

CDX RIO, LLC

2010 Afton Place
Farmington, New Mexico 87401
(505) 326-3003 - Fax (505) 325-4007

March 9, 2006

New Mexico Oil Conservation Division
Attn: Michael E. Stogner
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

RE: ADMINISTRATIVE APPROVAL OF UNORTHODOX LOCATION
JICARILLA 102 #7
1,850' FNL & 2,390' FEL
SECTION 3-T26N-R4W
RIO ARriba COUNTY, NEW MEXICO

Dear Mr. Stogner:

Reference is made to your E-mail concerning the fact that the subject well is located at an unorthodox spot for an E/2 Blanco Mesaverde spacing unit and there is no record of authorization by the New Mexico Oil Conservation Division.

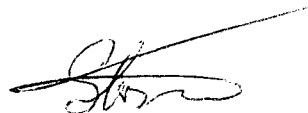
The Jicarilla Apache 102 # 7 well (API 30 039 06709) was originally drilled to a total depth of 8,192' and completed as a Basin Dakota gas well on June 12, 1963. It was dedicated to a N/2 spacing unit and was at an orthodox location.

On January 28, 1970, Pan American Petroleum Corp. (CDX Rio, LLC's predecessor) requested Administrative approval to re-complete the well in the Gallup formation and dual it with the Dakota formation. At the time it was an undesignated Gallup pool, and was closer than 790' to the outer boundary of the 161.14 acre NE/4 of Section 3 spacing unit. The request for a non-standard location was approved by Administrative Order NSL - 457, dated February 19, 1970. On October 28, 1970, Case No 4443 was called to review a down-hole commingling application for the subject well as to the BS Mesa Gallup and Basin Dakota gas pools, which was approved by Order # R-4059.

On July 24, 2001, Amoco Production Company (CDX Rio, LLC's predecessor) submitted a sundry to the Bureau of Land Management requesting permission to re-complete the subject well in the Blanco Mesaverde formation and down-hole tri-mingle it with the existing Basin Dakota and BS Mesa Gallup pools. In the request Amoco stated that the working, royalty, and overriding royalty interests were identical and production would be allocated on a subtraction method (copy attached). The Bureau of Land

4-17-2006 (11:40 AM)

Felicia w/ CDX called to
check on the status of their
application and the April 28th
filing for the proposed Jicarilla
Apache 102 #7.



2006 MAR 13 AM 11 48

Management approved Amoco's request August 8, 2001, and the work was completed on December 16, 2002.

Evidently Amoco failed to request permission from the New Mexico Oil Conservation Division to tri-mingle or request administrative approval for a non-standard location.

The re-completion was to an existing Dakota well that was at an orthodox location with a N/2 spacing unit and the zone to be added being dedicated to an E/2 stand-up spacing unit. Since the existing bore-hole is located 1,850' FNL & 2,390' FEL of Section 3 it results in the re-completed Blanco Mesaverde being closer than 660' to the west line of the spacing unit. The stand-up spacing unit for the Mesaverde had been originally established when the Jicarilla Apache 102 #6 well (API 30 039 06666) was drilled and completed on September 25, 1958 as a Pictured Cliff/Mesaverde completion. The N/2 lay-down spacing unit for the Dakota formation was established with the completion of the Jicarilla Apache 102 # 7 well on April 27, 1963.

CDX Rio, LLC purchased the subject well from BP America effective December 1, 2002 but did not assume operations until March 1, 2004. The completion of the Mesaverde was performed by BP America during the transition period and CDX was unaware that administrative approval for a non-standard location had not been obtained until receipt of your E-mail referred to above.

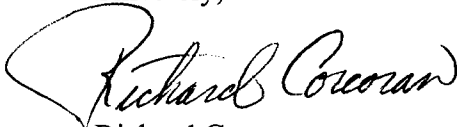
CDX Rio, LLC hereby requests Administrative Approval for an Unorthodox Location of its Jicarilla 120 #7, Mesaverde well under the provisions of New Mexico Oil Conservation Division Order R- 10987-B (Blanco Mesaverde).

CDX Rio, LLC is the operator of the W/2 of Section 3-T26N-R5W, being the direction of encroachment; consequently no other offsetting operators are affected.

