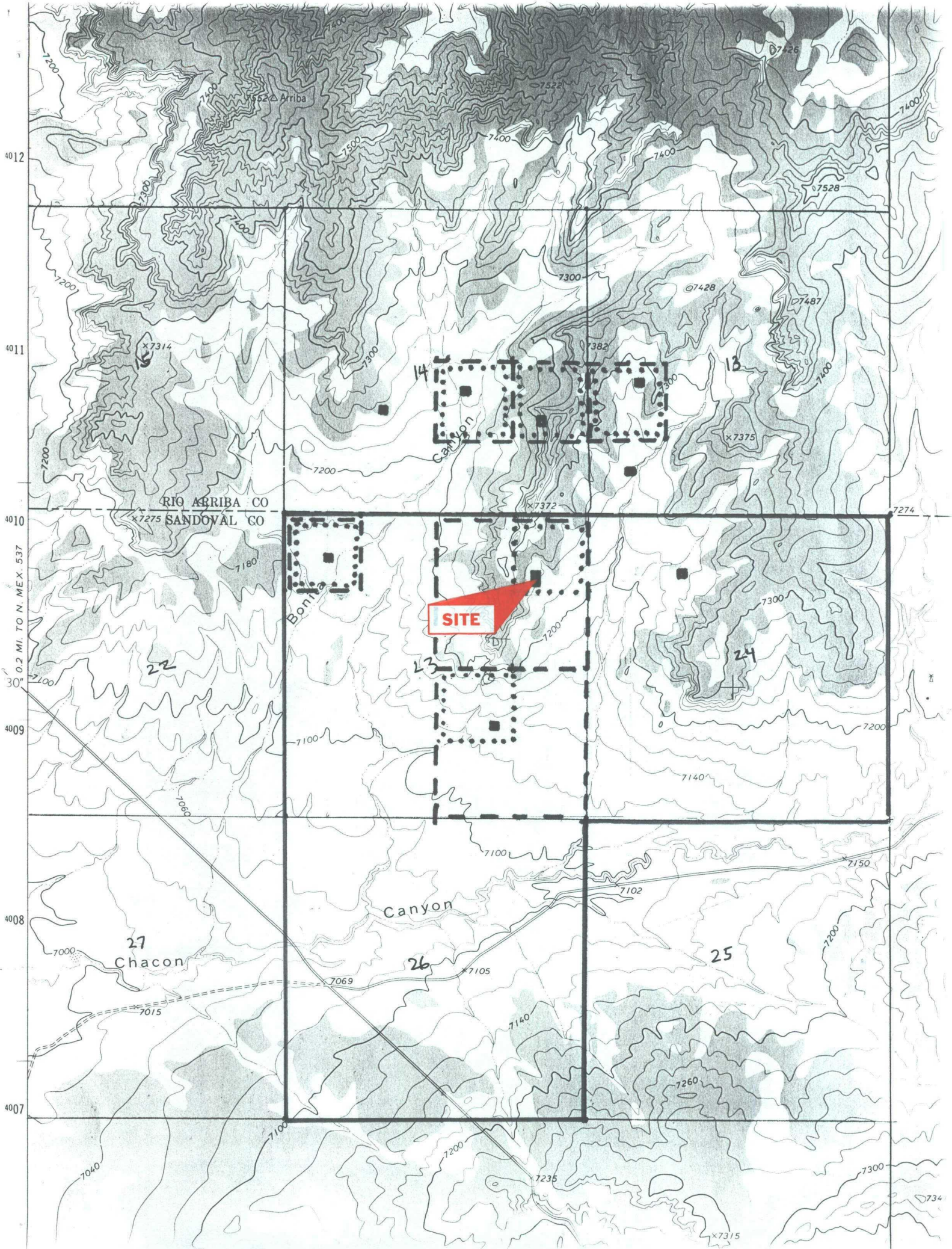
PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS

BRIAN WOOD
CONSULTANT

37 VERANO LOOP
SANTA FE, NEW MEXICO 87505
brian@permitswest.com

(505) 466-8120
FAX (505) 466-9682
MOBILE (505) 699-2276

PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS



PERMITS WEST, INC.
PROVIDING PERMITS for the ENERGY INDUSTRY
37 Verano Loop, Santa Fe, New Mexico 87505 (505) 984-8120

October 13, 2001

BIA
P. O. Box 167
Dulce, NM 87528

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

Elm Ridge Resources, Inc. is applying to drill its Bonita Canyon 1 well. The minimum state distance for a South Lindrith Gallup Dakota oil well is 330' from a quarter-quarter line. The proposed well is 195' further south than is standard. Thus, it is a non-standard location. The NSL is due to trees. It is 1,185' from the closest lease boundary. It is 2,543' from the closest producing well. A standard location would be closer to the lease boundary.

Well Name: Bonita Canyon 1 Total Depth: 7,245'

Proposed NSL Producing Zone: Gallup and Dakota sandstones

NSL Acreage Dedication: 40.00 ac. (NE4NE4 Sec. 23) to Gallup
160.00 ac. (NE4 Sec. 23) to Dakota

Location: 1185' FNL & 950' FEL Sec. 23, T. 23 N., R. 4 W.,
Sandoval County, NM on tribal lease BIA #390

Approximate Location: ≈13 air miles east of Counselor, NM

Applicant Name: Elm Ridge Resources, Inc. (505) 632-3476

Applicant's Address: P. O. Box 189, Farmington, NM 87499

Submittal Information: Application for a non-standard location will be filed with the NM Oil Conservation Division. If they determine the application complies with the applicable regulations, then it will be approved. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

questions.

Sincerely,

Brian Wood
Brian Wood

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

DULCE, NM 87528

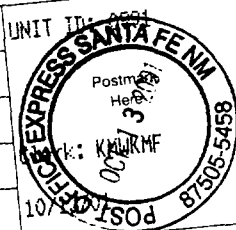
Postage \$ 0.34

Certified Fee 2.10

Return Receipt Fee (Endorsement Required) 1.50

Restricted Delivery Fee (Endorsement Required)

Total Postage & Fees \$ 3.94



Sent To

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

City, State, ZIP+4

BIA
PO Box 167

Dulce NM 87528

See Reverse for Instructions

PERMITS WEST, INC.
PROVIDING PERMITS for the ENERGY INDUSTRY
47 Verano Loop, Santa Fe, New Mexico 87505 (505) 466-8120

466

October 13, 2001

BLM
435 Montano NE
Albuquerque, NM 87107

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following non-standard 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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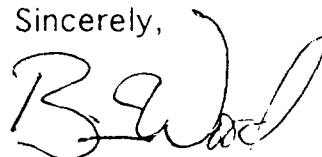
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Please call me if you have any questions.

Sincerely,



Brian Wood

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

ALBUQUERQUE, NM 87107

Postage \$ 0.34

UNIT ID: 0991

Certified Fee 2.10

Return Receipt Fee (Endorsement Required) 1.50

Restricted Delivery Fee (Endorsement Required)

Total Postage & Fees \$ 3.94



Sent To

BLM

Street, Apt. No. or PO Box No.

435 Montano NE

PERMITS WEST, INC.
PROVIDING PERMITS for the ENERGY INDUSTRY
47 Verano Loop, Santa Fe, New Mexico 87505 (505) 812-4646

October 13, 2001

Chace Oil Co. Inc.
3170 Royal Lane
Dallas, Tx. 75229

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following non-standard 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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Sandoval County, NM on tribal lease BIA #390

Approximate Location: ~13 air miles east of Counselor, NM


Applicant Name: Elm Ridge Resources, Inc. (505) 632-3476

Applicant's Address: P. O. Box 189, Farmington, NM 87499

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Please call me if you have any questions.

Sincerely,


Brian Wood

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

DALLAS, TX 75229	
Postage	\$ 0.34
Certified Fee	2.10
Return Receipt Fee (Endorsement Required)	1.50
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 3.94
UNIT ID: 0991	
Clerk: KMKMF	
10/13/01	

Sent To Chace
Street, Apt. No. or PO Box No. 3170 Royal Ln
City, State ZIP+4 Dallas Tx 75229

PERMITS WEST, INC.
PROVIDING PERMITS for the ENERGY INDUSTRY
37 Arriaga Loop Santa Fe, New Mexico 87505 (505) 466-8120

466

October 13, 2001

J. C. Fisher
5234 Hillsden Dr.
Salt Lake City, Ut. 84117

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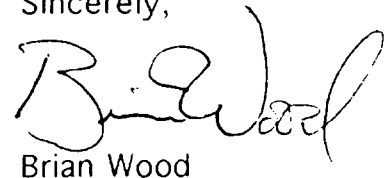
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Applicant's Address: P. O. Box 189, Farmington, NM 87499

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Please call me if you have any questions.

Sincerely,


Brian Wood

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

SALT LAKE CITY, UT 84117

Postage	\$ 0.34	UNIT ID: 0991
Certified Fee	2.10	
Return Receipt Fee (Endorsement Required)	1.50	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 3.94	



Sent To

Street, Apt. No. or PO Box No

Fisher
5234 Hillsden Dr.
SLC UT 84117

PERMITS WEST, INC.
PROVIDING PERMITS for the ENERGY INDUSTRY
47 Arano Loop, Santa Fe, New Mexico 87505 (505) 464-8120
466

October 13, 2001

W. M. Galloway
3005 Northridge, Suite 1
Farmington, NM 87401

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following non-standard 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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Applicant Name: Elm Ridge Resources, Inc. (505) 632-3476

Applicant's Address: P. O. Box 189, Farmington, NM 87499

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Please call me if you have any questions.

Sincerely,


Brian Wood

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

FARMINGTON, NM 87401	
Postage	\$ 0.34
Certified Fee	2.10
Return Receipt Fee (Endorsement Required)	1.50
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 3.94
UNIT ID: 0991	
Clerk: KMKM	
10/13/01	
EXPRESS SANTA FE NM	
Sent To: Galloway	
Street, Apt. No., or PO Box No. 3005 Northridge #1	

PERMITS WEST, INC.

PROVIDING PERMITS for the ENERGY INDUSTRY

37 Verano Loop, Santa Fe, New Mexico 87505

(505) 964-8120

466

October 13, 2001

Oil & Gas Administration
P. O. Box 507
Dulce, NM 87528

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

Elm Ridge Resources, Inc. is applying to drill its Bonita Canyon 1 well. The minimum state distance for a South Lindrith Gallup Dakota oil well is 330' from a quarter-quarter line. The proposed well is 195' further south than is standard. Thus, it is a non-standard location. The NSL is due to trees. It is 1,185' from the closest lease boundary. It is 2,543' from the closest producing well. A standard location would be closer to the lease boundary.

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Approximate Location: ≈13 air miles east of Counselor, NM

Applicant Name: Elm Ridge Resources, Inc. (505) 632-3476

Applicant's Address: P. O. Box 189, Farmington, NM 87499

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Please call me if you have any questions.

Sincerely,

Brian Wood
Brian Wood

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

DULCE, NM 87528	
Postage	\$ 0.34
Certified Fee	2.10
Return Receipt Fee (Endorsement Required)	1.50
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 3.94
UNIT ID: 0991	
Postmaster Here	
Clerk: KMWKMF	
OCT 13 2001	
87505-5458	

Sent To:	Oil & Gas Admin
Street, Apt. No. or PO Box No.	PO Box 507
	DULCE, NM 87528

PERMITS WEST, INC.
PROVIDING PERMITS for the ENERGY INDUSTRY
37 Verano Loop, Santa Fe, New Mexico 87505 (505) 984-8120
466

October 13, 2001

Whittier Energy Co.
P. O. Box 2058
Farmington, NM 87499

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

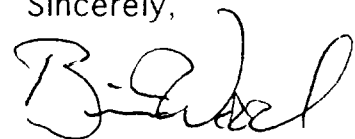
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Applicant Name: Elm Ridge Resources, Inc. (505) 632-3476
Applicant's Address: P. O. Box 189, Farmington, NM 87499

Submittal Information: Application for a non-standard location will be filed with the NM Oil Conservation Division. If they determine the application complies with the applicable regulations, then it will be approved. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,



Brian Wood

U.S. Postal Service	
CERTIFIED MAIL RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
FARMINGTON, NM 87499	
Postage	\$ 0.34
Certified Fee	2.10
Return Receipt Fee (Endorsement Required)	1.50
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 3.94
UNIT ID: 0991	
Perk: KIM	
10/13/01	
OFFICE EXPRESS SANTA FE NM 87505-5458	
Sent To: Whittier	
Street, Apt. No., or PO Box No: PO Box 2058	

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

b. TYPE OF WELL

OIL
WELL ☒

GAS
WELL ☐

OTHER

SINGLE
ZONE ☐

MULTIPLE
ZONE ☒

2. NAME OF OPERATOR

Elm Ridge Resources, Inc. (505) 632-3476

3. ADDRESS AND TELEPHONE NO.

P. O. Box 189, Farmington, NM 87499

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*

At surface

1185' FNL & 950' FEL

At proposed prod. zone

Same

5. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

13 air miles E of Counselor

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST

PROPERTY OR LEASE LINE, FT.

(Also to nearest drilg. unit line, if any)

1,185'

16. NO. OF ACRES IN LEASE

1,920

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING COMPLETED,

OR APPLIED FOR, ON THIS LEASE, FT.

2,543'

19. PROPOSED DEPTH

7,175'

17. NO. OF ACRES ASSIGNED
TO THIS WELL

40 & 160

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

7,245' ungraded

22. APPROX. DATE WORK WILL START*

Sept. 20, 2001

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	K-55 8-5/8"	24	350'	≈250 cu. ft. & to surface
7-7/8"	J-55 4-1/2"	10.5	7,175'	≈3,390 cu. ft. & to surface

cc: BIA, BLM, Elm (D&F), OCD (via BLM), Tribe

* ABOVE SPACE DESCRIBE PROPOSED PROGRAM. If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or open directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout prevention program, if any.

Consultant (505) 466-8120

7-7-01

APPROVED

TITLE

DATE

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY

TITLE

DATE

*See Instructions On Reverse Side

State of New Mexico
Energy, Minerals & Mining Resources Department

Form C - 102

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

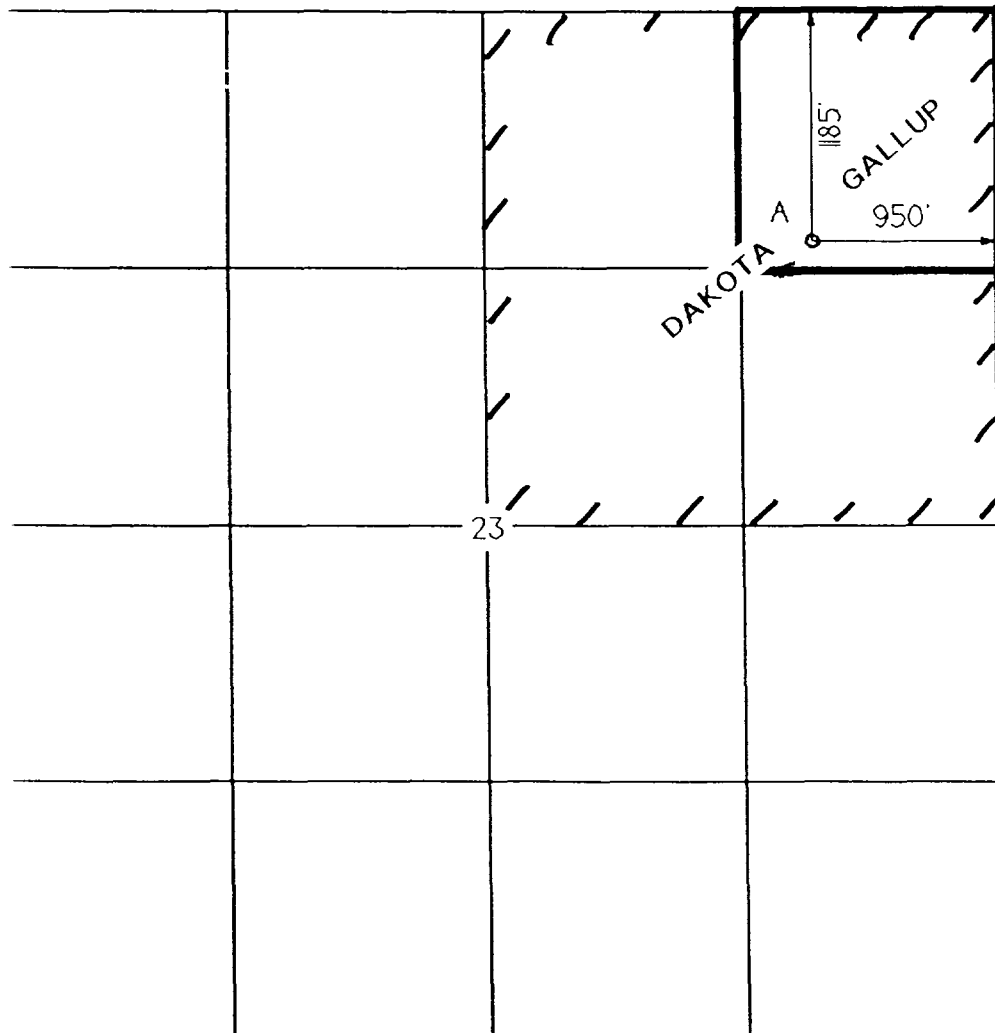
APA Number	Pool Code 39179	Pool Name SOUTH LINDRITH GALLUP DAKOTA
Property Code	Property Name BONITA CANYON	Well Number 1
OGRID No. 149052	Operator Name ELM RIDGE RESOURCES	Elevation 7245'

Surface Location									
IL or Lot	Sec.	Twp.	Rge.	Lot Idn.	Feet from >	North/South	Feet from >	East/West	County
A	23	23 N.	4 W.		1185	NORTH	950	EAST	SANDOVAL

Bottom Hole Location If Different From Surface									
IL or Lot	Sec.	Twp.	Rge.	Lot Idn.	Feet from >	North/South	Feet from >	East/West	County

Dedication	Joint ?	Consolidation	Order No.

