

PERMITS WEST, INC.

PROVIDING PERMITS for LAND USERS

37 Verano Loop, Santa Fe, New Mexico 87508

(505) 466-8120

REQUEST FOR ADMINISTRATIVE APPROVAL FOR NON-STANDARD LOCATION FOR ELM RIDGE RESOURCES, INC.

STATE OF NEW MEXICO 16 #5 WELL (30-039-26983)

COUNSELORS GALLUP DAKOTA FIELD & POOL RULE 7034

640' FSL & 2290' FEL SEC. 16, T. 23 N., R. 6 W., SANDOVAL COUNTY, NM

I. The well is on State surface and a State oil and gas lease (E-1207-8). The location is non-standard for the Counselors Gallup Dakota. A standard Counselors Gallup Dakota location is $\geq 660'$ from the quarter section lines. ~~This well was staked and approved under generic Gallup rules (i. e., $\geq 930'$ from the quarter-quarter lines)~~ instead of Rule 7034 (i. e., $\geq 660'$ from the quarter lines). The well is completed only in the Gallup. The APD (Exhibit A) is attached.

II. A Form C-102 showing the well location and proration unit (SE4 for the Counselors Gallup Dakota) is attached (Exhibit B). The well is on NMSLO lease E-1207-8 which comprises 2,824.91 acres (all 16-23n-6w, et al). Lease (thick line) and the acreage dedication (dashed lines) are shown on the attached copy of the Counselors USGS topo map (Exhibit C).

III. According to NM Oil Conservation Division records reviewed in Santa Fe on December 2, 2002; ~~the closest producer is Elm Ridge's State 16-4. It is a Counselors Gallup Dakota oil well which is 1,285' west at 920' FSL & 1735' FWL 16-23n-6w.~~ Closest "non-Elm Ridge" well is Merrion's Enchilada 1 which is 3,808' north. There are 7 producing wells and one P&A well in the 8 quarter sections which surround the southeast quarter of 16-23n-6w (see Exhibit D).

A copy (Exhibit E) of the Counselors USGS map is attached which shows lease boundaries (NE4NW4, W2NE4, S2NW4, et al of Sec. 21 is open BLM acreage). Closest currently leased tract is NM-42933 (E2NE4 Sec. 21) which is 1,162' east-southeast. Registered letters were sent on December 6, 2002 to all offset interest owners. Copies of all the letters and postal receipts are attached.

IV. A copy of the Counselors USGS map is attached. The well site is marked. Proration unit (dashed line on Exhibit F) for the Counselors Gallup

OIL CONSERVATION DIVISION

CASE NUMBER

EXHIBIT

Dakota is the 160 acre southeast quarter of Section 16, Township 23 North, Range 6 West, NMPM, Sandoval County, NM.

V. Topography is not an issue.

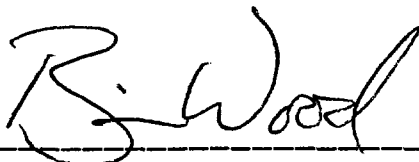
VI. Archaeology is not an issue.

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

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

IX. I hereby certify notice (Exhibits G) 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.

Bannon Energy Inc.
Bureau of Land Management
Dugan Production Corp.
EOG Resources Inc.
M & M Prod. & Oper.
Marshall & Winston
McHugh Co.
Merrion Oil & Gas
NM State Land Office ✓
Read & Stevens Inc.



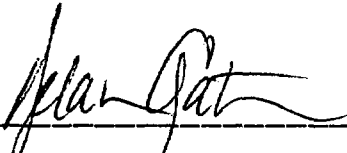
Brian Wood, Consultant

December 6, 2002

Date

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

The foregoing instrument was acknowledged before me this 6th day of December, 2002 by Brian Wood. Witness my hand and official seal.



Notary Public



My Commission Expires: June 9, 2003

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

cc: Aztec OCD, Clark, Endsley

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE
Elm Ridge Resources, Inc. (505) 632-3476
P. O. Box 189, Farmington, NM 87499
State 16
Property Name
30 - 039 26983
Well No. 5

Well No.	Property Code	Property Name	Well No.
0	16 23	Range 6W Section 16 T14N R6E	149052
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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505
Form C-102
AMENDED REPORT