Attached is a well location plat showing dedicated acreage (C-102), and a map showing all offsetting owners.

Your favorable consideration of this request would be appreciated.

Sincerely,

A handwritten signature in black ink, reading "Richard Corcoran". The signature is fluid and cursive, with a large initial "R" and "C".

Richard Corcoran
Land Manager

DATE IN 3/13/06	SUSPENSE	ENGINEER MIKE STOGNER	LOGGED IN 3/13/06	TYPE NSL	APP NO. PDS06-07247238
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



Jicarilla 102 #7

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
 X 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] X 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.

Richard Corcoran

Richard Corcoran

Land Manager

3-8-06

Print or Type Name

Signature

Title

Date

Rich.Corcoran@cdxgas.com
 Email Address

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB NO. 1004-0135
Expires: November 30, 2000**SUNDRY NOTICES AND REPORTS ON WELLS**
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.***SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. JIC APACHE 102
2. Name of Operator AMOCO PRODUCTION COMPANY		6. If Indian, Allottee or Tribe Name JICARILLA APACHE
Contact: CHERRY HLAVA E-Mail: hlavaci@bp.com		7. If Unit or CA/Agreement, Name and/or No.
3a. Address P.O. BOX 3092 HOUSTON, TX 77253	3b. Phone No. (include area code) Ph: 281.366.4081 Fx: 281.366.0700	8. Well Name and No. JIC APACHE 102 7
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 3 T26N R4W Mer NENW 1850FNL 2390FEL		9. API Well No. 30-039-06709
		10. Field and Pool, or Exploratory BLANCO MV/BSMSGAL/BASINDK
		11. County or Parish, and State RIO ARriba COUNTY, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> SUBCOM
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Amoco Production Company requests permission to complete the subject well into the Blanco Mesaverde and commingle production downhole with the existing Basin Dakota & BS Mesa Gallup pools as per the attached procedure.

The working, overriding, and royalty interest owners in the proposed commingled pools are identical, therefore, no notification of this application need be submitted via certified mail (return receipt). Production is proposed to be allocated based on the subtraction method using the projected future decline for production from the Dakota and the BS Mesa Gallup. That production shall serve as a base for production subtracted from the total production for the commingled well. The balance of the production will be attributed to the Blanco Mesaverde. Attached is the future production decline estimates for the Dakota & BS Mesa Gallup. Commingling Production Downhole in the subject well from the proposed pools with not reduce the value of the total remaining production.

14. I hereby certify that the foregoing is true and correct.

Electronic Submission #5905 verified by the BLM Well Information System
For AMOCO PRODUCTION COMPANY, sent to the Rio Puerco
Committed to AFMSS for processing by Angie Medina-Jones on 07/25/2001 ()

Name (Printed/Typed) CHERRY HLAVA

Title AUTHORIZED REPRESENTATIVE

Signature

Date 07/24/2001

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By <i>Patricia M. Heslin</i>	Lands and Mineral Resources	Date 8-7-01
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.	Title	Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Contains free fluids in tank -
** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL **

Submit completion report when new completion done

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 15, 2000

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

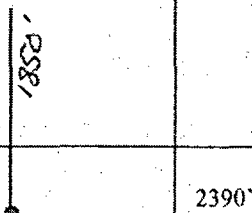
WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-06709		² Pool Code 72319	³ Pool Name Blanco Mesaverde
⁴ Property Code 000735	⁵ Property Name Jicarilla Apache 102		⁶ Well Number 7
⁷ OGRID No. 000778	⁸ Operator Name Amoco Production Company		⁹ Elevation 7010'

¹⁰ Surface Location									
UL or lot no. Unit 6	Section 03	Township 26N	Range 04W	Lot Idn	Feet from the 1850'	North/South line North	Feet from the 2390'	East/West line East	County Rio Arriba

¹¹ Bottom Hole Location If Different From Surface											
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County		
¹² Dedicated Acres 320 Ac.					¹³ Joint or Infill					¹⁴ Consolidation Code	¹⁵ Order No.