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



<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature <i>Brian Wood</i></p> <p>Printed Name BRIAN WOOD</p> <p>Title CONSULTANT</p> <p>Date JULY 7, 2001</p>	
<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location 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>Date of Survey</p> <p>APRIL 12 2001</p> <p>Signature and Seal of Professional Surveyor</p> <p>6844</p> <p>REGISTERED LAND SURVEYOR</p>	

Elm Ridge Resources, Inc.
Bonita Canyon 1
1185' FNL & 950' FEL
Sec. 23, T. 23 N., R. 4 W.
Sandoval County, New Mexico

PAGE 1

Drilling Program

1. ESTIMATED FORMATION TOPS

<u>Formation Name</u>	<u>GL Depth</u>	<u>KB Depth</u>	<u>Subsea Elevation</u>
San Jose	000'	12'	+7,245'
Ojo Alamo	2,380'	2,392'	+4,865'
Pictured Cliffs Ss	2,820'	2,832'	+4,425'
Chacra Ss	3,575'	3,587'	+3,670'
Mesa Verde Ss	4,310'	4,322'	+2,935'
Mancos Sh	5,105'	5,117'	+2,140'
Gallup Ss	5,445'	5,457'	+1,800'
Semilla Ss	6,745'	6,757'	+500'
Greenhorn Ls	6,945'	6,957'	+300'
Dakota Ss	7,010'	7,022'	+235'
Burro Canyon	7,145'	7,157'	+100'
Total Depth (TD)*	7,175'	7,187'	+70'

* all elevations reflect the ungraded ground level of 7,245'

2. NOTABLE ZONES

<u>Oil & Gas Zones</u>	<u>Water Zones</u>	<u>Coal Zone</u>
Fruitland	San Jose	Fruitland
Pictured Cliffs	Ojo Alamo	
Gallup	Fruitland	
Dakota		

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.

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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 3,000 psi model is on PAGE 3.

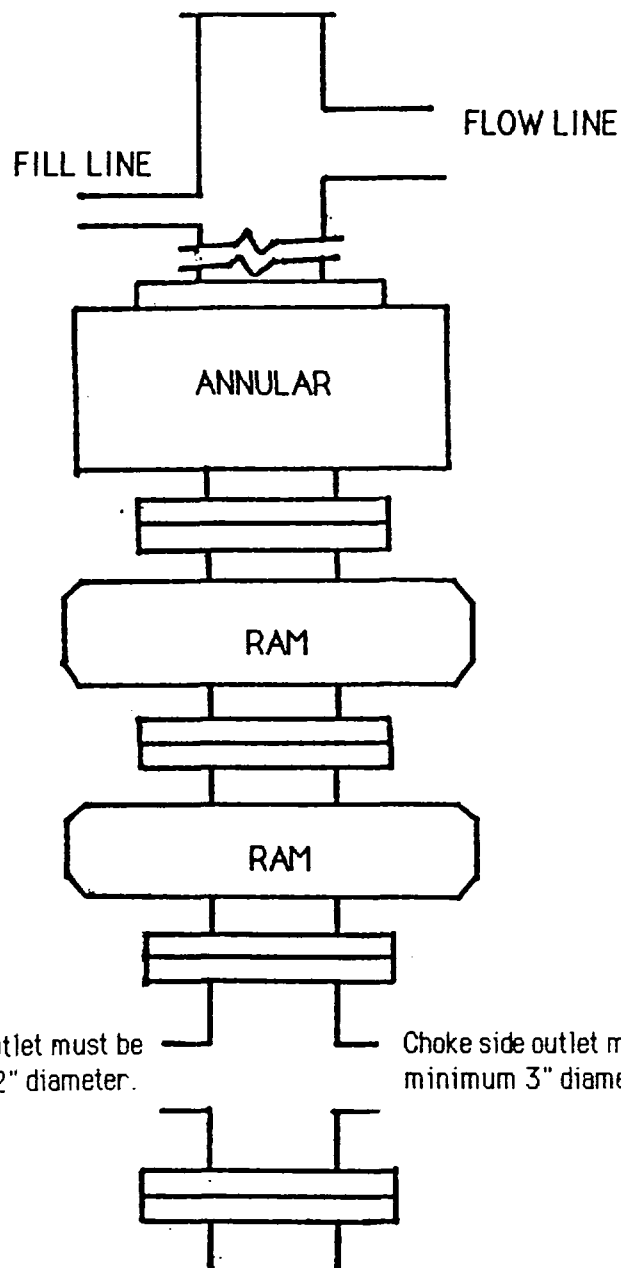
A $\geq 3,000$ psi BOP and choke manifold system will be installed and tested to 2,000 psi before drilling surface casing plug. It will remain in use until the well is completed or abandoned. A safety valve and sub with a full opening valve to fit the drill pipe and collars will be available on the rig floor in the open position at all times for use when kelly is not in use.

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

4. CASING & CEMENT

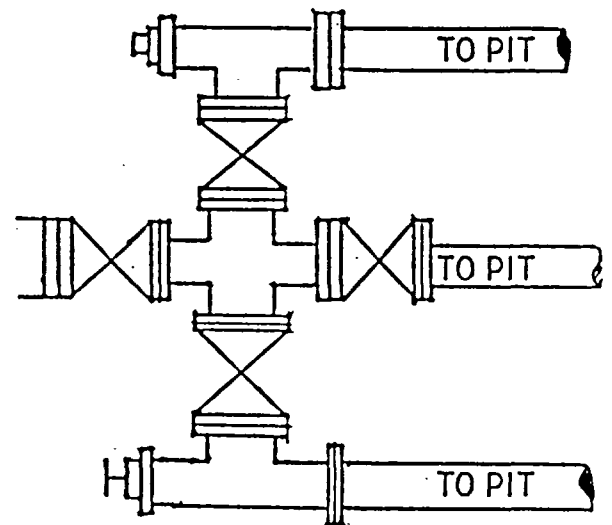
<u>Hole Size</u>	<u>O.D.</u>	<u>Weight (lb/ft)</u>	<u>Grade</u>	<u>Type</u>	<u>Age</u>	<u>GL Setting Depth</u>
12-1/4"	8-5/8"	24	K-55	ST&C	New	350'
7-7/8"	4-1/2"	10.5	J-55	LT&C	New	7,175'

Surface casing will be cemented to the surface with ≈ 250 cubic feet (≈ 250 sx) Class B with 1/4#/sk Flocele + 2% CaCl₂. Volume is based on 100% excess. Centralizers will be installed on the middle of the shoe joint and every other centralizer thereafter. Thread lock the guide shoe and bottom of float collar only. Use API casing dope.



TYPICAL BOP STACK
& CHOKE MANIFOLD

There will be at least 2 chokes and 2 choke line valves (3" minimum). The choke line will be 3" in diameter. There will be a pressure gauge on the choke manifold.



line will be minimum 2" diameter
have 2 valves, one of which shall
minimum 2" check valve.

Upper kelly cock will have handle available.
Safety valve and subs will fit all drill string connections in use.
All BOPE connections subjected to well pressure will be flanged, welded, or clamped.

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Bonita Canyon 1
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PAGE 4

Production casing will be cemented to the surface in 2 stages with a stage tool set at $\approx 4,750'$. First stage volume will be $\approx 1,470$ cu ft consisting of ≈ 360 sx Halliburton Lite with 1/4 #/sk Flocele followed by ≈ 670 sx Class B with 2% CaCl_2 . Second stage volume will be $\approx 1,920$ cu ft consisting of $\approx 1,040$ sx of Halliburton Lite with 2% CaCl_2 followed by ≈ 55 sx Class B with 2% CaCl_2 to cover the Mesa Verde, Pictured Cliffs, and Ojo Alamo. Volume is based on 75% excess, but caliper log will be used to determine actual volume needed. Centralizers will be installed on the middle of the shoe joint and on every joint thereafter for a total of ≈ 31 centralizers. Thread lock the guide shoe, bottom of float collar, and bottom of stage tool only. Use API casing dope.

5. MUD PROGRAM

<u>Depth</u>	<u>Type</u>	<u>ppg</u>	<u>Viscosity</u>	<u>Fluid Loss</u>	<u>pH</u>
0' - 350'	Fresh water gel chem	9.0	50	NC	9
350' - TD'	Fresh water gel chem	9.0	38-50	6.0	9

Sufficient material to maintain mud properties, control lost circulation, and contain a blowout will be available at the well site while drilling. Mud will be checked hourly by rig personnel. Material to soak up possible oil or fuel spills will be on site.

6. CORING, TESTING, & LOGGING

No cores or DSTs are planned. DIL/GR logs will be run from TD to surface. CNL/FDC logs may be run over selected segments. Samples will be collected every 10' from 200' above the Point Lookout to the base of the Point Lookout and through the Gallup and Dakota. Samples will be collected every 30' elsewhere.

Elm Ridge Resources, Inc.
Bonita Canyon 1
1185' FNL & 950' FEL
Sec. 23, T. 23 N., R. 4 W.
Sandoval County, New Mexico

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7. DOWN HOLE CONDITIONS

No abnormal pressures, temperatures, or hydrogen sulfide are expected. Maximum pressure will be $\leq 2,870$ psi.

8. OTHER INFORMATION

The anticipated spud date is September 20, 2001. It is expected it will take ≈ 2 weeks to drill and ≈ 10 days to complete the well. Completion is expected to include ≈ 1000 to ≈ 1500 gallons 15% HCl and a 50 to 60 ton sand frac.

Questions or notices concerning down hole matters should be directed to BLM's petroleum engineer Dave Sitzler in Albuquerque at 505-761-8919 or petroleum engineering technician Al Yepa in Cuba at 505-289-3748.

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Bonita Canyon 1
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Sandoval County, New Mexico

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Surface Use Plan

1. DIRECTIONS & EXISTING ROADS (See Pages 10 & 11)

From the equivalent of Milepost 4.4 on NM 537 ...
Go east 0.1 miles to a dumpster
Then bear left and go NE 0.3 mi.
Then bear left and continue NE 1.4 miles
Then turn right and go SE 0.9 miles
Then turn right and go S 0.1 mile to the Delo #1 well
Then follow flags cross country 0.5 miles southwest to the well site

Roads will be maintained to a standard at least equal to their present condition.

2. ROADS TO BE BUILT OR IMPROVED

One half mile of new road will be built. It will initially be flat bladed with a $\approx 15'$ wide running surface. (It will be crowned and ditched if production results. Borrow ditches will turn out and be skewed to drain at least once every 500'.) Brush will be used as mulch to stop head cutting arroyos on the east side of the new road. No fence is crossed. No turnout is needed. No upgrading of existing roads is needed. Maximum disturbance will be 30'. Maximum grade will be 6%. Piñon trees will be avoided as much as practical.

3. EXISTING WELLS (See PAGE 11)

There are ten existing oil or gas wells and one P&A well within a mile radius. There are no water or injection wells.

Elm Ridge Resources, Inc.
Bonita Canyon 1
1185' FNL & 950' FEL
Sec. 23, T. 23 N., R. 4 W.
Sandoval County, New Mexico

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4. PROPOSED PRODUCTION FACILITIES (See Page 14)

Production facilities will include a pipeline, separator, dehydrator, meter run, and 210 bbl tank. Above ground equipment will be painted a flat juniper green. A steel ≤ 4 " O.D. natural gas pipeline will be laid north, west, and south 11,788.22' along roads and pipelines to an existing Elm Ridge gas pipeline. The pipeline will operate at ≈ 250 psi, be tested to $\approx 2,500$ psi, has a burst rating of $\approx 11,010$ psi, and will be buried at least 36" deep.

5. WATER SUPPLY

Water will be trucked from a water hole a mile northwest of the junction of US 550 and NM 537.

6. CONSTRUCTION MATERIALS & METHODS

The top 6" of soil and brush will be stripped and piled west of the pad. A diversion ditch will be cut west of the pile. A minimum 12 mil plastic liner will be installed in the reserve pit.

7. WASTE DISPOSAL

The reserve pit will be fenced sheep tight on 3 sides with woven wire fence topped with barbed wire. The fourth side will be fenced once the rig moves off. The fence will be kept in good repair while the pit dries. Once dry, contents of the reserve pit will be buried in place.

Trash will be placed in a trash cage and hauled to an approved landfill. Human waste will be disposed of in 10' deep rat holes under trailers or in chemical toilets. Holes will be filled with bentonite when the trailers are removed.

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8. ANCILLARY FACILITIES

There will be no air strips or camps. Camper trailers will be on location for the company man, tool pusher, and mud logger.

9. WELL SITE LAYOUT

See Pages 12 and 13 for depictions of the well pad, cross sections, cut and fill diagrams, reserve pit, trash cage, access road onto the location, parking, living facilities, soil stockpile, and rig orientation.

10. RECLAMATION

Reclamation starts once the reserve pit is dry. It usually takes a year for a reserve pit to fully evaporate, at which point it will be backfilled. The pad, road, pipeline, and backfilled pit will be recontoured to a natural appearance, soil spread evenly over disturbed areas, and disturbed areas ripped or harrowed. The south half seed mix will be drilled as prescribed by the BIA and Tribe. Bladed brush will be used as mulch.

If the well is a producer, then the reserve pit and any other areas not needed for workovers will be reclaimed as previously described. All of the topsoil pile will be used to reclaim the reserve pit.

11. SURFACE OWNER

The well, road, and pipeline are all on Jicarilla Apache Tribal Trust land.

12. OTHER INFORMATION

Elm Ridge Resources, Inc.
Bonita Canyon 1
1185' FNL & 950' FEL
Sec. 23, T. 23 N., R. 4 W.
Sandoval County, New Mexico

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The nearest clinics are an hour plus drive away in Cuba and Dulce. The nearest hospital is over two hours away in southwest Farmington.

13. REPRESENTATION

Anyone having questions concerning the APD should contact:

Brian Wood, Consultant
Permits West, Inc.
37 Verano Loop
Santa Fe, NM 87505
(505) 466-8120 FAX: (505) 466-9682 Mobile: (505) 699-2276

The field representative will be:

Doug Endsley
Elm Ridge Resources, Inc.
P. O. Box 189
Farmington, NM 87499
(505) 632-3476

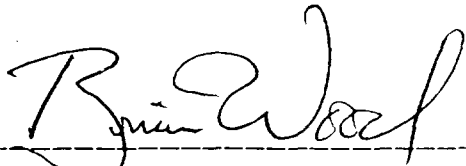
Elm Ridge Resources, Inc. has the necessary consents from the proper lease owners to conduct lease operations in conjunction with this well. Bond coverage pursuant to 43 CFR 3104 for lease activities and operations is being provided by Elm Ridge Resources, Inc.

