

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

IN THE MATTER OF THE APPLICATION OF THE BOARD
OF COUNTY COMMISSIONERS OF RIO ARRIBA COUNTY
FOR CANCELLATION OR SUSPENSION OF APPLICATIONS
FOR PERMITS TO DRILL (APDS) FILED BY APPROACH
OPERATING, LLC, RIO ARRIBA COUNTY, NEW MEXICO

CASE NO. 14134

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. 14141

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

CASE NO. 14278

ORDER NO. R-12976-D

ORDER REMANDING TO THE DIVISION

This matter came on for hearing before the Oil Conservation Commission ("Commission") on October 7, 2009 pursuant to the Motion To Remand to the Division filed by Approach Operating LLC, ("Approach"), through its undersigned attorneys, Montgomery and Andrews, P.A., (J. Scott Hall) with the concurrence of the Board of County Commissioners of Rio Arriba County, through their attorney, Adan E. Trujillo. Proposed Intervenors, Dwight E. Rice and Karen Rice, Trustees, Rice Family Living Trust, (together, "Rice") appeared through their counsel, Steven Sugarman, Esq. The Commission, having heard argument and being duly advised, finds the motion is well taken and ORDERS as follows:

1. The Applications for Permits to Drill ("APDs") that are the subject of Case No. 14134, Case No. 14141 and Case No. 14278 that have not otherwise been withdrawn by Approach are remanded to the Division for disposition in accordance with regular administrative technical review procedure by the Division's District III office. The remanded APDs are for the following proposed wells ("Remanded APDs"):

Sena Well No. 2
T28N R4E NMPM
Lat. 36°39'25.02004" N
Long. 106°30'42.51613" W

Avella Sultemeier No. 2

T28N R4E NMPM
Lat. 36°38'32.4492" N
Long. 106°31'38.7834" W

Montano Well No. 1
T27N R4E NMPM
Lat. 36°36'4.2582" N
Long. 106°30'38.6388" W

Dora Spill Well No. 2
T28N R4E NMPM
Lat. 36°37'37.2" N
Long. 106°32'30.4182" W

Dora Spill Well No. 3
T28N R4E NMPM
Lat. 36°37'10.437" N
Long. 106°32'17.9982" W

Jeffrey Spill Well No. 1
T27N R4E NMPM
Lat. 36°34'53.1228" N
Long. 106°31'24.3402" W

Jeffrey Spill Well No. 3
T27N R4E NMPM
Lat. 36°34'59.0514" N
Long. 106°32'20.0394" W

Edward Spill Well No. 4
T28N R4E NMPM
Lat. 36°36'56.5194" N
Long. 106°33'42.7782" W

2. The APDs for the following wells are withdrawn and accordingly are dismissed from these cases:

Case No. 14143:

Sultemeier Well No. 1
T27N R4E NMPM
Lat. 36°38'33.3954" N
Long. 106°32'50.7654" W

Sena Well No. 1
T28N R4E NMPM

Lat. 36°40'08.61650" N
Long. 106°30'27.29027" W

Woolley Family LP Well No. 1
T28N R5E NMPM
Lat. 36°41'27.88700" N
Long. 106°23'11.85392" W

Case No. 14141:

Benjamin Trujillo Well No. 1
T28N R4E NMPM
Lat. 36°38'50"N
Long. 106°30'20.4"W

Rosemary Roller Well No. 1
T28N R5E NMPM
Lat. 36°40'9.015" N
Long. 106°24'46.1334" W

Leo Valdez Well No. 1
T28N R4E NMPM
Lat. 36°39'38.538" N
Long. 106°33'31.7448" W

Cloyd Hinkle No. 1
T28N R4E NMPM
Lat. 36°39'29.0982" N
Long. 106°33'19.2738" W

Anthony Garcia No. 1
T28N R4E NMPM
Lat. 36°39'28.551" N
Long. 106°31'50.7072" W

Case No. 14278:

Rice Well No. 1
T28N R5E NMPM
Lat. 36°38'23.46" N
Long. 106°27'4.32" W

Rice Well No. 2
T28N R5E NMPM
Lat. 36°38'8.3394" N

Long. 106°26'57.5406" W

Montano Well No. 2
T27N R4E NMPM
Lat. 36°35'53.127" N
Long. 106°30'47.7576" W

Dora Spill No. 1
T28N R4E NMPM
Lat. 36°37'34.9782" N
Long. 106°32'2.997" W

Jeffrey Spill Well No. 2
T27N R3E NMPM
Lat. 36°34'24.4776" N
Long. 106°33'49.68" W

Edward Spill No. 1
T27N R3E NMPM
Lat. 36°35'17.775" N
Long. 106°34'22.7742" W

Edward Spill Well No. 2
T27N R3E NMPM
Lat. 36°35'47.76" N
Long. 106°34'46.3794" W

Edward Spill Well No. 3
T27N R4E NMPM
Lat. 36°36'14.1012" N
Long. 106°33'43.3074" W

3. Pursuant to 19.15.14.10 B NMAC of the Division's rules and regulations, all permits that may be issued for any of the Remanded APDs or for any other APDs submitted by Approach for any wells that Approach proposes to drill on its current leasehold in Rio Arriba County shall reflect, without limitation, the following condition: *"Applicant shall comply with all applicable county ordinances."*

4. None of the wells subject to the Remanded APDs are located on or are in close proximity to the lands owned by Rice. However, Approach has volunteered, and hereby is ordered to, through counsel, provide notice to Rice of (a) the submission of the Remanded APDs to the Division's District III office and (b) District III's issuance or denial of a permit for any of the Remanded APDs. Approach shall give such notice to Rice within five business days of such submission, and within 5 business days of its receipt of notice of such issuance or denial. Within 30 days from the date of the issuance

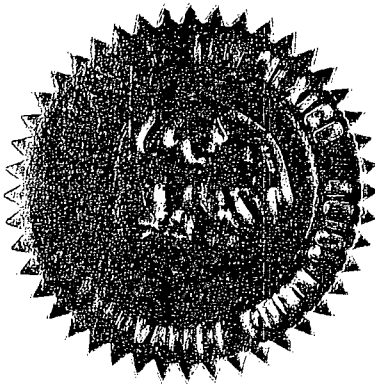
of a permit for any of the Remanded APDs, Rice may file an application for an adjudicatory hearing to review such issuance, pursuant to Rule 19.15.4.8 NMAC.

5. All motions pending as of the date of this Order are moot and are hereby denied, without prejudice to any participant to raise in a future hearing related to this matter any issues and/or arguments addressed in such pending and denied motions.

6. Order No. R-12976 is hereby vacated.

7. Case Nos. 14134, 14141 and 14278 are dismissed.

DONE at Santa Fe, New Mexico, this 4th day of November, 2009.



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

A handwritten signature in cursive script, appearing to read "Jami Bailey".

JAMI BAILEY, CPG, MEMBER

A handwritten signature in cursive script, appearing to read "William Olson".

WILLIAM OLSON, MEMBER

A handwritten signature in cursive script, appearing to read "Mark E. Fesmire".

MARK E. FESMIRE, P.E., CHAIR

SEAL