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

¹⁶					¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i> Signature: <u>Cherry Hlava</u> Printed Name: <u>Cherry Hlava</u> Title: <u>Regulatory Analyst</u> Date: <u>07/23/2001</u>
					¹⁸ SURVEYOR CERTIFICATION <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i> Date of Survey: <u>03/23/1963</u> Signature and Seal of Professional Surveyor: E.V. Echolaw 3602 Certificate Number

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-06709	² Pool Code 72920	³ Pool Name BS Mesa Gallup
⁴ Property Code 000735	⁵ Property Name Jicarilla Apache 102	⁶ Well Number 7
⁷ OGRID No. 000778	⁸ Operator Name Amoco Production Company	⁹ Elevation 7010'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Unit 6	03	26N	04W		1850'	North	2390'	East	Rio Arriba

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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¹² Dedicated Acres 160	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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16		<div style="border: 2px solid black; width: 100px; height: 100px; margin: 0 auto; position: relative;"> <div style="position: absolute; top: 0; left: 0; right: 0; bottom: 0; border: 1px solid black;"></div> <div style="position: absolute; top: 50%; left: 50%; transform: translate(-50%, -50%);"> <div style="position: absolute; top: -50px; left: 50%; transform: translateX(-50%);">1850'</div> <div style="position: absolute; top: 50%; left: -50%; transform: translateY(-50%);">2390'</div> </div> </div>	<div style="border-bottom: 1px solid black; padding-bottom: 5px;"> 17 OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i> </div> <div style="border-bottom: 1px solid black; padding-bottom: 5px;"> <i>Cherry Hlava</i> <small>Signature</small> </div> <div style="border-bottom: 1px solid black; padding-bottom: 5px;"> Cherry Hlava <small>Printed Name</small> </div> <div style="border-bottom: 1px solid black; padding-bottom: 5px;"> Permitting Analyst <small>Title</small> </div> <div style="border-bottom: 1px solid black; padding-bottom: 5px;"> 07/23/2001 <small>Date</small> </div>
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State of New Mexico
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Form C-102
Revised August 15, 2000

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Santa Fe, NM 87505

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☐ AMENDED REPORT

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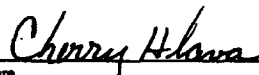
¹ API Number 30-039-06709	² Pool Code 71599	³ Pool Name Basin Dakota
⁴ Property Code 000735	⁵ Property Name Jicarilla Apache 102	⁶ Well Number 7
⁷ OGRID No. 000778	⁸ Operator Name Amoco Production Company	⁹ Elevation 7010'

¹⁰ Surface Location									
UL or lot no. Unit 6	Section 03	Township 26N	Range 04W	Lot Idn	Feet from the 1850'	North/South line North	Feet from the 2390'	East/West line East	County Rio Arriba

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UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

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Jicarilla Apache 102 No. 7
Unit G Sec 3 T26N-R4W
Rio Arriba County, NM

Procedure:

1. MIRU SU. Record TP, CP and BH. ND tree, NU BOP.
2. Pull Model G locator seal assembly out of packer at 7877'. POOH tallying tbg, visually inspecting.
3. RIH with packer plucker assembly. RU air package. Mill up and retrieve Baker Model D packer at 7877'.
4. Make bit x scraper run.
5. Set CIBP on tbg at +/- 6200'. Load hole with KCl water. Test casing to 2500 psi.
6. RU Schlumberger. Log CBL/GR/CCL 5300' - 6100'. Correlate to 2"/100' Lane Wells GR/Neutron Log dated 8/14/63. Fax log to Allen Kutch at 281-366-0700.

NOTE: No DV tool.

7. Perforate following intervals with 3-1/8" csg gun, 2 SPF, 90 degree phasing (34 holes total):

Menefee:

5790',
5800', 12', 20', 46', 68', 81', 95' *per*

Point Lookout:

5909', 28', 39', 56', 65', 75', 82',
6001', 09' ✓

8. RU pumping equipment and wellhead isolation tool.
9. Frac well down 4-1/2" csg with nitrogen foam and sand according to attached 1st stage pumping schedule. Flush with foam to top perf. Do not overdisplace.

NOTE: Do not exceed 3800 psi surface pressure (80% of burst for 4-1/2" 10.5# J55).