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with operations proposed herein will be performed by Elm Ridge Resources, Inc. and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is

Elm Ridge Resources, Inc.
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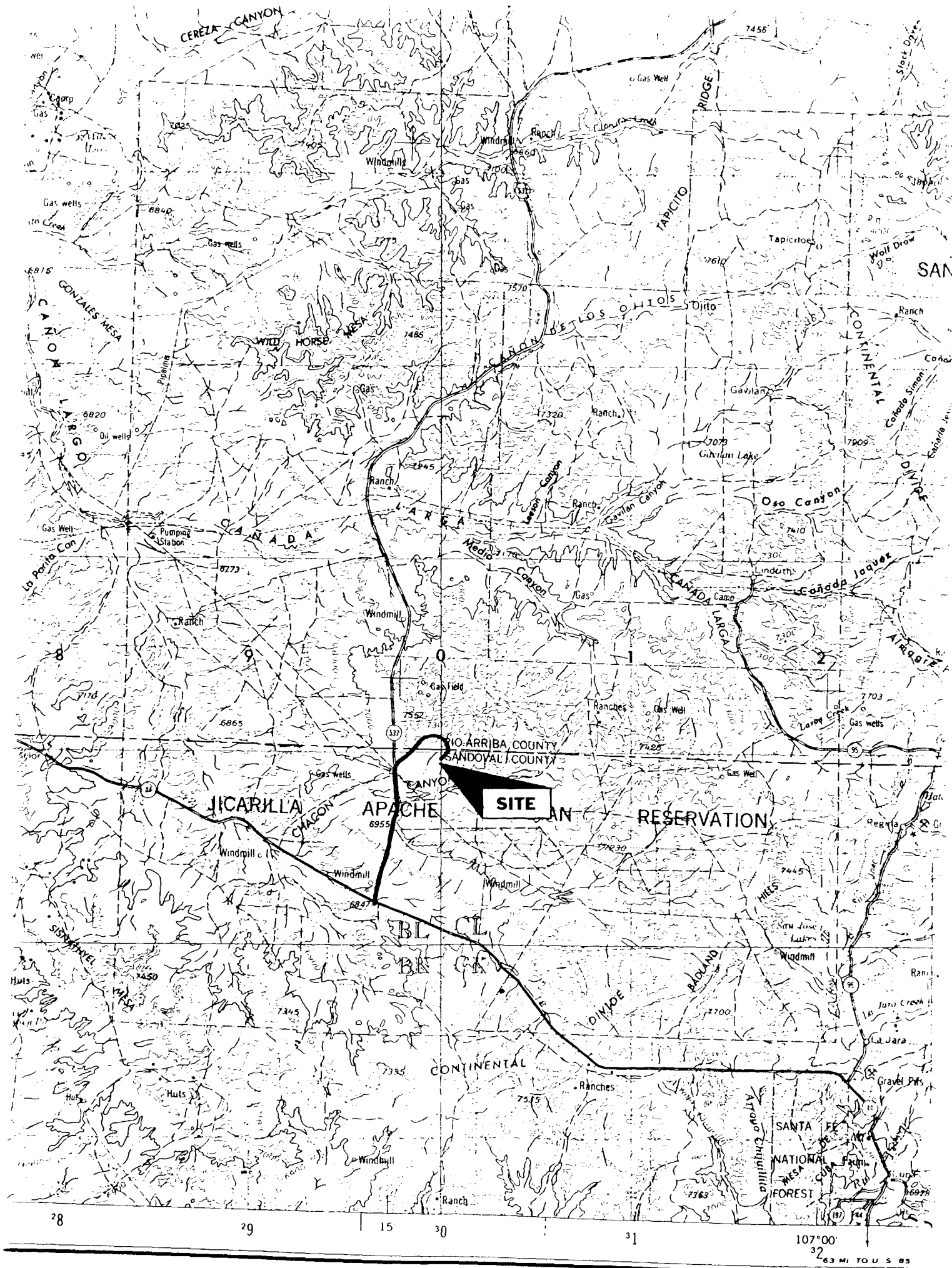
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subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

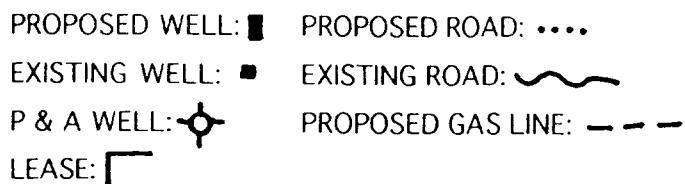
A handwritten signature in black ink, appearing to read "Brian Wood", written over a horizontal dashed line.

Brian Wood, Consultant

July 7, 2001



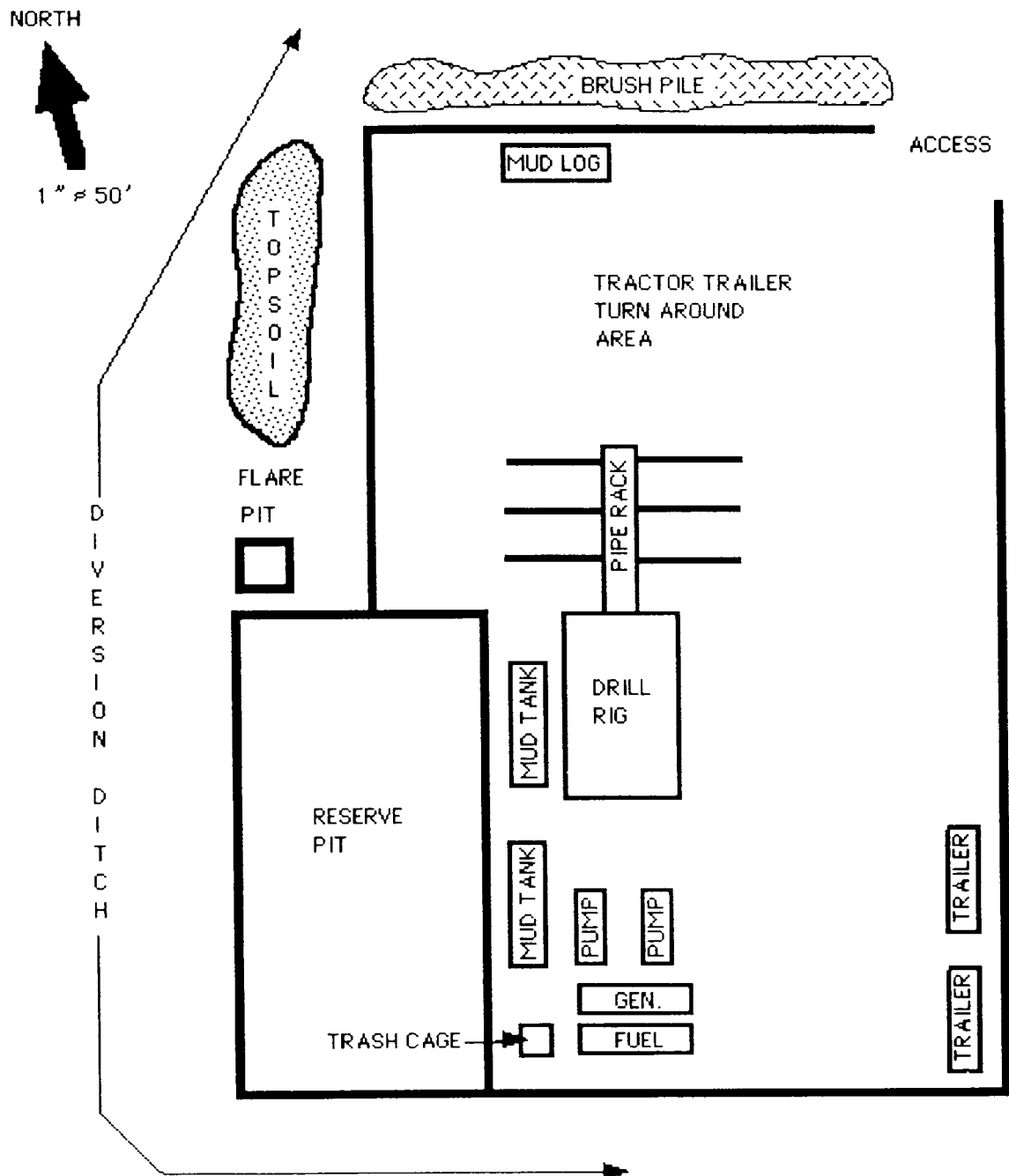
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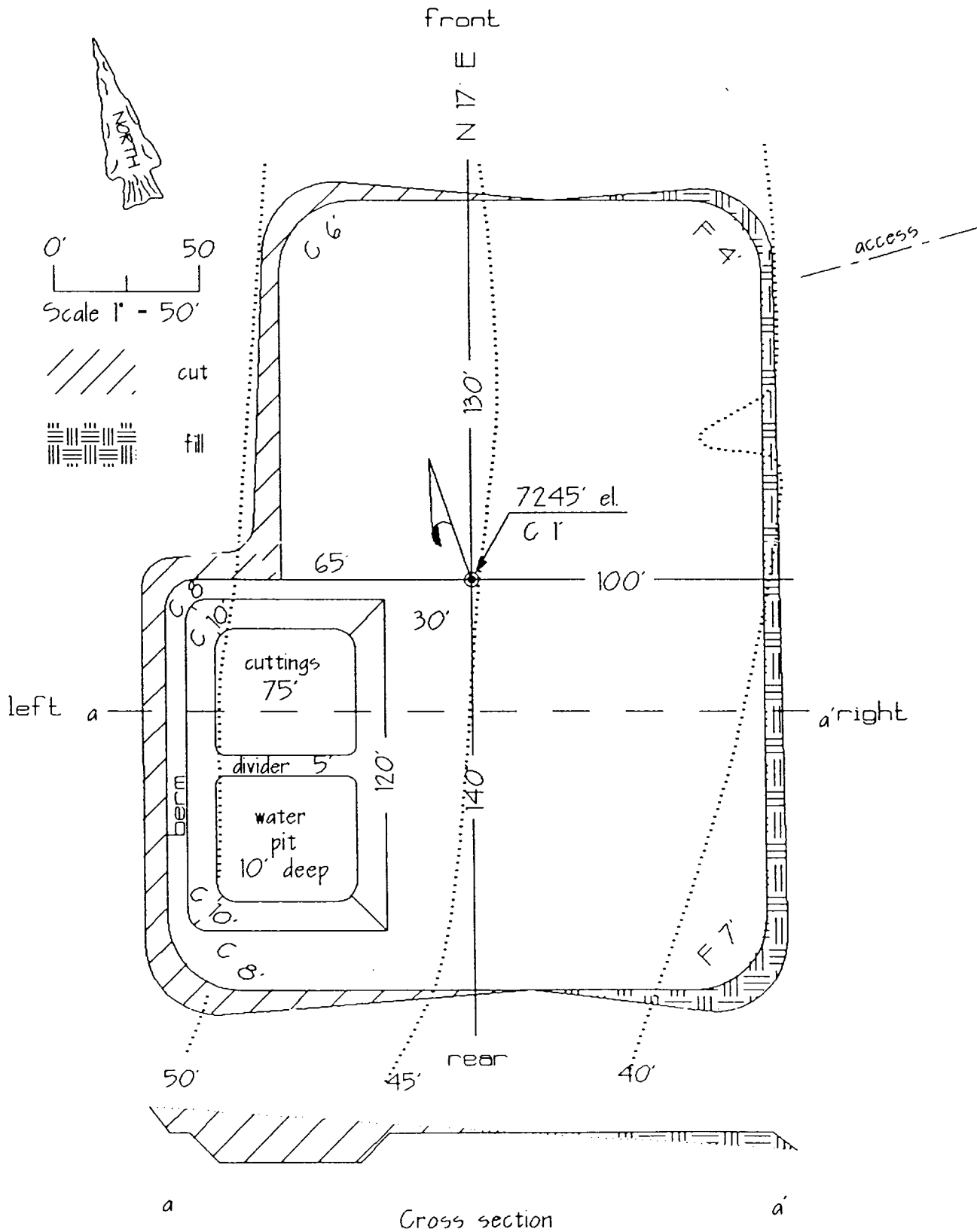
PERMITS WEST, INC.
PROVIDING PERMITS FOR LAND USERS

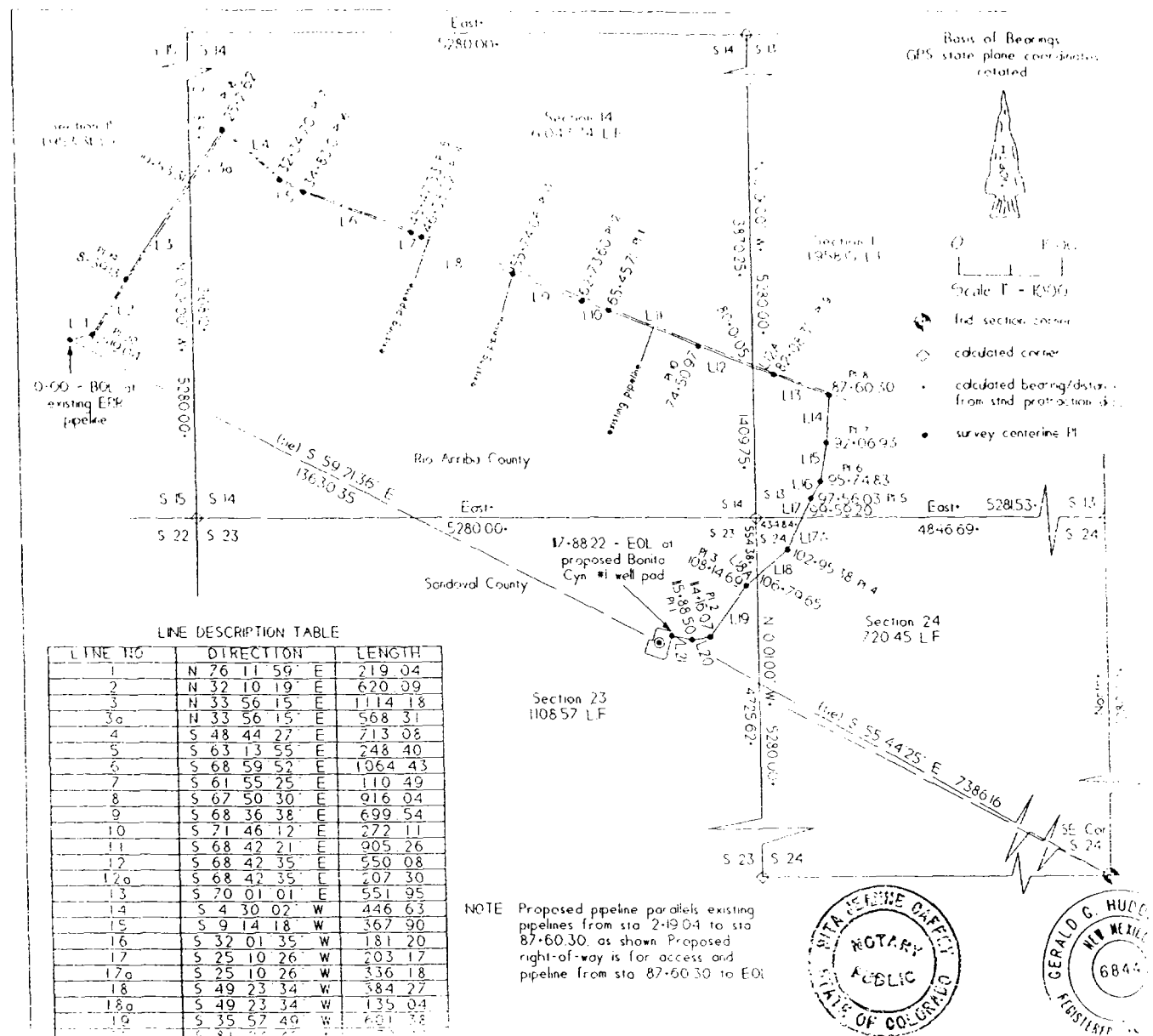
Elm Ridge Resources, Inc.
Bonita Canyon 1
1185' FNL & 950' FEL
Sec. 23, T. 23 N., R. 4 W.
Sandoval County, New Mexico

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Bonita Canyon # 1
well pad & section





ILLEGIBLE

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 4954
Order No. R-4555

NOMENCLATURE

APPLICATION OF CHACE OIL COMPANY
FOR POOL CREATION AND DOWN-HOLE
COMMINGLING AND SPECIAL POOL RULES,
RIO ARriba COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 25, 1973, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 25th day of June, 1973, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Chace Oil Company, seeks the creation of a new oil pool for Gallup and Dakota production in Rio Arriba County, New Mexico, and the promulgation of temporary special rules and regulations governing said pool, including provisions for 160-acre spacing and proration units and limited well locations.
- (3) That the applicant further seeks to have such temporary special pool rules apply to two drilling wells in Unit O of Section 21, Township 24 North, Range 4 West, and Unit E of Section 3, Township 23 North, Range 4 West, NMPM, Rio Arriba County, New Mexico.
- (4) That Chace Oil Company's Jicarilla 70 Well No. 3, located in Unit C, Section 33, Township 24 North, Range 4 West, NMPM, Rio Arriba County, New Mexico, has discovered a separate and common source of supply which should be designated the South Lindrith Gallup-Dakota Oil Pool; ~~that the vertical limits of said pool should be the Gallup and Dakota formations and that the horizontal limits of said pool should be the NW/4 of said Section 33.~~
- (5) That the evidence presently available indicates that

one well in the South Lindrith Gallup-Dakota Oil Pool can efficiently and economically drain and develop 160 acres.