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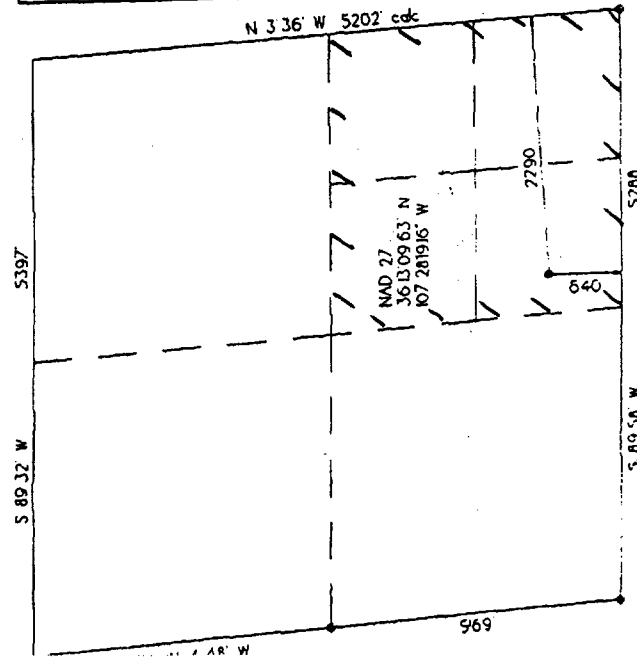
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OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.
Signature: Brian Wood
Printed Name: BRIAN WOOD
Title: CONSULTANT
Date: APR. 20, 2002
SURVEYOR CERTIFICATION
I hereby certify that the well location on this plan was plotted from field notes of actual survey and that the same is in accordance with the laws of the State of New Mexico and correct to the best of my belief.
Date of Survey: 4-17-02
Signature and Seal: Gerald G. Ruddleston
Professional Surveyor License No. 6844
State of New Mexico

EXHIBIT A

State of New Mexico
Energy, Minerals & Mining Resources Department
OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C - 102

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

APN Number	Field Code 13379	Field Name COUNSELORS GALLUP DAKOTA
Property Code	Property Name STATE 16	Well Number 5
OGED No. 149052	Operator Name ELM RIDGE RESOURCES	Elevation 6916

Surface Location									
U. or Lot	Sec.	Twp.	Rge.	Lot Id.	Feet from	North/South	Feet from	East/West	County
0	16	23 N.	6 W.		640'	SOUTH	2290'	EAST	SAN JUAN

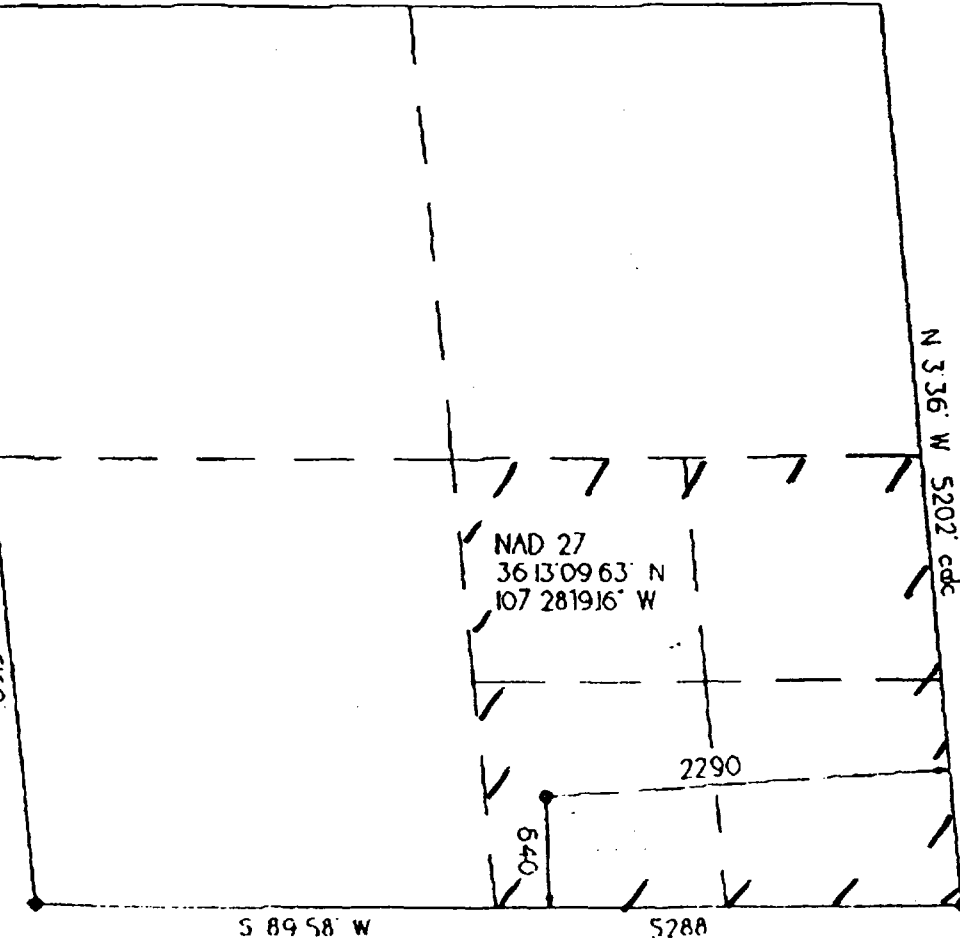
Bottom Hole Location if Different From Surface									
U. or Lot	Sec.	Twp.	Rge.	Lot Id.	Feet from	North/South	Feet from	East/West	County