10. Set CIBP at 5750'. Load hole with KCl water and test to 2500 psi.

11. Perforate following intervals with 3-1/8" csg gun, 2 SPF, 90 degree phasing (32 holes total):

Cliffhouse:

5460', 70', 81',
5507', 22', 34', 50', 70', 80'

Menefee:

5600', 18', 44', 65', 78', 88',
5720'

12. Frac well down 4-1/2" csg with nitrogen foam and sand according to attached 2nd stage pumping schedule. Flush with foam to top perf. Do not overdisplace.
13. Flow back immediately after frac equipment is off the well. Flow until well logs off or fluid recovery falls off to less than 2 bbls fluid per hour.
14. RIH with bit x DC's. RU air package. D/O CIBP's at 5750' and 6200'. Clean out to 8150' PBTD.
15. PU above perfs. Flow well 30 minutes. RIH to PBTD, clean out again if necessary. Repeat step until sand feed in stabilizes
16. RIH rabbiting following production string:
 - a. 1 jt 2-3/8" tbg
 - b. F-nipple w/ blanking plug
 - c. 2-3/8" tbg to surface
17. Tag bottom. PU and land EOT at +/- 8000'.
18. If original tubing is re-run, load with KCl water and test to 500 psi. ND BOP, NU tree. Swab tubing dry.
19. RU slickline. Make 1.91" gauge ring run. Retrieve plug.
20. Set FB stop and bumper spring.
21. Flow well for 2-3 hours, swabbing if necessary.
22. RDMO SU.

Jicarilla Apache 102 No. 7

3-20-2001

Rio Arriba County, NM
Unit G Section 3 T26N - R4W
Run 55

ATK

KB: 11'

10-3/4" 32.75# H40
@ 210' w/ 140 sxs

4-1/2" TB @ 3871' w/
500 sxs, circ 10 sxs
to sfc

7-5/8" 24# & 26.4#
H40 & J55 @ 3958' w/
140 sxs

GP Perfs:
7486' - 7492'

Baker Model L 1.87" ID
sliding sleeve @ 7465'

F-Nipple (1.81" ID) @
7874'

DK Perfs:

Pkr @ 7877'

7964' - 7984'
8000' - 8020'
8100' - 8122'

2-3/8" 4.7# J55 EU 8RD @
7882'

4-1/2" 10.5# & 11.6#
(btm 40 jts) J55 @
8192' w/ 500 sxs

PBTD: 8150'
TD: 8192'

CDX RIO, LLC

2010 Afton Place
Farmington, New Mexico 87401
(505) 326-3003 – Fax (505) 325-4007

March 9, 2006

Certified Mail

Patina Oil and Gas Corporation
Attn: David Siple
1625 Broadway Suite 2000
Denver, CO. 80202

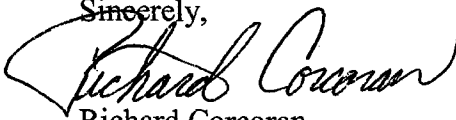
RE: ADMINISTRATIVE APPROVAL OF UNORTHODOX LOCATION
JICARILLA 102 #7
1,850' FNL & 2,390' FEL
SECTION 3-T26N-R4W
RIO ARriba COUNTY, NEW MEXICO

Dear Mr. Siple,

CDX Rio, LLC has filed with the New Mexico Oil Conservation Division (NMOCD), an application for the Administrative Approval of an Unorthodox location of the Jicarilla Apache 102 #7 well (API 30 039 06709), CDX Rio, LLC purchased the subject well from BP America effective December 1, 2002 but did not assume operations until March 1, 2004. CDX Rio, LLC was unaware that administrative approval for a non-standard location had not been obtained prior to the purchase of the subject well.

Objections to this application must be sent to the NMOCD at 1220 South St. Frances Dr. in Santa Fe, New Mexico 87505, within 20 days of receipt of this application. Your cooperation in this matter is appreciated.