(6) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 160-acre spacing units should be promulgated for the South Lindrith Gallup-Dakota Oil Pool.

(7) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(8) That the temporary special rules and regulations for the South Lindrith Gallup-Dakota Oil Pool should apply only to wells located within the horizontal limits of said pool except that they should immediately apply to the two Chace Oil Company wells described in Finding (3) above upon their completion as Gallup-Dakota oil wells.

(9) That this case should be reopened at an examiner hearing during the month of July, 1974, at which time operators in the South Lindrith Gallup-Dakota Oil Pool should appear and show cause why said pool should not be developed on 40-acre spacing.

IT IS THEREFORE ORDERED:

(1) That a new pool in Rio Arriba County, New Mexico, classified as an oil pool ~~for Gallup and Dakota~~ production, is hereby created and designated as the South Lindrith Gallup-Dakota Pool, consisting of the following described area:

TOWNSHIP 24 NORTH, RANGE 4 WEST, NMPM
Section 33: NW/4

(2) That, effective July 1, 1973, Temporary Special Rules and Regulations for the South Lindrith Gallup-Dakota Oil Pool, Rio Arriba County, New Mexico, are hereby promulgated as follows:

TEMPORARY SPECIAL RULES AND REGULATIONS
FOR THE
SOUTH LINDRITH GALLUP-DAKOTA OIL POOL

RULE 1. Each well completed or recompleted in the South Lindrith Gallup-Dakota Oil Pool shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 160 acres, more or less, substantially in the form of a square, which is a quarter section being a legal subdivision of the United States Public Land Surveys.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit consisting of less than 160 acres or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located no nearer than 330 feet to the outer boundary of the proration unit or to any governmental quarter-quarter section line nor nearer than 660 feet to the nearest well drilling to or capable of producing from the same pool.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

RULE 6. A standard proration unit (158 through 162 acres) shall be assigned a 160-acre depth bracket allowable of 347 barrels for allowable purposes, and in the event there is more than one well on a 160-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 160 acres.

IT IS FURTHER ORDERED:

(1) That the above pool rules shall apply only to wells completed within the horizontal limits of the South Lindrith Gallup-Dakota Oil Pool, provided however, that upon completion of applicant's wells in Unit O of Section 21, Township 24 North, Range 4 West, and Unit E of Section 3, Township 23 North, Range 4 West, NMPM, as Gallup-Dakota oil wells, said rules shall be applicable thereto prior to extension of the horizontal limits of the pool to include said wells.

Case No. 4954
Order No. R-4555

(2) That the locations of all wells presently drilling to the South Lindrith Gallup-Dakota Oil Pool are hereby approved; that the operator of any well having an unorthodox location shall notify the Aztec District Office of the Commission in writing of the name and location of the well on or before July 1, 1973.

(3) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the South Lindrith Gallup-Dakota Oil Pool shall have dedicated thereto 160 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 160 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the South Lindrith Gallup-Dakota Oil Pool shall receive no more than one-fourth of a standard allowable for the pool.

(4) That this cause shall be reopened at an examiner hearing during the month of July, 1974, at which time the operators in the South Lindrith Gallup-Dakota Oil Pool may appear and show cause why said pool should not be developed on 40-acre spacing.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

I. R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member

A. L. PORTER, Jr., Member & Secretary

S E A L

dr/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 4954 (REOPENED)
Order No. R-4555-A

IN THE MATTER OF CASE NO. 4954 BEING
REOPENED PURSUANT TO THE PROVISIONS OF
ORDER NO. R-4555, WHICH ORDER ESTABLISHED
TEMPORARY SPECIAL POOL RULES FOR THE SOUTH
LINDRITH GALLUP-DAKOTA OIL POOL, RIO ARRIBA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 24, 1974,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 30th day of July, 1974, the Commission,
a quorum being present, having considered the testimony, the
record, and the recommendations of the Examiner, and being fully
advised in the premises,

FINDS:

(1) That due public notice having been given as required
by law, the Commission has jurisdiction of this cause and the
subject matter thereof.

(2) That Order No. R-4555, dated June 25, 1974, established
temporary pool rules for the South Lindrith Gallup-Dakota Oil
Pool, Rio Arriba County, New Mexico, which rules provided for
160-acre spacing in the pool.

(3) That Order No. R-4555 provided that Case No. 4954
would be reopened in July of 1974 to allow operators in the
subject pool to appear and show cause why the pool should not
be developed on 40-acre spacing.

(4) That no operator has offered evidence to establish
that the pool should be developed on other than 40-acre spacing.

(5) That the Temporary Special Rules and Regulations for
the South Lindrith Gallup-Dakota Oil Pool should be rescinded
and said pool should be governed by the Statewide Rules for oil
pools in the State, effective August 1, 1974.

Case No. 4954 (Reopened)
Order No. R-4555-A

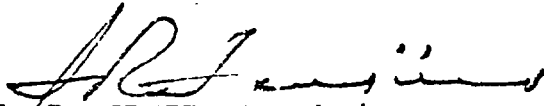
IT IS THEREFORE ORDERED:

(1) That effective August 1, 1974, the Temporary Special Rules and Regulations for the South Lindrieth Gallup-Dakota Oil Pool, promulgated by Order No. R-4555, dated June 25, 1974, are hereby rescinded and the pool is placed under the Statewide Rules for oil pools in the State.

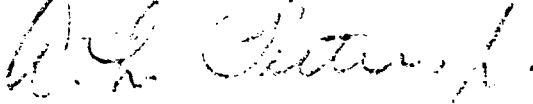
(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


I. R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member



A. L. PORTER, Jr., Member & Secretary

S E A L

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

10/23/01 08:39:32
OGOMES -TPHY
PAGE NO: 1

Sec : 23 Twp : 23N Rng : 04W Section Type : NORMAL

Z00 40.00	Z00 40.00	Z00 40.00	Z00 40.00
Indian owned	Indian owned	Indian owned	Indian owned
Z00 40.00	Z00 40.00	Z00 40.00	Z00 40.00
Indian owned	Indian owned	Indian owned	Indian owned

PF01 HELP
PF07 BKWD

PF02
PF08 FWD

PF03 EXIT
PF09 PRINT

PF04 GoTo
PF10 SDIV

PF05
PF11

PF06
PF12

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

10/23/01 08:39:38
OGOMES -TPHY
PAGE NO: 2

Sec : 23 Twp : 23N Rng : 04W Section Type : NORMAL

Z00 40.00	Z00 40.00	Z00 40.00	Z00 40.00
Indian owned	Indian owned	Indian owned	Indian owned
Z00 40.00	Z00 40.00	Z00 40.00	Z00 40.00
Indian owned	Indian owned	Indian owned	Indian owned

PF01 HELP
PF07 BKWD

PF02
PF08 FWD

PF03 EXIT
PF09 PRINT

PF04 GoTo
PF10 SDIV

PF05
PF11

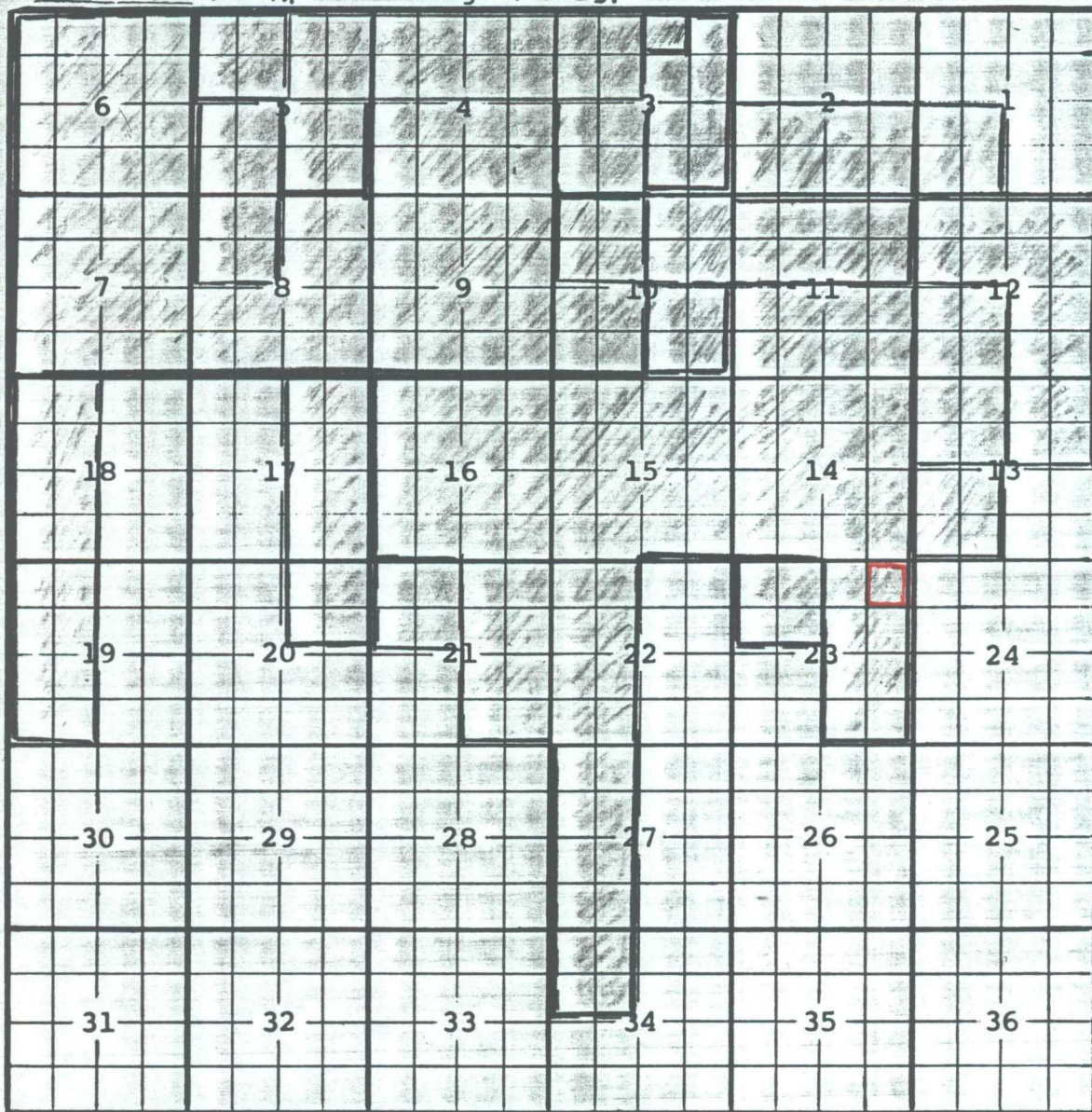
PF06
PF12

County Rio Arriba Pool South Lindreth Gallup-Dakota Oil

TOWNSHIP 23 North

Range 4 West

NMPM



Ext: $\text{NW}\frac{1}{4}$ Sec 3, $\text{N}\frac{1}{2}$ Sec 4, $\text{NE}\frac{1}{4}$ Sec 5 (R-5129, 1-1-76)

Ext: $\text{NW}\frac{1}{4}$ $\text{NE}\frac{1}{4}$ Sec. 3 (R-7046, 8-6-82) Ext: $\text{SE}\frac{1}{4}$, $\text{E}\frac{1}{2}$ $\text{NE}\frac{1}{4}$, and $\text{SW}\frac{1}{4}$ $\text{NE}\frac{1}{4}$ Sec. 3 (R-7185, 1-13-83)

Ext: $\text{SW}\frac{1}{4}$ Sec. 3, $\text{NE}\frac{1}{4}$ Sec. 10, $\text{N}\frac{1}{2}$ Sec. 11 (R-7277, 5-5-83)

Ext: $\text{NW}\frac{1}{4}$ and $\text{SE}\frac{1}{4}$ Sec. 5 (A-7420, 1-9-84)

Ext: $\text{SW}\frac{1}{4}$ Sec. 5, $\text{NW}\frac{1}{4}$ Sec. 8, $\text{NW}\frac{1}{4}$ and $\text{SE}\frac{1}{4}$ Sec. 10, $\text{N}\frac{1}{2}$ and $\text{SE}\frac{1}{4}$ Sec. 12, $\text{NE}\frac{1}{4}$ Sec. 13 (R-7495, 4-5-84)

Ext: $\frac{1}{2}$ Sec. 4, All Secs. 6 and 7, $\text{E}\frac{1}{2}$ and $\text{SW}\frac{1}{4}$ Sec. 8, All Sec. 9, $\text{SW}\frac{1}{4}$ Sec. 10

(R-7764, 1-8-85) Ext: $\frac{1}{2}$ Sec. 11, All Secs. 14 thru 16, $\text{W}\frac{1}{2}$ Sec. 18, $\text{W}\frac{1}{2}$ Sec. 19,

$\text{E}\frac{1}{2}$ Sec. 21, $\text{W}\frac{1}{2}$ Sec. 22, $\text{E}\frac{1}{2}$ Sec. 23, $\text{W}\frac{1}{2}$ Sec. 27, $\text{NW}\frac{1}{4}$ Sec. 34 (R-7957, 6-12-85)

$\text{SW}\frac{1}{4}$ Sec. 12, $\text{NW}\frac{1}{4}$ Sec. 13 (R-8022, 8-22-85) Ext: $\frac{1}{2}$ Sec. 2, $\text{SW}\frac{1}{4}$ Sec. 13, $\text{NW}\frac{1}{4}$ Sec. 21,

$\text{NW}\frac{1}{4}$ Sec. 23 (R-8180, 3-14-86) Ext: $\text{SW}\frac{1}{4}$ Sec. 1, $\text{E}\frac{1}{2}$ Sec. 17, $\text{NE}\frac{1}{4}$ Sec. 20 (R-8273, 8-6-86)