Dedication	Job #	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

S 89 32' W

S397'



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 APR. 20, 2002

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 4-17-02

Signature and Seal of Professional Surveyor

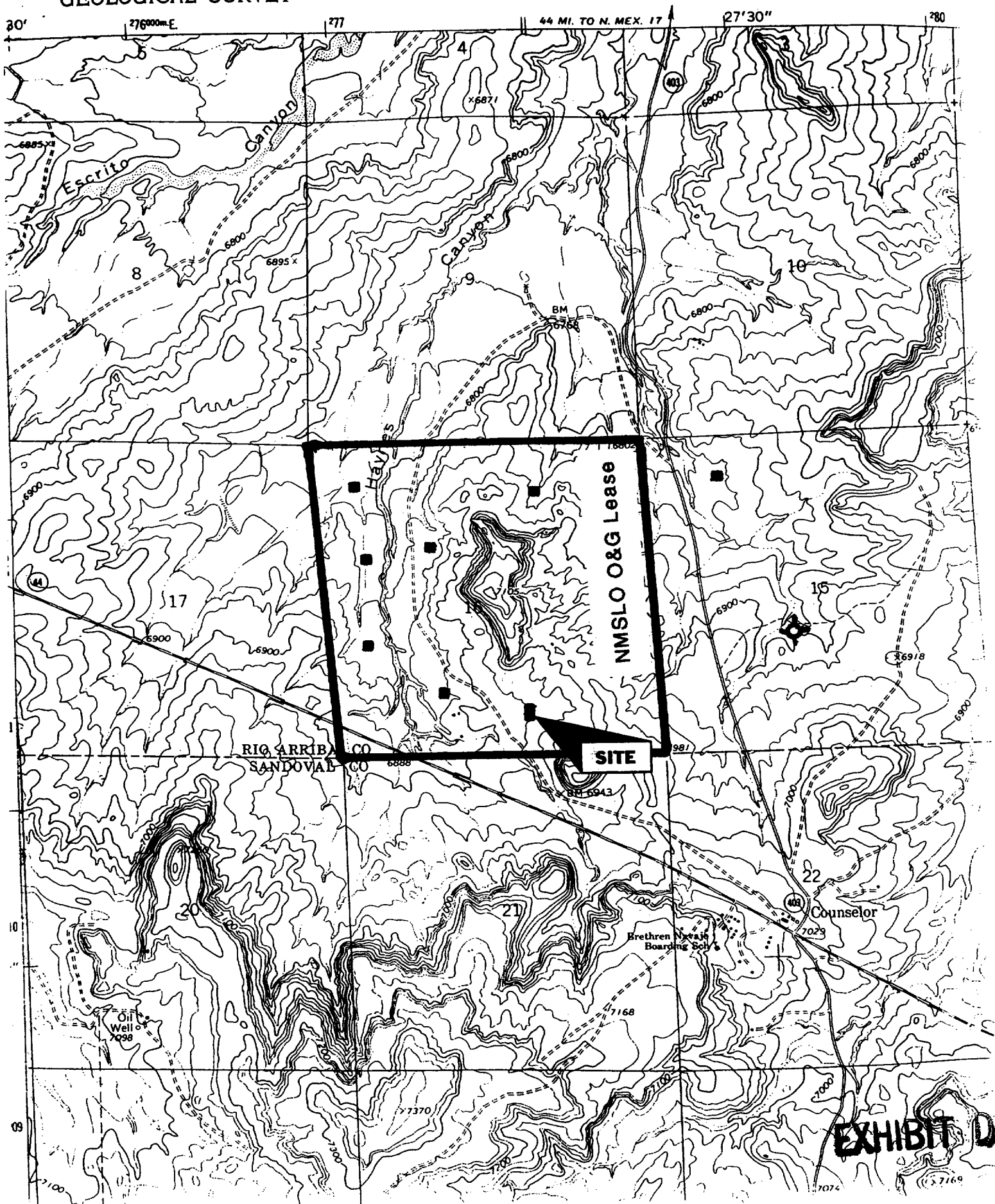


EXHIBIT B

Topographic map showing the NMSLO O&G Lease area. The map includes contour lines, roads, and geographical features. Key features include Escrito Canyon, Hayes Canyon, and the NMSLO O&G Lease area. A 'SITE' is marked with an arrow pointing to a location near the lease boundary. Other labels include 'RIO ARRIBA CO', 'SANDOVAL CO', 'Brethren Navajo Boarding Sch.', and 'Counselor'. The map also shows various elevation points and a scale bar indicating 44 miles to N. Mex. 17.