Sincerely,



Richard Corcoran
Land Manager

CDX RIO, LLC

2010 Afton Place
Farmington, New Mexico 87401
(505) 326-3003 – Fax (505) 325-4007

March 9, 2006

Certified Mail

Burlington Resources Oil & Gas Company, LP
Attn: Linda Dean
PO Box 4289
Farmington, NM. 87499

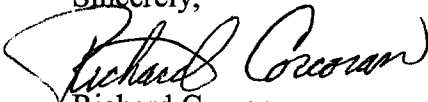
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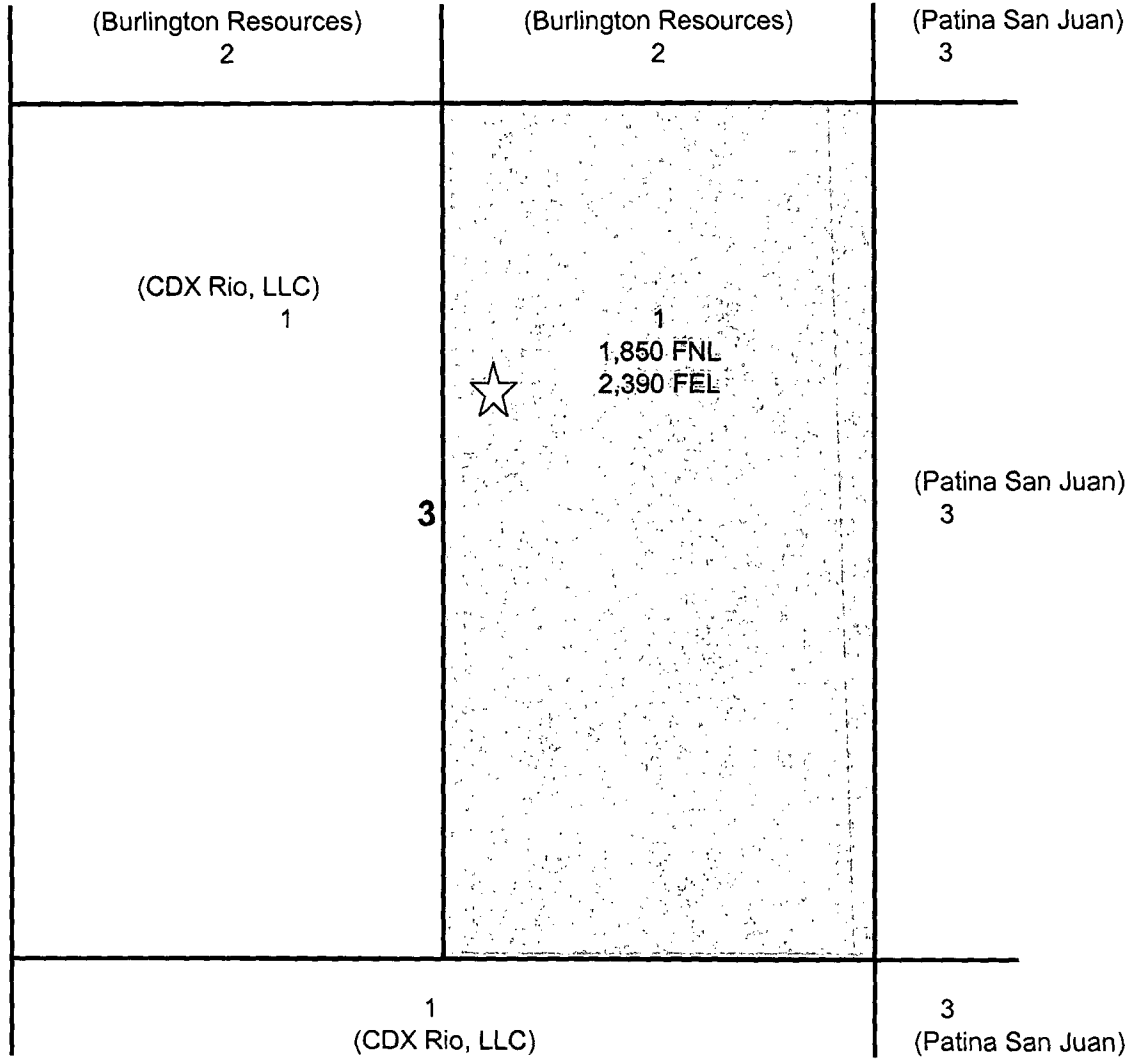
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Sincerely,


Richard Corcoran
Land Manager

CDX Rio, LLC
Jicarilla 102 #7
OFFSET OPERATOR \ OWNER PLAT
E/2 Mesaverde
Section 3 Township 26 North - Range 4 West
Rio Arriba County, NM



Tract
Tract
Tract

1	CDX Rio, LLC
2	Burlington Resources Oil & Gas Company
3	Patina San Juan