County Rio Arriba Pool South Lindreth Gallup-Dakota Oil

TOWNSHIP 23 North Range 5 West NMPM

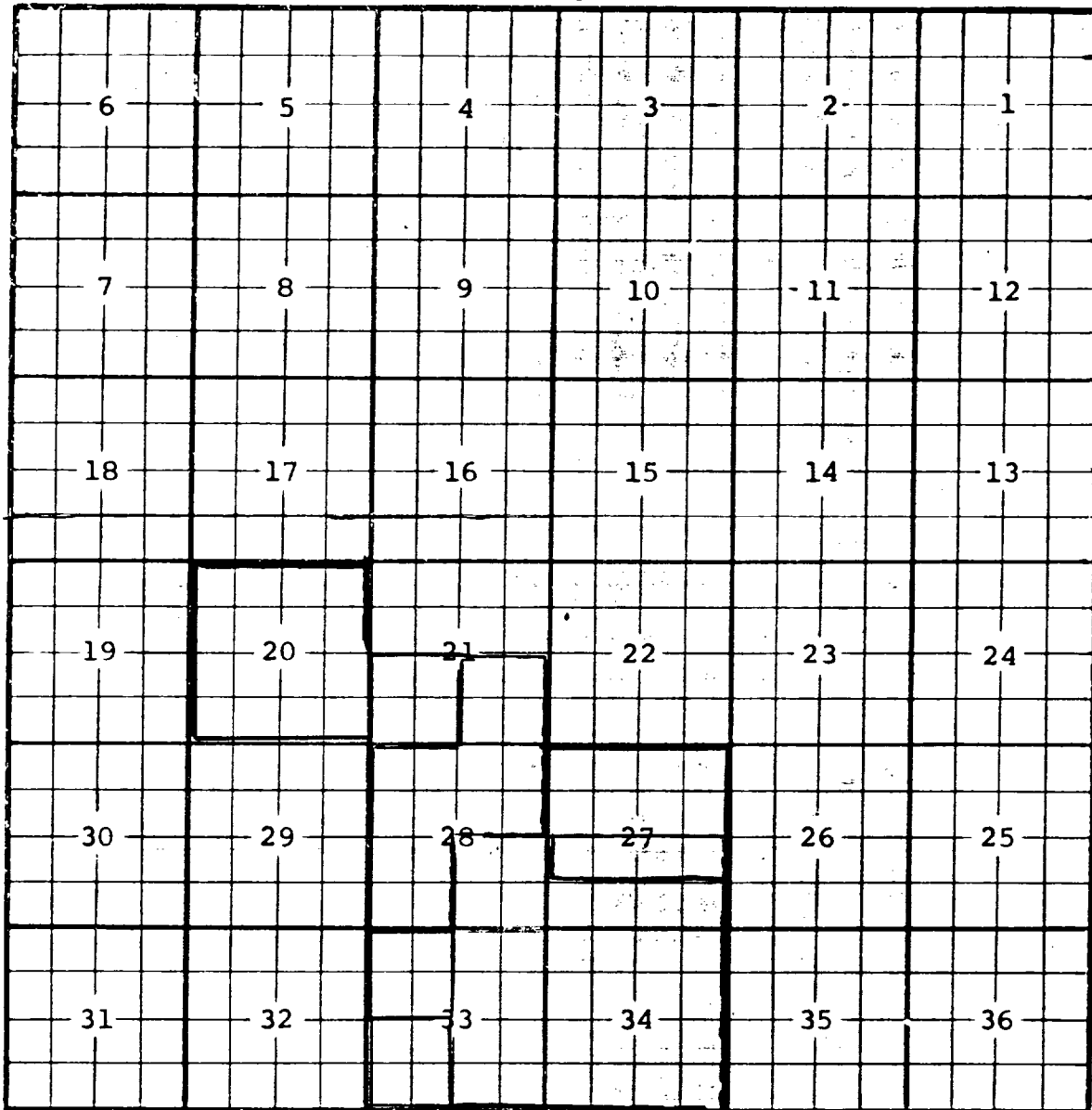
6	5	4	3	2	1		
7	8	9	10	11	12		
18	17	16	15	14	13		
19	20	21	22	23	24		
30	29	28	27	26	25		
31	32	33	34	35	36		

Ext: $\frac{N}{2}$ Sec. 13, $\frac{NE}{4}$ Sec. 14 (R-7957, 6-12-85)

Ext: $\frac{SE}{4}$ Sec. 23 (R-8022, 8-22-85) Ext: $\frac{E}{2}$ Sec. 25, $\frac{E}{2}$ Sec. 36 (R-81803-14-86)

Ext: $\frac{NE}{4}$ Sec. 35, $\frac{NW}{4}$ Sec. 36 (R-8417, 3-24-87)

COUNTY Rio Arriba POOL South Lindrith Gallup - Dakota Oil
 TOWNSHIP 24 North RANGE 4 West NMPM



Description: $\frac{NW}{4}$ Sec. 33 (R-4555, 6-25-73)

Ext: $\frac{SE}{4}$ Sec 21, $\frac{N}{2}$ $\frac{SW}{4}$ Sec 28 (R-4690, 12-1-73)

Ext: $\frac{SW}{4}$ Sec 33 (R-5129, 1-1-76) Ext: $\frac{SW}{4}$ Sec. 21, $\frac{N}{2}$ Sec. 27 (R-6327, 5-1-80)

Ext: $\frac{N}{2}$ $\frac{S}{2}$ sec 27 (R-6886, 1-22-82)

Ext: $\frac{S}{2}$ $\frac{S}{2}$ Sec. 27, $\frac{SE}{4}$ Sec. 28, $\frac{E}{2}$ Sec 33, All Sec. 34 (R-7046, 8-6-82)

Ext: All Sec. 20 (R-8022, 8-22-85)

Stogner, Michael

From: Hayden, Steven
Sent: Thursday, October 25, 2001 9:52 AM
To: Stogner, Michael
Subject: RE: Elm Ridge/Bonita Canyon Well No. 1

For a while there he was emailing me for every application that wasn't in the major pools wanting me to give him the pool name, spacing, setbacks and special pool rules. After accommodating him a few times, I finally told him that I didn't think I was here to do his research on applications for him and that if he needed information that he didn't have he should come in to an OCD office or go online and research his applications. I don't object to checking things over for people, but his requests were becoming pretty time consuming.



Steve Hayden
NM OCD District III
1000 Rio Brazos Rd.
Aztec, NM 87410

shayden@state.nm.us
(505) 334-6178 Ext. 14
Fax: (505) 334-6170

-----Original Message-----

From: Stogner, Michael
Sent: Thursday, October 25, 2001 9:44 AM
To: Hayden, Steven
Subject: RE: Elm Ridge/Bonita Canyon Well No. 1

That is most apparent that he hasn't talked with you.

-----Original Message-----

From: Hayden, Steven
Sent: Thursday, October 25, 2001 9:42 AM
To: Stogner, Michael
Subject: RE: Elm Ridge/Bonita Canyon Well No. 1

You would think that someone who does as much work as this guy would not make so many dumb errors. I started making him do his own pool work last year after he started emailing me for each pool dedication that came up instead of looking things up for himself. He hasn't talked to me since.

<< OLE Object: Image Document >>

Steve Hayden
NM OCD District III
1000 Rio Brazos Rd.
Aztec, NM 87410

shayden@state.nm.us
(505) 334-6178 Ext. 14
Fax: (505) 334-6170

-----Original Message-----

From: Stogner, Michael
Sent: Thursday, October 25, 2001 9:38 AM
To: 'Brian Wood (E-mail)'
Cc: Hayden, Steven
Subject: RE: Elm Ridge/Bonita Canyon Well No. 1

Received your amended application yesterday, October 24, 2001. Can I assume Paragraph "IV" on page two is in error?

-----Original Message-----

From: Stogner, Michael
Sent: Tuesday, October 23, 2001 9:13 AM
To: Brian Wood (E-mail)
Cc: Hayden, Steven
Subject: Elm Ridge/Bonita Canyon Well No. 1

Re: *Administrative application (application reference No. pKRV0-129038996) filed on behalf of the operator, Elm Ridge Resources, Inc., on October 15, 2001 for its Bonita Canyon Well No. 1 to be drilled at an unorthodox oil well location in the South Lindrith Gallup-Dakota Oil Pool (--pool code here--) 1185' FNL & 959' FEL (A) of Sec. 23-T23N-R4W, Sandoval County, NM.*

Dear Mr. Wood:

The subject application is for a well in the South Lindrith Gallup-Dakota Oil Pool, which was created on July 1, 1973 for the production of oil from both the Gallup and Dakota formations (see Division Order No. R-4555 issued in Case No. 4954 on June 25, 1973). This pool is governed by Division Rule 104.B (1), which requires 40-acre spacing and proration units and for wells to be located no closer to the unit boundary line than 330 feet.

Your application indicates that the dedicated acreage for this well in the Dakota interval will be the 160 acres comprising the NE/4 of Section 23 and the 40 acres comprising the NE/4 NE/4 for the Gallup interval. This appears to be in error.

Since the submitted information is insufficient to review, this application is hereby ruled incomplete as of October 23, 2001. Please submit corrected information by Tuesday, October 30, 2001.

The Division cannot precede any further with your application until this information is submitted. Upon receipt, the Division will continue to process your application. The additional information can be faxed to (505) 476-3471, or mailed to the Division in Santa Fe. If the necessary information is not submitted, your application will be returned to you. Thank you for your cooperation.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

Stogner, Michael

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Subject: RE: Elm Ridge/Bonita Canyon Well No. 1

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Steve Hayden
NM OCD District III
1000 Rio Brazos Rd.
Aztec, NM 87410

shayden@state.nm.us
(505) 334-6178 Ext. 14
Fax: (505) 334-6170

-----Original Message-----

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Cc: Hayden, Steven
Subject: RE: Elm Ridge/Bonita Canyon Well No. 1

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From: Stogner, Michael
Sent: Tuesday, October 23, 2001 9:13 AM
To: Brian Wood (E-mail)
Cc: Hayden, Steven
Subject: Elm Ridge/Bonita Canyon Well No. 1

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Dear Mr. Wood:

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Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

Stogner, Michael

From: Stogner, Michael
Sent: Thursday, October 25, 2001 10:40 AM
To: 'Permits West'
Cc: Hayden, Steven
Subject: RE: Elm Ridge/Bonita Canyon Well No. 1

I thought as much, however it would be confusing for others receiving notice. I'll look for your revision.

-----Original Message-----

From: Permits West [mailto:brian@permitswest.com]
Sent: Thursday, October 25, 2001 11:34 AM
To: Stogner, Michael
Subject: RE: Elm Ridge/Bonita Canyon Well No. 1

Yes, and I will send you revised page.
Sorry - I thought I'd scrubbed all references to 160.

Stogner, Michael

From: Permits West [brian@permitswest.com]
Sent: Thursday, October 25, 2001 11:34 AM
To: Stogner, Michael
Subject: RE: Elm Ridge/Bonita Canyon Well No. 1

Yes, and I will send you revised page.
Sorry - I thought I'd scrubbed all references to 160.

Stogner, Michael

From: Stogner, Michael
Sent: Tuesday, October 23, 2001 9:17 AM
To: Hayden, Steven
Subject: FW: Elm Ridge/Bonita Canyon Well No. 1

Steve, I'm sending a copy of their application to you today.

-----Original Message-----

From: Stogner, Michael
Sent: Tuesday, October 23, 2001 9:13 AM
To: Brian Wood (E-mail)
Cc: Hayden, Steven
Subject: Elm Ridge/Bonita Canyon Well No. 1

Re: *Administrative application (application reference No. pKRV0-129038996) filed on behalf of the operator, Elm Ridge Resources, Inc., on October 15, 2001 for its Bonita Canyon Well No. 1 to be drilled at an unorthodox oil well location in the South Lindrith Gallup-Dakota Oil Pool (39179) 1185' FNL & 959' FEL (A) of Sec. 23-T23N-R4W, Sandoval County, NM.*

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Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

Stogner, Michael

From: Stogner, Michael
Sent: Tuesday, October 23, 2001 9:13 AM
To: Brian Wood (E-mail)
Cc: Hayden, Steven
Subject: Elm Ridge/Bonita Canyon Well No. 1

Re: *Administrative application (application reference No. pKRV0-129038996) filed on behalf of the operator, Elm Ridge Resources, Inc., on October 15, 2001 for its Bonita Canyon Well No. 1 to be drilled at an unorthodox oil well location in the South Lindrith Gallup-Dakota Oil Pool (--pool code here--) 1185' FNL & 959' FEL (A) of Sec. 23-T23N-R4W, Sandoval County, NM.*

39179

Dear Mr. Wood:

The subject application is for a well in the South Lindrith Gallup-Dakota Oil Pool, which was created on July 1, 1973 for the production of oil from both the Gallup and Dakota formations (see Division Order No. R-4555 issued in Case No. 4954 on June 25, 1973). This pool is governed by Division Rule 104.B (1), which requires 40-acre spacing and proration units and for wells to be located no closer to the unit boundary line than 330 feet.

Your application indicates that the dedicated acreage for this well in the Dakota interval will be the 160 acres comprising the NE/4 of Section 23 and the 40 acres comprising the NE/4 NE/4 for the Gallup interval. This appears to be in error.

Since the submitted information is insufficient to review, this application is hereby ruled incomplete as of October 23, 2001. Please submit corrected information by Tuesday, October 30, 2001.

The Division cannot precede any further with your application until this information is submitted. Upon receipt, the Division will continue to process your application. The additional information can be faxed to (505) 476-3471, or mailed to the Division in Santa Fe. If the necessary information is not submitted, your application will be returned to you. Thank you for your cooperation.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

PERMITS WEST, INC.
PROVIDING PERMITS for the ENERGY INDUSTRY
37 Verano Loop, Santa Fe, New Mexico 87505 (505) 984-8120
466

October 24, 2001

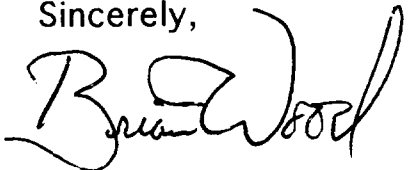
Mike Stogner
NM Oil Conservation Div.
1220 South St. Francis Dr.
Santa Fe, NM 87505

Dear Mike,

As requested, I have enclosed the revised NSL application for Elm Ridge's Bonita Canyon 1 well (23-23n-4w, Sandoval County). The revision reflects the 40 acre spacing for both the Gallup and Dakota.

Please call me if you have any questions.

Sincerely,



Brian Wood

cc: Aztec OCD
Clark
Endsley

RECEIVED
OCT 24 PM 1:50



SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
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NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

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

ABOVE THIS LINE FOR DIVISION USE ONLY

ADMINISTRATIVE APPLICATION CHECKLIST

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

Application Acronyms:

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

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

[A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
DHC CTB PLC PC OLS OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
WFX PMX SWD IPI EOR PPR

[D] Other: Specify

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

[A] Working, Royalty or Overriding Royalty Interest Owners

☒ [B] Offset Operators, Leaseholders or Surface Owner

[C] Application is One Which Requires Published Legal Notice

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

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

[F] Waivers are Attached

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

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

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

Print or Type Name

Signature

Title

Date

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

CONSULTANT

10-24-01

e-mail Address

brian@permitswest.com

REQUEST FOR ADMINISTRATIVE APPROVAL FOR NON-STANDARD LOCATION
FOR ELM RIDGE RESOURCES, INC.
BONITA CANYON 1 WELL
SOUTH LINDRITH GALLUP DAKOTA
1185' FNL & 950' FEL SEC. 23, T. 23 N., R. 4 W., SANDOVAL COUNTY, NM

I. The well is on Jicarilla Apache tribal surface and a Jicarilla Apache tribal oil and gas lease (BIA #390). The proposed location is non-standard (per Division Order R-4555 in Case 4954 on 6-25-73) for the Gallup and Dakota. A standard location must be at least 330' from the quarter-quarter line. This well is staked 195' further south than standard. (Closest standard location would be 990' FNL and 950' FEL and among trees.) The APD is attached.

II. A revised C-102 showing the well location and proration unit (NE4NE4 for the Gallup and the Dakota) is attached. The lease (contains 1,920 acres: all of Sections 23, 24, & 26; T. 23 N., R. 4 W.) is shown on the attached copy of the Five Lakes Canyon NW USGS topo map.

III. According to NM Oil Conservation Division records reviewed in the Santa Fe office on August 22, 2001; the closest producer is Elm Ridge's Whitaker #53 - a Gallup Dakota well which is 2,543' south at 1650' FSL & 1650' FEL 23-23n-4w. The next closest well after that is Galloway's Delo #1 well which is a Pictured Cliffs well 2,632' northeast in SWSW 13-23n-4w.

A copy of the Five Lakes Canyon NW 7.5' USGS map is attached. The map shows the proposed well site, proposed Gallup Dakota (wide black line including all of NE4NE4 Sec. 23), lease (solid line including all of Sections 23, 24, and 26), and other existing Gallup Dakota spacing units (dotted for Gallup and dashed for Dakota) as shown on the operator's C-102 forms. There is only one lease within a minimum 1,185' radius. Elm Ridge is the operator of the Gallup and Dakota rights in the Sections 23 and 26 portions of the tribal lease.

Three existing Pictured Cliffs spacing units adjoin the Elm Ridge's proposed acreage dedication. Only the PC wells are shown as black squares, not their acreage dedications.

Registered letters were sent on October 13, 2001 to all offset interest owners. Copies of all the letters and green cards are attached.

IV. A copy of the Five Lakes Canyon NW USGS map is attached. The proposed well site is marked. Proration unit for the Gallup is the 40 acre northeast quarter of the northeast quarter of Section 23. Proration unit for the Dakota is the 160 acre northeast quarter of Section 23. Both are in Township 23 North, Range 4 West, NMPM, Sandoval County, NM.

V. Elm Ridge selected its location to miss trees. The drilling window is in a pinyon-juniper forest. The Jicarilla Apache Nation wants to minimize tree loss.

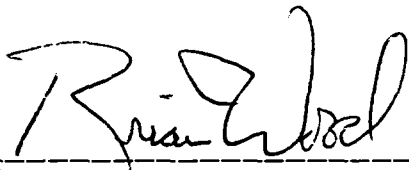
VI. No archaeology sites were found.

VII. See item V. above and attached map for a description of the surface conditions.

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

IX. I hereby certify notice has been sent to the following lessees, lessors, operators of spacing units, or owners of undrilled leases 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.