EXHIBIT C

Well Map



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Lease Map

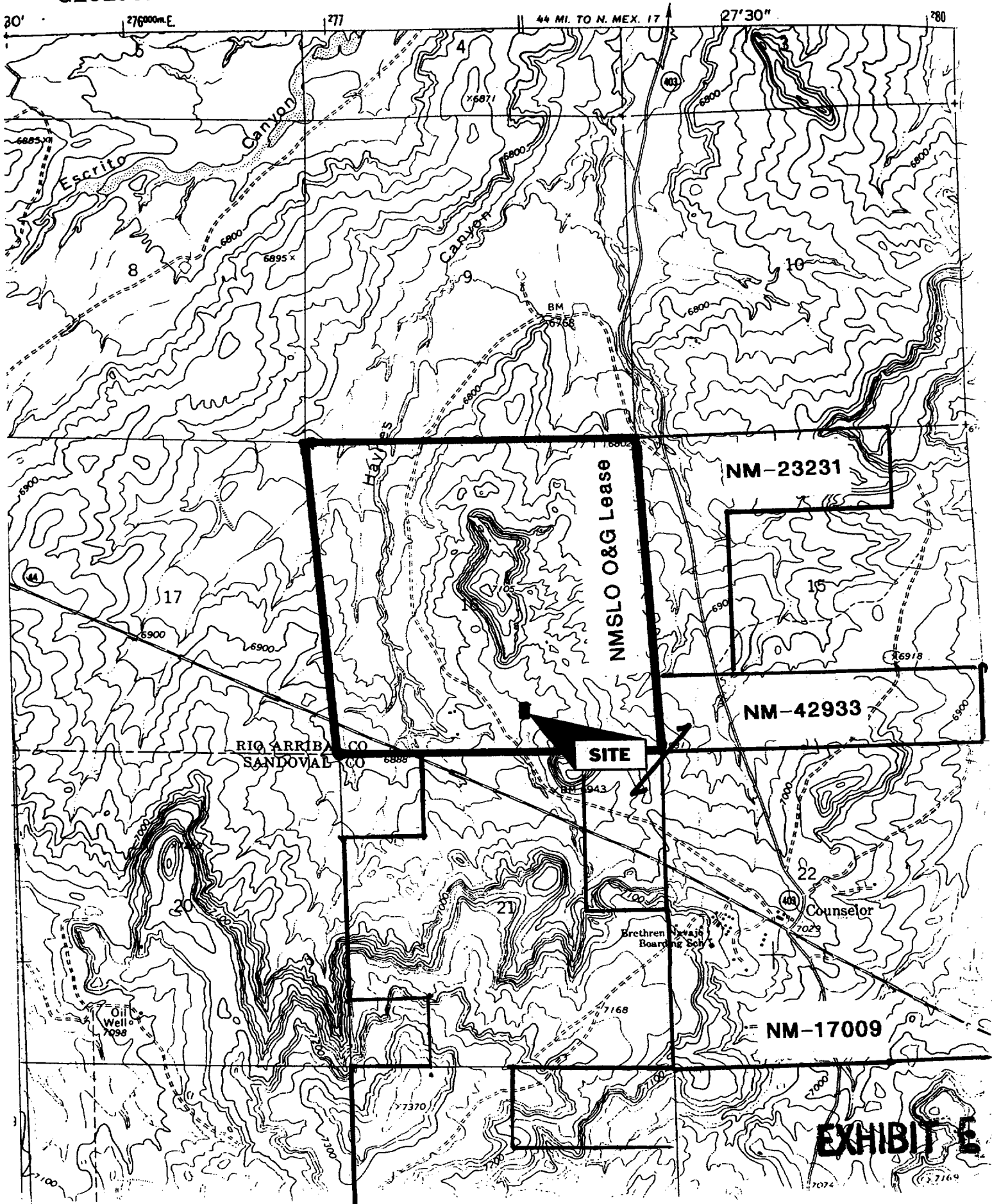


EXHIBIT E