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Reply to Santa Fe Office

Hand-Delivered

Carol Leach, Esq.
General Counsel
New Mexico Energy Minerals & Natural Resources Dept.
1220 South St. Francis Drive
Santa Fe, NM 87505

*Re: NMOCD Case No. 14141: Application of Approach Operating LLC for
Approval of Six Applications for Permits to Drill, Rio Arriba County, New Mexico*

Dear Carol:

As directed by the Division, yesterday afternoon we filed the above-referenced Application for hearing on the June 12, 2008 examiner hearing docket. A copy of the Application is enclosed for your reference.

As I mentioned to you and Florene Davidson, I am unavailable to attend a hearing on the June 12th docket. I am also aware that Ted Trujillo may have a conflict in Case No. 14134 which is set for hearing on May 29th. I have entered an appearance for Approach Operating LLC in that case and will work with Mr. Trujillo in an effort to establish a workable schedule. I understand that you will be acting as counsel to the Division's examiner in these cases and will be available to assist in the resolution of any pre-hearing matters.

If I may provide any additional information, please do not hesitate to contact me.

Very truly yours,

MONTGOMERY & ANDREWS, P.A.

A handwritten signature in black ink, appearing to read "J. Scott Hall". The signature is written in a cursive, flowing style with a horizontal line above the "i" in "Scott".

J. Scott Hall

Cc: Ted Trujillo, Esq. w/encl. via fax

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF
APPROACH OPERATING, LLC FOR APPROVAL OF
SIX APPLICATIONS FOR PERMITS TO DRILL,
RIO ARRIBA COUNTY, NEW MEXICO

CASE NO.

APPLICATION

APPROACH OPERATING, LLC by its undersigned attorneys, Montgomery and Andrews, P.A., (J. Scott Hall) hereby applies for an order approving applications for permits to drill ("APD's") for six wells in Rio Arriba County, New Mexico. In support, Applicant states:

1. Applicant is the operator of the following wells, (the "Subject Wells"), in Rio Arriba County, New Mexico:

Benjamin Trujillo Well No. 1
Unit L Section 22
T28N R4E NMPM

Avella Sultemeier Well No. 2
Unit P Section 20
T28N R4E NMPM

Rosemary Roller Well No. 1
Unit N Section 9
T28N R5E NMPM

Leo Valdez Well No. 1
Unit E Section 18
T28N R4E NMPM

Cloyd Hinkle Well No. 1
Unit K Section 18
T28N R4E NMPM

Anthony Garcia Well No. 1
Unit L Section 17
T28N R4E NMPM

2. Applicant proposes to drill each of the Subject Wells to a depth sufficient to test the Mancos formation.
3. The Oil Conservation Division has jurisdiction over the drilling and operation of oil and gas wells in this state, including the Subject Wells, pursuant to the New Mexico Oil and Gas Act, NMSA 1978 §§70-2-1, *et seq.*, and the regulations administered by the Division found at 19.15.1.1 NMAC, *et seq.* . The Division has accordingly directed Applicant to obtain approval of its APD's by way of examiner hearing.
4. Applicant owns or controls the leasehold operating rights in the lands described above and otherwise has the right to drill each of the Subject Wells. Under the terms of the lease, Applicant must drill eight wells before April 2, 2009. If it is prevented from drilling the wells, the lease is subject to automatic termination.
5. Applicant requests that the APD's for the Subject Wells be approved on a timely basis so that the termination of the lease may be avoided.

WHEREFORE Applicant requests that this Application be set for hearing before a duly appointed examiner of the Oil Conservation Division on June 12, 2008 and that after notice and hearing as required by law, the Division enters its Order approving the relief requested herein and making such other and further provisions as the Division determines appropriate.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

By: J. Scott Hall

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