Bureau of Indian Affairs
Bureau of Land Management
Chace Oil Co. Inc.
Fisher, J. C.
Galloway, W. M.
Jicarilla Apache Nation Oil & Gas Administration
Whittier Energy Co.

 *Brian Wood* *Consultant* *10-24-01*

Signature, Title, & Date

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

The foregoing instrument was acknowledged before me this 24th day of October, 2001 by Brian Wood. Witness my hand and official seal.

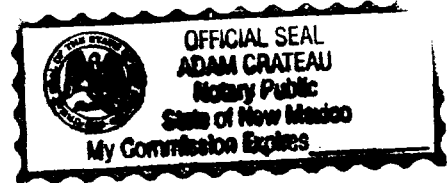
Adam Croteau

Notary Public

My Commission Expires: June 9, 2003

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

cc: Aztec OCD, Clark, Endsley



Form C - 102

☒ AMENDED REPORT

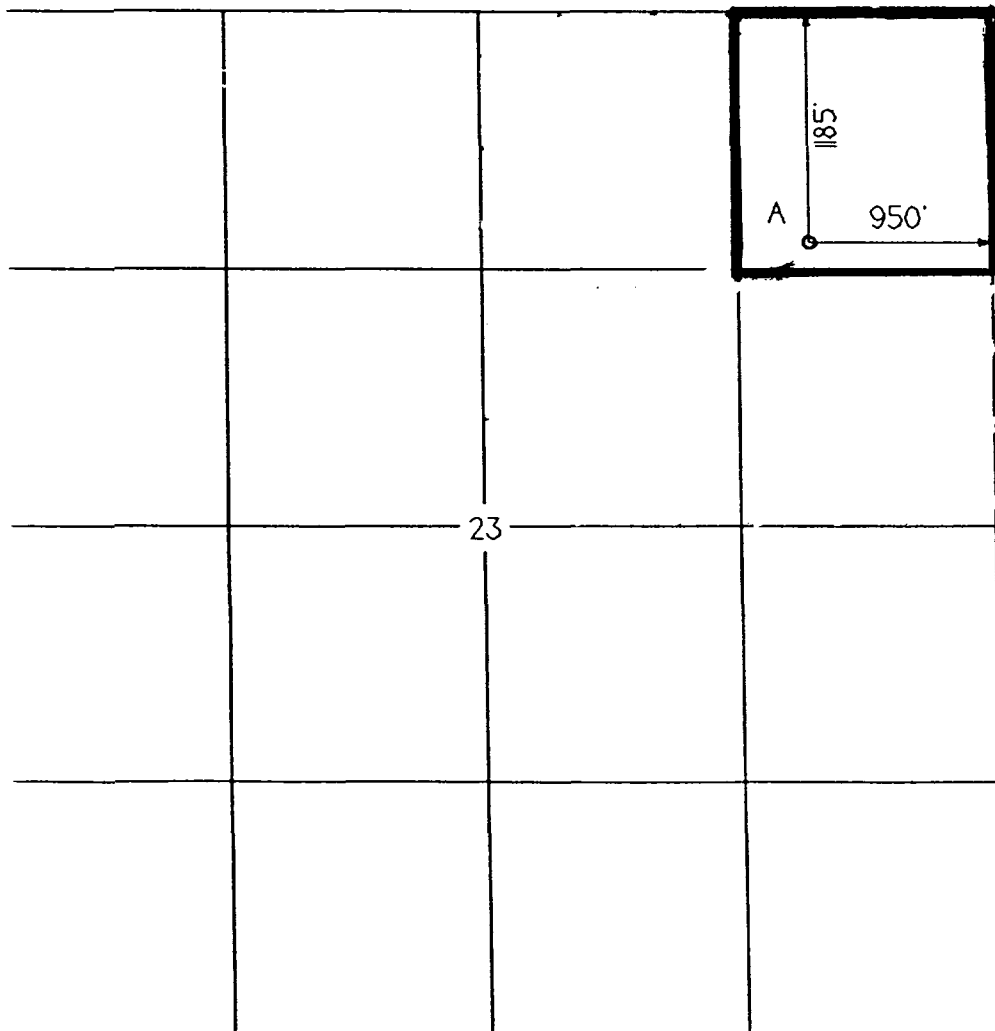
APA Number	Pool Code 39179	Pool Name SOUTH LINDRITH GALLUP DAKOTA
Property Code	Property Name BONITA CANYON	Well Number 1
OGRIID No 149052	Operator Name ELM RIDGE RESOURCES	Elevation 7245'

Surface Location									
L or Lot	Sec.	Twp.	Rge.	Lot Idn.	Feet from >	North/South	Feet from >	East/West	County
A	23	23 N.	4 W.		1185	NORTH	950	EAST	SANDOVAL

Bottom Hole Location If Different From Surface									
A. or Lot	Sec.	Twp.	Rge.	Lot Idn.	Feet from >	North/South	Feet from >	East/West	County

Dedication	Joint ?	Consolidation	Order No.
------------	---------	---------------	-----------

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



I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature _____

Printed Name **BRIAN WOOD**

Title **CONSULTANT**

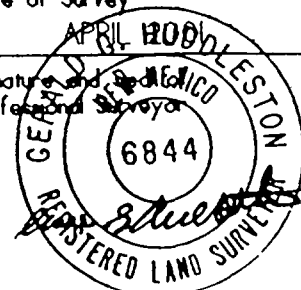
Date OCT. 24, 2001

SURVEYOR CERTIFICATION

I hereby certify that the well location on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.

Date of Survey.

Signature and Seal of
Professional Surveyor



PERMITS WEST, INC.
PROVIDING PERMITS for the ENERGY INDUSTRY
37 Merano Loop, Santa Fe, New Mexico 87505 (505) 984-8120

October 13, 2001

BIA
P. O. Box 167
Dulce, NM 87528

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

Elm Ridge Resources, Inc. is applying to drill its Bonita Canyon 1 well. The minimum state distance for a South Lindrith Gallup Dakota oil well is 330' from a quarter-quarter line. The proposed well is 195' further south than is standard. Thus, it is a non-standard location. The NSL is due to trees. It is 1,185' from the closest lease boundary. It is 2,543' from the closest producing well. A standard location would be closer to the lease boundary.

Well Name: Bonita Canyon 1 Total Depth: 7,245'
Proposed NSL Producing Zone: Gallup and Dakota sandstones
NSL Acreage Dedication: 40.00 ac. (NE4NE4 Sec. 23) to Gallup
160.00 ac. (NE4 Sec. 23) to Dakota
Location: 1185' FNL & 950' FEL Sec. 23, T. 23 N., R. 4 W.,
Sandoval County, NM on tribal lease BIA #390
Approximate Location: ~13 air miles east of Counselor, NM
Applicant Name: Elm Ridge Resources, Inc. (505) 632-3476
Applicant's Address: P. O. Box 189, Farmington, NM 87499

Submittal Information: Application for a non-standard location will be filed with the NM Oil Conservation Division. The application complies with the applicable New Mexico Oil Conservation Division Rules, NM 87505. Their phone number is (505) 824-1111.

Please call me if you have any questions.

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

DULCE, NM 87528

Postage	0.34	UNIT ID: 26
Postage Insurance	2.10	
Postage Insurance	1.50	
Total Postage & Fees	3.94	

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:

BIA
P. O. Box 167
Dulce, NM 87528

2. Article Number (Copy from service label)

PS Form 3811, July 1999

COMPLETE THIS SECTION ON DELIVERY

- A. Received by (Please Print Clearly) B. Date of Delivery 10/15/01
- C. Signature X *Kerry Hume* ☒ Agent ☐ Addressee
- D. Is delivery address different from item 1? ☐ Yes ☐ No
If YES, enter delivery address below:

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.
4. Restricted Delivery? (Extra Fee) ☐ Yes

7000 1670 0012 5351 7146

Domestic Return Receipt

102595-99-M 11

PERMITS WEST, INC.
PROVIDING PERMITS for the ENERGY INDUSTRY
47 Merano Loop, Santa Fe, New Mexico 87505 (505) 944-8120

466

October 13, 2001

BLM
435 Montano NE
Albuquerque, NM 87107

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

Elm Ridge Resources, Inc. is applying to drill its Bonita Canyon 1 well. The minimum state distance for a South Lindrith Gallup Dakota oil well is 330' from a quarter-quarter line. The proposed well is 195' further south than is standard. Thus, it is a non-standard location. The NSL is due to trees. It is 1,185' from the closest lease boundary. It is 2,543' from the closest producing well. A standard location would be closer to the lease boundary.

Well Name: Bonita Canyon 1 Total Depth: 7,245'
Proposed NSL Producing Zone: Gallup and Dakota sandstones
NSL Acreage Dedication: 40.00 ac. (NE4NE4 Sec. 23) to Gallup
160.00 ac. (NE4 Sec. 23) to Dakota
Location: 1185' FNL & 950' FEL Sec. 23, T. 23 N., R. 4 W.,
Sandoval County, NM on tribal lease BIA #390
Approximate Location: ≈13 air miles east of Counselor, NM
Applicant Name: Elm Ridge Resources, Inc. (505) 632-3476
Applicant's Address: P. O. Box 189, Farmington, NM 87499

Submittal Information: Application for a non-standard location will be filed with the NM Oil Conservation Division. If they determine the application complies with the app
Mexico Oil Conservatio
Fe, NM 87505. Their pl

Please call me if you h

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Pro

ALBUQUERQUE, NM 87107

0.34

UNIT ID: 09

2.10

1.50

2.54



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:

BLM
435 Montano NE
Albuquerque, NM 87107

2. Article Number (Copy from service label)

PS Form 3811, July 1999

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) Soyce Tracy B. Date of Delivery 10/15/01
C. Signature [Signature] ☐ Agent ☐ Address
D. Is delivery address different from item 1? ☐ Yes ☐ No
If YES, enter delivery address below:

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

7000 1670 0012 5351 7153

Domestic Return Receipt

102595-99-M-1

PERMITS WEST, INC.

PROVIDING PERMITS for the ENERGY INDUSTRY

17 Verano Loop, Santa Fe, New Mexico 87505

(505) 812-4666

October 13, 2001

Chace Oil Co. Inc.
3170 Royal Lane
Dallas, Tx. 75229

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

Elm Ridge Resources, Inc. is applying to drill its Bonita Canyon 1 well. The minimum state distance for a South Lindrith Gallup Dakota oil well is 330' from a quarter-quarter line. The proposed well is 195' further south than is standard. Thus, it is a non-standard location. The NSL is due to trees. It is 1,185' from the closest lease boundary. It is 2,543' from the closest producing well. A standard location would be closer to the lease boundary.

Well Name: Bonita Canyon 1 Total Depth: 7,245'

Proposed NSL Producing Zone: Gallup and Dakota sandstones

NSL Acreage Dedication: 40.00 ac. (NE4NE4 Sec. 23) to Gallup

160.00 ac. (NE4 Sec. 23) to Dakota

Location: 1185' FNL & 950' FEL Sec. 23, T. 23 N., R. 4 W.,

Sandoval County, NM on tribal lease BIA #390

Approximate Location: ≈13 air miles east of Counselor, NM

Applicant Name: Elm Ridge Resources, Inc. (505) 632-3476

Applicant's Address: P. O. Box 189, Farmington, NM 87499

Submittal Information: Application for a non-standard location will be filed with the NM Oil Conservation Division. The application complies with the applicable rules of the New Mexico Oil Conservation Division, Santa Fe, NM 87505. Their plan shows the location of the well.

Please call me if you have any questions.
U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Protection)

DALLAS, TX 75229

Postage	\$ 0.34	UNIT ID: 0
Postage Fee	2.10	
Return Receipt Fee	1.50	
Restricted Delivery Fee		
Endorsement Fee		
Total Postage & Fees	\$ 3.94	

- 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:

Chace Oil Co. Inc.
3170 Royal Lane
Dallas, Tx. 75229

2. Article Number (Copy from service label)

SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

Sara McRibben 10/14/01

C. Signature

X [Signature] ☐ Agent

☐ Address:

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

7000 1670 0012 5351 7191

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1

Chace

PERMITS WEST, INC.
PROVIDING PERMITS for the ENERGY INDUSTRY
17 Verano Loop, Santa Fe, New Mexico 87505 (505) 466-8120
466

October 13, 2001

J. C. Fisher
5234 Hillsden Dr.
Salt Lake City, Ut. 84117

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

Elm Ridge Resources, Inc. is applying to drill its Bonita Canyon 1 well. The minimum state distance for a South Lindrith Gallup Dakota oil well is 330' from a quarter-quarter line. The proposed well is 195' further south than is standard. Thus, it is a non-standard location. The NSL is due to trees. It is 1,185' from the closest lease boundary. It is 2,543' from the closest producing well. A standard location would be closer to the lease boundary.

Well Name: Bonita Canyon 1 Total Depth: 7,245'
Proposed NSL Producing Zone: Gallup and Dakota sandstones
NSL Acreage Dedication: 40.00 ac. (NE4NE4 Sec. 23) to Gallup
160.00 ac. (NE4 Sec. 23) to Dakota
Location: 1185' FNL & 950' FEL Sec. 23, T. 23 N., R. 4 W.,
Sandoval County, NM on tribal lease BIA #390
Approximate Location: ≈13 air miles east of Counselor, NM
Applicant Name: Elm Ridge Resources, Inc. (505) 632-3476
Applicant's Address: P. O. Box 189, Farmington, NM 87499

Submittal Information: Application for a non-standard location will be filed with the NM Oil Conservation Division. If they determine the application complies with the app Mexico Oil Conservatio Fe, NM 87505. Their ph

Please call me if you h

**U.S. Postal Service
CERTIFIED MAIL RECEIPT**
(Domestic Mail Only; No Insurance Coverage Pro

SALT LAKE CITY, UT 84117

0.34 UNIT ID: 09
2.10
1.50
3.94
Total Postage & Fees \$ 3.94
POST OFFICE EXPRESS SA
10/13/01

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:

J. C. Fisher
5234 Hillsden Dr.
Salt Lake City, Ut. 84117

2. Article Number (Copy from service label)

COMPLETE THIS SECTION ON DELIVERY

- A. Received by (Please Print Clearly) **OCT 17 2001** B. Date of Del
C. Signature **X Jean M. Howe** ☐ Agent ☐ Addr
D. Is delivery address different from item 1? ☐ Yes ☐ No
If YES, enter delivery address below: ☐ No

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchant
☐ Insured Mail ☐ C.O.D.
4. Restricted Delivery? (Extra Fee) ☐ Yes

7000 1670 0012 5351 7160

PERMITS WEST, INC.

PROVIDING PERMITS for the ENERGY INDUSTRY

47 Arano Loop, Santa Fe, New Mexico 87505

(505) 834-8120

466

October 13, 2001

W. M. Galloway
3005 Northridge, Suite 1
Farmington, NM 87401

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

Elm Ridge Resources, Inc. is applying to drill its Bonita Canyon 1 well. The minimum state distance for a South Lindrith Gallup Dakota oil well is 330' from a quarter-quarter line. The proposed well is 195' further south than is standard. Thus, it is a non-standard location. The NSL is due to trees. It is 1,185' from the closest lease boundary. It is 2,543' from the closest producing well. A standard location would be closer to the lease boundary.

Well Name: Bonita Canyon 1 Total Depth: 7,245'

Proposed NSL Producing Zone: Gallup and Dakota sandstones

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160.00 ac. (NE4 Sec. 23) to Dakota

Location: 1185' FNL & 950' FEL Sec. 23, T. 23 N., R. 4 W.,
Sandoval County, NM on tribal lease BIA #390

Approximate Location: ≈13 air miles east of Counselor, NM

Applicant Name: Elm Ridge Resources, Inc. (505) 632-3476

Applicant's Address: P. O. Box 189, Farmington, NM 87499

Submittal Information: Application for a non-standard location will be filed with the NM Oil Conservation Division. The application complies with the applicable rules of the New Mexico Oil Conservation Division, Santa Fe, NM 87505. Their permit number is 100125552.

Please call me if you have any questions.

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

FARMINGTON, NM 87401

Postage \$ 0.34

UNIT ID: 0

Contract Fee 2.10

Return Receipt Fee 1.50

Restricted Delivery Fee 1.50

Total Postage & Fees \$ 5.44

W. M. Galloway
3005 Northridge, Suite 1
Farmington, NM 87401

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:

2. Article Number (Copy from service label)

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature

D. Is delivery address different from item 1? ☐ Yes ☐ No

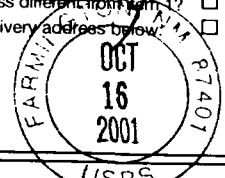
If YES, enter delivery address below:

3. Service Type ☒ Certified Mail ☐ Express Mail

☐ Registered ☐ Return Receipt for Merchandise

☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes



7000 1670 0012 5351 7184

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-17

PERMITS WEST, INC.

PROVIDING PERMITS for the ENERGY INDUSTRY

37 Verano Loop, Santa Fe, New Mexico 87505

(505) 964-8120

466

October 13, 2001

Oil & Gas Administration
P. O. Box 507
Dulce, NM 87528

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

Elm Ridge Resources, Inc. is applying to drill its Bonita Canyon 1 well. The minimum state distance for a South Lindrith Gallup Dakota oil well is 330' from a quarter-quarter line. The proposed well is 195' further south than is standard. Thus, it is a non-standard location. The NSL is due to trees. It is 1,185' from the closest lease boundary. It is 2,543' from the closest producing well. A standard location would be closer to the lease boundary.

Well Name: Bonita Canyon 1 Total Depth: 7,245'

Proposed NSL Producing Zone: Gallup and Dakota sandstones

NSL Acreage Dedication: 40.00 ac. (NE4NE4 Sec. 23) to Gallup
160.00 ac. (NE4 Sec. 23) to Dakota

Location: 1185' FNL & 950' FEL Sec. 23, T. 23 N., R. 4 W.,
Sandoval County, NM on tribal lease BIA #390

Approximate Location: ≈13 air miles east of Counselor, NM

Applicant Name: Elm Ridge Resources, Inc. (505) 632-3476

Applicant's Address: P. O. Box 189, Farmington, NM 87499

Submittal Information: Application for a non-standard location will be filed with the NM Oil Conservation Division. If they determine the application complies with the applicable rules, the application will be approved. New Mexico Oil Conservation Division, 37 Verano Loop, Santa Fe, NM 87505.

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:

Oil & Gas Administration
P. O. Box 507
Dulce, NM 87528

2. Article Number (Copy from service label)

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature

☒ Agent ☐ Address

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

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

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

DATE: 10/13/01
TIME: 1:50
UNIT: 100
OFFICE: EXPRESS MAIL
Total Postage & Fees: \$1.94
Oil & Gas Ad.
PO Box 507
Dulce, NM 87528

PERMITS WEST, INC.

PROVIDING PERMITS for the ENERGY INDUSTRY

17 Verano Loop, Santa Fe, New Mexico 87505

(505) 944-8120

466

October 13, 2001

Whittier Energy Co.
P. O. Box 2058
Farmington, NM 87499

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

Elm Ridge Resources, Inc. is applying to drill its Bonita Canyon 1 well. The minimum state distance for a South Lindrith Gallup Dakota oil well is 330' from a quarter-quarter line. The proposed well is 195' further south than is standard. Thus, it is a non-standard location. The NSL is due to trees. It is 1,185' from the closest lease boundary. It is 2,543' from the closest producing well. A standard location would be closer to the lease boundary.

Well Name: Bonita Canyon 1 Total Depth: 7,245'

Proposed NSL Producing Zone: Gallup and Dakota sandstones

NSL Acreage Dedication: 40.00 ac. (NE4NE4 Sec. 23) to Gallup

160.00 ac. (NE4 Sec. 23) to Dakota

Location: 1185' FNL & 950' FEL Sec. 23, T. 23 N., R. 4 W.,

Sandoval County, NM on tribal lease BIA #390

Approximate Location: ≈13 air miles east of Counselor, NM

Applicant Name: Elm Ridge Resources, Inc. (505) 632-3476

Applicant's Address: P. O. Box 189, Farmington, NM 87499

Submittal Information:

with the NM Oil Conservation Division. This letter complies with the applicable New Mexico Oil Conservation Division Rules, NM 87505. Their phone number is (505) 824-1111.

Please call me if you have any questions.
U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

FARMINGTON, NM 87499

0.34

UNIT ID: 09

2.10

1.50



Whittier Energy Co.
P. O. Box 2058
Farmington, NM 87499

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:

Whittier Energy Co.
P. O. Box 2058
Farmington, NM 87499

2. Article Number (Copy from service label)

PS Form 3811, July 1999

COMPLETE THIS SECTION ON DELIVERY

- A. Received by (Please Print Clearly) SL Holcomb B. Date of Delivery OCT 15 2001
- C. Signature SL Holcomb ☐ Agent ☐ Addressee
- D. Is delivery address different from item 1? ☐ Yes ☐ No
If YES, enter delivery address below:

3. Service Type
☒ Certified Mail ☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

7000 1670 0012 5351 7177

Domestic Return Receipt

102595-99-M-1

October 24, 2001

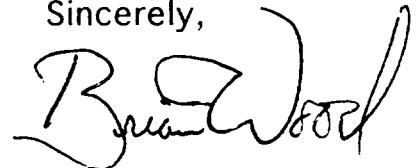
Mike Stogner
NM Oil Conservation Div.
1220 South St. Francis Dr.
Santa Fe, NM 87505

Dear Mike,

As requested, I have enclosed the revised NSL application for Elm Ridge's Bonita Canyon 1 well (23-23n-4w, Sandoval County). The revision reflects the 40 acre spacing for both the Gallup and Dakota.

Please call me if you have any questions.

Sincerely,



Brian Wood

cc: Aztec OCD
Clark
Endsley



SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
----------	----------	-----------	------	---------

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

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

ABOVE THIS LINE FOR DIVISION USE ONLY

ADMINISTRATIVE APPLICATION CHECKLIST

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

Application Acronyms:

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

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication
 ☒ NSL ☐ NSP ☐ SD
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR
- [D] Other: Specify
- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply
- [A] Working, Royalty or Overriding Royalty Interest Owners
- ☒ [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- ☒ [D] Notification and/or Concurrent Approval by BLM or SLO
 U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- ☒ [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached
- [3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

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

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

Print or Type Name

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

Signature

Title

CONSULTANT

Date

10-24-01

e-mail Address

brian@permitswest.com

REQUEST FOR ADMINISTRATIVE APPROVAL FOR NON-STANDARD LOCATION
FOR ELM RIDGE RESOURCES, INC.
BONITA CANYON 1 WELL
SOUTH LINDRITH GALLUP DAKOTA
1185' FNL & 950' FEL SEC. 23, T. 23 N., R. 4 W., SANDOVAL COUNTY, NM

I. The well is on Jicarilla Apache tribal surface and a Jicarilla Apache tribal oil and gas lease (BIA #390). The proposed location is non-standard (per Division Order R-4555 in Case 4954 on 6-25-73) for the Gallup and Dakota. A standard location must be at least 330' from the quarter-quarter line. This well is staked 195' further south than standard. (Closest standard location would be 990' FNL and 950' FEL and among trees.) The APD is attached.

II. A revised C-102 showing the well location and proration unit (NE4NE4 for the Gallup and the Dakota) is attached. The lease (contains 1,920 acres: all of Sections 23, 24, & 26; T. 23 N., R. 4 W.) is shown on the attached copy of the Five Lakes Canyon NW USGS topo map.

III. According to NM Oil Conservation Division records reviewed in the Santa Fe office on August 22, 2001; the closest producer is Elm Ridge's Whitaker #53 - a Gallup Dakota well which is 2,543' south at 1650' FSL & 1650' FEL 23-23n-4w. The next closest well after that is Galloway's Delo #1 well which is a Pictured Cliffs well 2,632' northeast in SWSW 13-23n-4w.

A copy of the Five Lakes Canyon NW 7.5' USGS map is attached. The map shows the proposed well site, proposed Gallup Dakota (wide black line line including all of NE4NE4 Sec. 23), lease (solid line including all of Sections 23, 24, and 26), and other existing Gallup Dakota spacing units (dotted for Gallup and dashed for Dakota) as shown on the operator's C-102 forms. There is only one lease within a minimum 1,185' radius. Elm Ridge is the operator of the Gallup and Dakota rights in the Sections 23 and 26 portions of the tribal lease.

Three existing Pictured Cliffs spacing units adjoin the Elm Ridge's proposed acreage dedication. Only the PC wells are shown as black squares, not their acreage dedications.

Registered letters were sent on October 13, 2001 to all offset interest owners. Copies of all the letters and green cards are attached.

IV. A copy of the Five Lakes Canyon NW USGS map is attached. The proposed well site is marked. Proration unit for the Gallup is the 40 acre northeast quarter of the northeast quarter of Section 23. Proration unit for the Dakota is the 160 acre northeast quarter of Section 23. Both are in Township 23 North, Range 4 West, NMPM, Sandoval County, NM.

V. Elm Ridge selected its location to miss trees. The drilling window is in a pinyon-juniper forest. The Jicarilla Apache Nation wants to minimize tree loss.

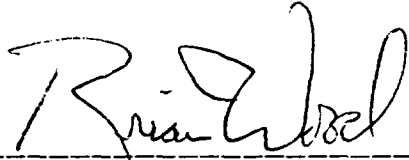
VI. No archaeology sites were found.

VII. See item V. above and attached map for a description of the surface conditions.

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

IX. I hereby certify notice has been sent to the following lessees, lessors, operators of spacing units, or owners of undrilled leases 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.

Bureau of Indian Affairs
Bureau of Land Management
Chace Oil Co. Inc.
Fisher, J. C.
Galloway, W. M.
Jicarilla Apache Nation Oil & Gas Administration
Whittier Energy Co.

 Consultant 10-24-01

Signature, Title, & Date

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

The foregoing instrument was acknowledged before me this 24th day of October, 2001 by Brian Wood. Witness my hand and official seal.

Adam Croteau

Notary Public

My Commission Expires: June 9, 2003

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

cc: Aztec OCD, Clark, Endsley



State of New Mexico
Energy, Minerals & Mining Resources Department

Form C - 102

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

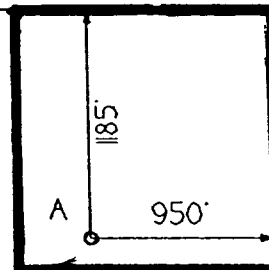
☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

APA Number		Pool Code 39179		Pool Name SOUTH LINDRITH GALLUP DAKOTA					
Property Code		Property Name BONITA CANYON						Well Number 1	
OGRID No. 149052		Operator Name ELM RIDGE RESOURCES						Elevation 7245'	
Surface Location									
L or Lot A	Sec. 23	Twp. 23 N.	Rge. 4 W.	Lot Ltn.	Feet from >	North/South NORTH	Feet from >	East/West EAST	County SANDOVAL
Bottom Hole Location If Different From Surface									
L or Lot	Sec.	Twp.	Rge.	Lot Ltn.	Feet from >	North/South	Feet from >	East/West	County
Dedication	Joint ?	Consolidation			Order No.				

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

	23		



OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature *Brian Wood*

Printed Name BRIAN WOOD

Title CONSULTANT

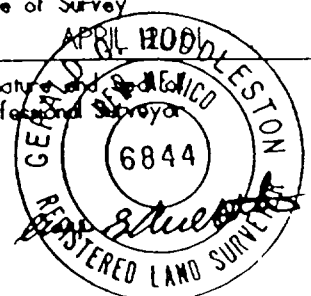
Date OCT. 24, 2001

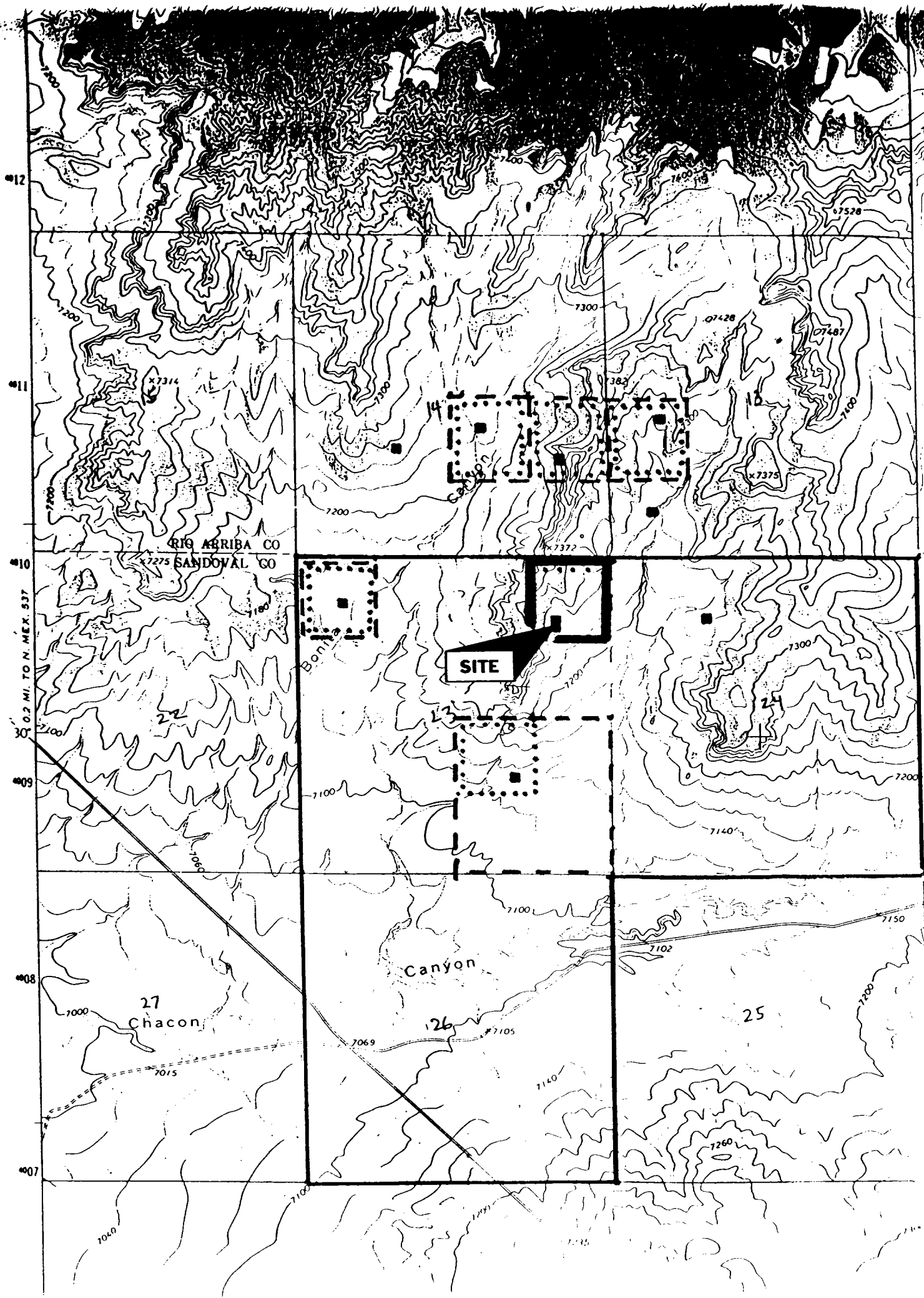
SURVEYOR CERTIFICATION

I hereby certify that the well location on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey

Signature and Seal of Professional Surveyor





PERMITS WEST .INC.
PROVIDING PERMITS for the ENERGY INDUSTRY
37 Merano Loop, Santa Fe, New Mexico 87505 (505) 984-8120

October 13, 2001

BIA
P. O. Box 167
Dulce, NM 87528

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

Elm Ridge Resources, Inc. is applying to drill its Bonita Canyon 1 well. The minimum state distance for a South Lindrith Gallup Dakota oil well is 330' from a quarter-quarter line. The proposed well is 195' further south than is standard. Thus, it is a non-standard location. The NSL is due to trees. It is 1,185' from the closest lease boundary. It is 2,543' from the closest producing well. A standard location would be closer to the lease boundary.

Well Name: Bonita Canyon 1 Total Depth: 7,245'
Proposed NSL Producing Zone: Gallup and Dakota sandstones
NSL Acreage Dedication: 40.00 ac. (NE4NE4 Sec. 23) to Gallup
160.00 ac. (NE4 Sec. 23) to Dakota
Location: 1185' FNL & 950' FEL Sec. 23, T. 23 N., R. 4 W.,
Sandoval County, NM on tribal lease BIA #390
Approximate Location: ≈13 air miles east of Counselor, NM
Applicant Name: Elm Ridge Resources, Inc. (505) 632-3476
Applicant's Address: P. O. Box 189, Farmington, NM 87499

Submittal Information: Application for a non-standard location will be filed with the NM Oil Conservation Division. The application complies with the applicable New Mexico Oil Conservation Division Rules, NM 87505. Their phone number is (505) 824-2200.

Please call me if you have any questions.

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

DATE: 10/13/01

0.34

0.10

1.50

Total Postage & Fees: \$1.94

RIA



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:

BIA
P. O. Box 167
Dulce, NM 87528

2. Article Number (Copy from service label)

PS Form 3811, July 1999

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly)

B. Date of Delivery

10/15/01

C. Signature

X *Kerry Hume* ☒ Agent ☐ Addressee

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

3. Service Type

- ☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

7000 1670 0012 5351 7146

Domestic Return Receipt

102595-09 M 1

PERMITS WEST, INC.

PROVIDING PERMITS for the ENERGY INDUSTRY

17 Merano Loop, Santa Fe, New Mexico 87505

(505) 981-8120

466

October 13, 2001

BLM

435 Montano NE

Albuquerque, NM 87107

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

Elm Ridge Resources, Inc. is applying to drill its Bonita Canyon 1 well. The minimum state distance for a South Lindrith Gallup Dakota oil well is 330' from a quarter-quarter line. The proposed well is 195' further south than is standard. Thus, it is a non-standard location. The NSL is due to trees. It is 1,185' from the closest lease boundary. It is 2,543' from the closest producing well. A standard location would be closer to the lease boundary.

Well Name: Bonita Canyon 1

Total Depth: 7,245'

Proposed NSL Producing Zone: Gallup and Dakota sandstones

NSL Acreage Dedication: 40.00 ac. (NE4NE4 Sec. 23) to Gallup

160.00 ac. (NE4 Sec. 23) to Dakota

Location: 1185' FNL & 950' FEL Sec. 23, T. 23 N., R. 4 W.,

Sandoval County, NM on tribal lease BIA #390

Approximate Location: ≈13 air miles east of Counselor, NM

Applicant Name: Elm Ridge Resources, Inc. (505) 632-3476

Applicant's Address: P. O. Box 189, Farmington, NM 87499

Submittal Information: Application for a non-standard location will be filed with the NM Oil Conservation Division. If they determine the application complies with the app

Mexico Oil Conservatio
Fe, NM 87505. Their pl

Please call me if you h:

**U.S. Postal Service
CERTIFIED MAIL RECEIPT**
(Domestic Mail Only; No Insurance Coverage Pro

ALBUQUERQUE, NM 87107

Postage	\$ 0.34	UNIT ID: 09
Delivery Fee	2.10	
Return Receipt Fee	1.50	
Restricted Delivery Fee		
Total Postage & Fees	\$ 3.94	



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:

BLM
435 Montano NE
Albuquerque, NM 87107

2. Article Number (Copy from service label)

PS Form 3811, July 1999

COMPLETE THIS SECTION ON DELIVERY

- A. Received by (Please Print Clearly) Joyce Troy B. Date of Delivery 10/15/01
- C. Signature Joyce Troy ☐ Agent ☐ Address
- D. Is delivery address different from item 1? ☐ Yes ☒ No
If YES, enter delivery address below:

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.
4. Restricted Delivery? (Extra Fee) ☐ Yes

7000 1670 0012 5351 7153

102595-99-M-1

PERMITS WEST, INC.
PROVIDING PERMITS for the ENERGY INDUSTRY
17 Verano Loop, Santa Fe, New Mexico 87505 (505) 834-8120
466

October 13, 2001

Chace Oil Co. Inc.
3170 Royal Lane
Dallas, Tx. 75229

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

Elm Ridge Resources, Inc. is applying to drill its Bonita Canyon 1 well. The minimum state distance for a South Lindrith Gallup Dakota oil well is 330' from a quarter-quarter line. The proposed well is 195' further south than is standard. Thus, it is a non-standard location. The NSL is due to trees. It is 1,185' from the closest lease boundary. It is 2,543' from the closest producing well. A standard location would be closer to the lease boundary.

Well Name: Bonita Canyon 1 Total Depth: 7,245'
Proposed NSL Producing Zone: Gallup and Dakota sandstones
NSL Acreage Dedication: 40.00 ac. (NE4NE4 Sec. 23) to Gallup
160.00 ac. (NE4 Sec. 23) to Dakota
Location: 1185' FNL & 950' FEL Sec. 23, T. 23 N., R. 4 W.,
Sandoval County, NM on tribal lease BIA #390
Approximate Location: ~13 air miles east of Counselor, NM
Applicant Name: Elm Ridge Resources, Inc. (505) 632-3476
Applicant's Address: P. O. Box 189, Farmington, NM 87499

Submittal Information: Application for a non-standard location will be filed with the NM Oil Conservation Division. The application complies with the applicable rules of the New Mexico Oil Conservation Division. Santa Fe, NM 87505. Their plan

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

DALLAS, TX 75229

Actual postage paid for this mailpiece by addressee
Date of mailing: 10/13/01
Postage paid by addressee

Total Postage & Fees \$ 3.94

Chace

- SENDER'S INSTRUCTIONS:**
- 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:

Chace Oil Co. Inc.
3170 Royal Lane
Dallas, Tx. 75229

2. Article Number (Copy from service label)

SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

Sara McRibben 10/14/01

C. Signature

X *S Mc*

☐ Agent ☐ Address

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

7000 1670 0012 5351 7191

PERMITS WEST, INC.
PROVIDING PERMITS for the ENERGY INDUSTRY
47 Verano Loop, Santa Fe, New Mexico 87505 (505) 441-8120

466

October 13, 2001

J. C. Fisher
5234 Hillsden Dr.
Salt Lake City, Ut. 84117

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

Elm Ridge Resources, Inc. is applying to drill its Bonita Canyon 1 well. The minimum state distance for a South Lindrith Gallup Dakota oil well is 330' from a quarter-quarter line. The proposed well is 195' further south than is standard. Thus, it is a non-standard location. The NSL is due to trees. It is 1,185' from the closest lease boundary. It is 2,543' from the closest producing well. A standard location would be closer to the lease boundary.

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Proposed NSL Producing Zone: Gallup and Dakota sandstones

NSL Acreage Dedication: 40.00 ac. (NE4NE4 Sec. 23) to Gallup
160.00 ac. (NE4 Sec. 23) to Dakota

Location: 1185' FNL & 950' FEL Sec. 23, T. 23 N., R. 4 W.,
Sandoval County, NM on tribal lease BIA #390

Approximate Location: ≈13 air miles east of Counselor, NM

Applicant Name: Elm Ridge Resources, Inc. (505) 632-3476

Applicant's Address: P. O. Box 189, Farmington, NM 87499

Submittal Information: Application for a non-standard location will be filed with the NM Oil Conservation Division. If they determine the application complies with the app
Mexico Oil Conservatio
Fe, NM 87505. Their pl

Please call me if you h

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Pro

SALT LAKE CITY, UT 84117

Postage	\$ 0.34	UNIT ID: 99
Service Fee	2.10	
Return Receipt for Merchandise	1.50	
Restricted Delivery Fee		
Total Postage & Fees	\$ 3.94	

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:

J. C. Fisher
5234 Hillsden Dr.
Salt Lake City, Ut. 84117

2. Article Number (Copy from service label)

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) **Oct 17 2001** B. Date of Del

C. Signature **X Sean M. Stowe** ☐ Agent ☐ Addre

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

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

7000 1670 0012 5351 7160

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M

5051 81.90

102595.99.M.1.1.

PERMITS WEST, INC.

PROVIDING PERMITS for the ENERGY INDUSTRY

37 Verano Loop, Santa Fe, New Mexico 87505

(505) 964-8120

466

October 13, 2001

Oil & Gas Administration
P. O. Box 507
Dulce, NM 87528

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

Elm Ridge Resources, Inc. is applying to drill its Bonita Canyon 1 well. The minimum state distance for a South Lindrith Gallup Dakota oil well is 330' from a quarter-quarter line. The proposed well is 195' further south than is standard. Thus, it is a non-standard location. The NSL is due to trees. It is 1,185' from the closest lease boundary. It is 2,543' from the closest producing well. A standard location would be closer to the lease boundary.

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160.00 ac. (NE4 Sec. 23) to Dakota

Location: 1185' FNL & 950' FEL Sec. 23, T. 23 N., R. 4 W.,

Sandoval County, NM on tribal lease BIA #390

Approximate Location: ~13 air miles east of Counselor, NM

Applicant Name: Elm Ridge Resources, Inc. (505) 632-3476

Applicant's Address: P. O. Box 189, Farmington, NM 87499

Submittal Information: Application for a non-standard location will be filed with the NM Oil Conservation Division. If they determine the application complies with the applicable rules, the application will be approved. New Mexico Oil Conservation Division, P. O. Box 507, Dulce, NM 87505.

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:

Oil & Gas Administration
P. O. Box 507
Dulce, NM 87528

2. Article Number (Copy from service label)

COMPLETE THIS SECTION ON DELIVERY

- A. Received by (Please Print Clearly) _____ B. Date of Delivery 10/15/01
- C. Signature [Signature] ☒ Agent ☐ Addressee
- D. Is delivery address different from item 1? ☐ Yes ☒ No
If YES, enter delivery address below: _____

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes ☒ No

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

HERTZ
1670 0012 5351 7139
UNIT 1010
0.34
1.10
1.50
1.94
Total Postage & Fees \$
Oil & Gas Ad.
PO Box 507
Dulce, NM 87528

PERMITS WEST, INC.

PROVIDING PERMITS for the ENERGY INDUSTRY

37 Verano Loop, Santa Fe, New Mexico 87505

(505) 944-8120

466

October 13, 2001

Whittier Energy Co.
P. O. Box 2058
Farmington, NM 87499

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

Elm Ridge Resources, Inc. is applying to drill its Bonita Canyon 1 well. The minimum state distance for a South Lindrith Gallup Dakota oil well is 330' from a quarter-quarter line. The proposed well is 195' further south than is standard. Thus, it is a non-standard location. The NSL is due to trees. It is 1,185' from the closest lease boundary. It is 2,543' from the closest producing well. A standard location would be closer to the lease boundary.

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160.00 ac. (NE4 Sec. 23) to Dakota

Location: 1185' FNL & 950' FEL Sec. 23, T. 23 N., R. 4 W.,

Sandoval County, NM on tribal lease BIA #390

Approximate Location: ~13 air miles east of Counselor, NM

Applicant Name: Elm Ridge Resources, Inc. (505) 632-3476

Applicant's Address: P. O. Box 189, Farmington, NM 87499

Submittal Information:

with the NM Oil Conservation Division Rules, I am notifying you of the following non-standard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

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

FARMINGTON, NM 87499

Postage \$ 0.34

UNIT ID: 09

Weight 2.10

Rate 1.50



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:

Whittier Energy Co.
P. O. Box 2058
Farmington, NM 87499

2. Article Number (Copy from service label)

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature

D. Is delivery address different from item 1? ☐ Yes ☐ No

If YES, enter delivery address below: ☐ Yes ☐ No

3. Service Type

☒ Certified Mail ☐ Registered ☐ Return Receipt for Merchandise ☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No



7000 1670 0012 5351 7177

PS Form 3811, July 1999

Domestic Return Receipt

102595 99.M

Registered letters were sent on October 13, 2001 to all offset interest owners. Copies of all the letters and green cards are attached.

IV. A copy of the Five Lakes Canyon NW USGS map is attached. The proposed well site is marked. Proration unit for the Gallup and Dakota is the 40 acre northeast quarter of the northeast quarter of Section 23, Township 23 North, Range 4 West, NMPM, Sandoval County, NM.

V. Elm Ridge selected its location to miss trees. The drilling window is in a pinyon-juniper forest. The Jicarilla Apache Nation wants to minimize tree loss.

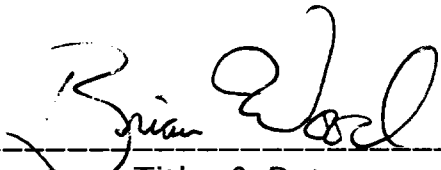
VI. No archaeology sites were found.

VII. See item V. above and attached map for a description of the surface conditions.

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

IX. I hereby certify notice has been sent to the following lessees, lessors, operators of spacing units, or owners of undrilled leases 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.

Bureau of Indian Affairs
Bureau of Land Management
Chace Oil Co. Inc.
Fisher, J. C.
Galloway, W. M.
Jicarilla Apache Nation Oil & Gas Administration
Whittier Energy Co.

 Consultant 10-24-01

Signature, Title, & Date

OCT 25 2001

Registered letters were sent on October 13, 2001 to all offset interest owners. Copies of all the letters and green cards are attached.

IV. A copy of the Five Lakes Canyon NW USGS map is attached. The proposed well site is marked. Proration unit for the Gallup and Dakota is the 40 acre northeast quarter of the northeast quarter of Section 23, Township 23 North, Range 4 West, NMPM, Sandoval County, NM.

V. Elm Ridge selected its location to miss trees. The drilling window is in a pinyon-juniper forest. The Jicarilla Apache Nation wants to minimize tree loss.

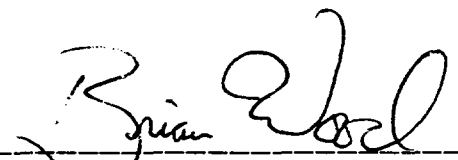
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Bureau of Indian Affairs
Bureau of Land Management
Chace Oil Co. Inc.
Fisher, J. C.
Galloway, W. M.
Jicarilla Apache Nation Oil & Gas Administration
Whittier Energy Co.

 *Consultant* *10-24-01*

Signature, Title, & Date

OCT 25 2001

Stogner, Michael

From: Stogner, Michael
Sent: Thursday, October 25, 2001 9:38 AM
To: 'Brian Wood (E-mail)'
Cc: Hayden, Steven
Subject: RE: Elm Ridge/Bonita Canyon Well No. 1

Received your amended application yesterday, October 24, 2001. Can I assume Paragraph "IV" on page two is in error?

-----Original Message-----

From: Stogner, Michael
Sent: Tuesday, October 23, 2001 9:13 AM
To: Brian Wood (E-mail)
Cc: Hayden, Steven
Subject: Elm Ridge/Bonita Canyon Well No. 1

Re: *Administrative application (application reference No. pKRV0-129038996) filed on behalf of the operator, Elm Ridge Resources, Inc., on October 15, 2001 for its Bonita Canyon Well No. 1 to be drilled at an unorthodox oil well location in the South Lindrith Gallup-Dakota Oil Pool (--pool code here--) 1185' FNL & 959' FEL (A) of Sec. 23-T23N-R4W, Sandoval County, NM.*

Dear Mr. Wood:

The subject application is for a well in the South Lindrith Gallup-Dakota Oil Pool, which was created on July 1, 1973 for the production of oil from both the Gallup and Dakota formations (see Division Order No. R-4555 issued in Case No. 4954 on June 25, 1973). This pool is governed by Division Rule 104.B (1), which requires 40-acre spacing and proration units and for wells to be located no closer to the unit boundary line than 330 feet.

Your application indicates that the dedicated acreage for this well in the Dakota interval will be the 160 acres comprising the NE/4 of Section 23 and the 40 acres comprising the NE/4 NE/4 for the Gallup interval. This appears to be in error.

Since the submitted information is insufficient to review, this application is hereby ruled incomplete as of October 23, 2001. Please submit corrected information by Tuesday, October 30, 2001.

The Division cannot precede any further with your application until this information is submitted. Upon receipt, the Division will continue to process your application. The additional information can be faxed to (505) 476-3471, or mailed to the Division in Santa Fe. If the necessary information is not submitted, your application will be returned to you. Thank you for your cooperation.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

129038996

New Mexico Oil Conservation Division---Engineering Bureau
Administrative Application Process Documentation

Date Application Received: 10-15-2001

Date of Preliminary Review: 10-23-2001
(Note: Must be within 10-days of received date)

Results: Application Complete ✓ Application Incomplete

Date Incomplete ^{e-mail} Letter Sent: 10-23-2001

Deadline to Submit Requested Information: 10-30-2001

Phone Call Date:
(Note: Only applies if requested data is not submitted within the 7-day deadline)

Phone Log Completed? Yes No

Date Application Processed: ~~10-26~~

Date Application Returned:
(Note: Only as a last resort & only after repeated attempts by the Division to obtain the necessary information to process the application)

10-24: Received supplemental information

10-25: 2nd incomplete notice e-mailed

10-25: Received corrected information

10-26: Processed application to be released
on Nov. 5th.