

ABOVE THIS LINE FOR DIVISION USE ONLY

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



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
_____ e-mail Address			

District I
1625 N. French Drive, Hobbs, NM 88240

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1301 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

APPLICATION TYPE
 Single Well
 Establish Pre-Approved Pools
EXISTING WELLBORE
 Yes No

APPLICATION FOR DOWNHOLE COMMINGLING

CDX RIO, LLC 4801 North butler Ave., Suite 2000, Farmington, NM 87401

Operator Address

JICARILLA 151 #7F K-4-T26N-R5W RIO ARRIBA
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No 222374 Property Code _____ API No. 30-039-27839 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE <input checked="" type="checkbox"/>	INTERMEDIATE ZONE	LOWER ZONE <input checked="" type="checkbox"/>
Pool Name	WC BASIN MANCOS		BASIN DAKOTA
Pool Code	97232		71599
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	6907 - 7434 (To be confirmed after logs)		7741 - 8041 (To be confirmed after logs)
Method of Production (Flowing or Artificial Lift)	Plunger Lift		Plunger Lift
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1222 BTU		1222 BTU
Producing, Shut-In or New Zone	NEW ZONE		NEW ZONE
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: 50 mcf/d (estimated) Rates: 0 bopd 0 bwpd	Date: Rates: 	Date: 150 mcf/d (estimated) Rates: 2 bopd 0 bwpd
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas 0 % 28 %	Oil Gas % %	Oil Gas 100% 72 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes No _____
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes _____ No _____

Are all produced fluids from all commingled zones compatible with each other? Yes No _____

Will commingling decrease the value of production? Yes _____ No

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes No _____

NMOCD Reference Case No. applicable to this well: _____

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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

SIGNATURE Robert Lemmons TITLE Operations Engineer DATE 8/19/04

TYPE OR PRINT NAME Robert Lemmons TELEPHONE NO. (505) 326-3003

E-MAIL ADDRESS rob.lemmons@cdxgas.com



CDX Gas, LLC
4801 N. Butler Avenue, Suite 2000
Farmington, NM 87401
Main: 505-326-3003
Fax: 505-325-4007

Mr. William Jones
New Mexico Oil Conservation Division
Engineering Bureau
1220 So. St. Francis Drive
P.O. Box 6429
Santa Fe, New Mexico 87505

19. August. 2004

RECEIVED

AUG 24 2004

OIL CONSERVATION
DIVISION

RE: Application for Exception to Rule 303-A
Downhole Commingling
Jicarilla Apache Tribal 151 #7F
API No. 30-0397-27839
Basin Dakota / WC Mancos
1700' FSL, 1970' FWL, Unit K Sec4-T26N-R5W
Rio Arriba County, New Mexico

Dear Mr. Jones;

CDX RIO, LLC hereby request administrative approval to downhole commingle production from the Basin Dakota and WC Mancos Pools in the above well.

The 151 #7F well will be drilled and the Gallup member of the Mancos Pool will be completed with the Dakota.

The Gallup is marginal in the area and not substantial enough to justify drilling a new well, but commingling with Dakota production through an existing wellbore can capture the additional reserves. Adding the Gallup production will have no detrimental effects and the fluids have no abnormal components that would prohibit commingling or promote the creation of emulsions or scale.

As an analogy the Southwest offset well Jicarilla 3E (NE/NW Sec 8, T26N, R5W) and Northeast offset well Jicarilla 151 #5 (SE/NW Sec 8, T26N, R5W) are all less than 1.5 miles and are currently commingled down hole in the Gallup and Dakota. These wells have been downhole commingled and producing for many years with no production problems or loss of value.

CDX RIO, LLC has 100% working interest in all zones of interest in the captioned well, however ExxonMobile has a overriding interest and will be notified by copy of this application by certified mail, return receipt requested. CDX is the only operator / working interest owner in all formations.

When the Dakota and Gallup are completed they will be isolated and separately tested thru tubing. The subtraction method will be used to determine the new allocation for the commingled production.

Estimated production from the Dakota is 150 mcf/d and 1 bopd, from the Gallup 58 mcf/d and 0 bopd (using the analogy offset data). New allocations should be similar to the offset data and is estimated at

Dakota	Oil 100%	Gas 72%
Gallup	Oil 0%	Gas 28%

Attached to aid in your review are plats showing the location of the well and offset wells in the same formation, a recent production plot for the commingled zones in the analogy wells (Jicarilla #3E and Jicarilla 151 #4) and historical plots for the Gallup and Dakota production, and form C-102 showing the location and spacing units. Also included is a cross section between the NE and SW offset wells indicating the continuity of the Gallup between the wells.

This spacing unit is located on an Indian lease (Jicarilla Apache Tribal #151) and a copy of this application package will be sent to the BLM / Jicarilla Tribe requesting their consent.

Should have any question concerning this application please contact the undersigned at (505) 326-3003.

Sincerely

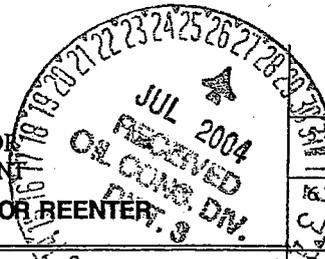


Robert Lemmons
Drilling / Operations Engineer
CDX GAS, LLC
505-326-3003 ext 2820
rob.lemmons@cdxgas.com

cc Mr. Steve Wells, BLM
Rich Corcoran, CDX Land
R. Johnston, CDX Op Mgr.
Fred Vigil, Jicarilla Oil & Gas Admin.
ExxonMobile, Land

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER



1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		Lease Serial No. Jicarilla Apache Tribal 151	
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		8. Lease Name and Well No. Jic Apache Tribal 151 # 7F	
2. Name of Operator CDX RIO, LLC 222374		9. APL Well No. 30-039-27839	
3a. Address 4801 N. Butler, Suite 2000 Farmington, NM 87401	3b. Phone No. (include area code) 505-326-3003	10. Field and Pool, or Exploratory WCMW Basin Tapacito Gallup/Basin Dakota	
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 1700' FSL and 1970' FWL At proposed prod. zone Same		11. Sec., T. R. M. or Blk. and Survey or Area K Sec 4, T26N- R 5W	
14. Distance in miles and direction from nearest town or post office* 5 Miles West and 21 Miles North of Counselor, New Mexico		12. County or Parish Rio Arriba	13. State NM
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 2000'	16. No. of acres in lease 2559.16	17. Spacing Unit dedicated to this well WCMW SW/4 319.77 Tapacito Gallup E2/SW4 Baskin Dakota W2	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1375'	19. Proposed Depth 8241'	20. BLM/BIA Bond No. on file RLB0005805	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6904GB	22. Approximate date work will start* 08/01/2004	23. Estimated duration	

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- | | |
|--|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPD shall be filed with the appropriate Forest Service Office) | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature <i>Charles Hanson</i>	Name (Printed/Typed) Charles Hanson, Agent	Date 06/16/2004
Title HLPermitting Inc. P.O. Box 6684 Farmington, NM 87499		

Approved by (Signature) /s/ David R. Sitzler	Name (Printed/Typed)	Date JUL 23 2004
Title Assistant Field Manager		Office

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, are attached.

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.

*(Instructions on page 2)

DISTRICT I
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1220 South St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised June 10, 2003

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code		³ Pool Name	
⁴ Property Code		⁵ Property Name JIC. APACHE TRIBAL 151			⁶ Well Number 7F
⁷ GRID No.		⁸ Operator Name CDX RIO, LLC			⁹ Elevation 6904'

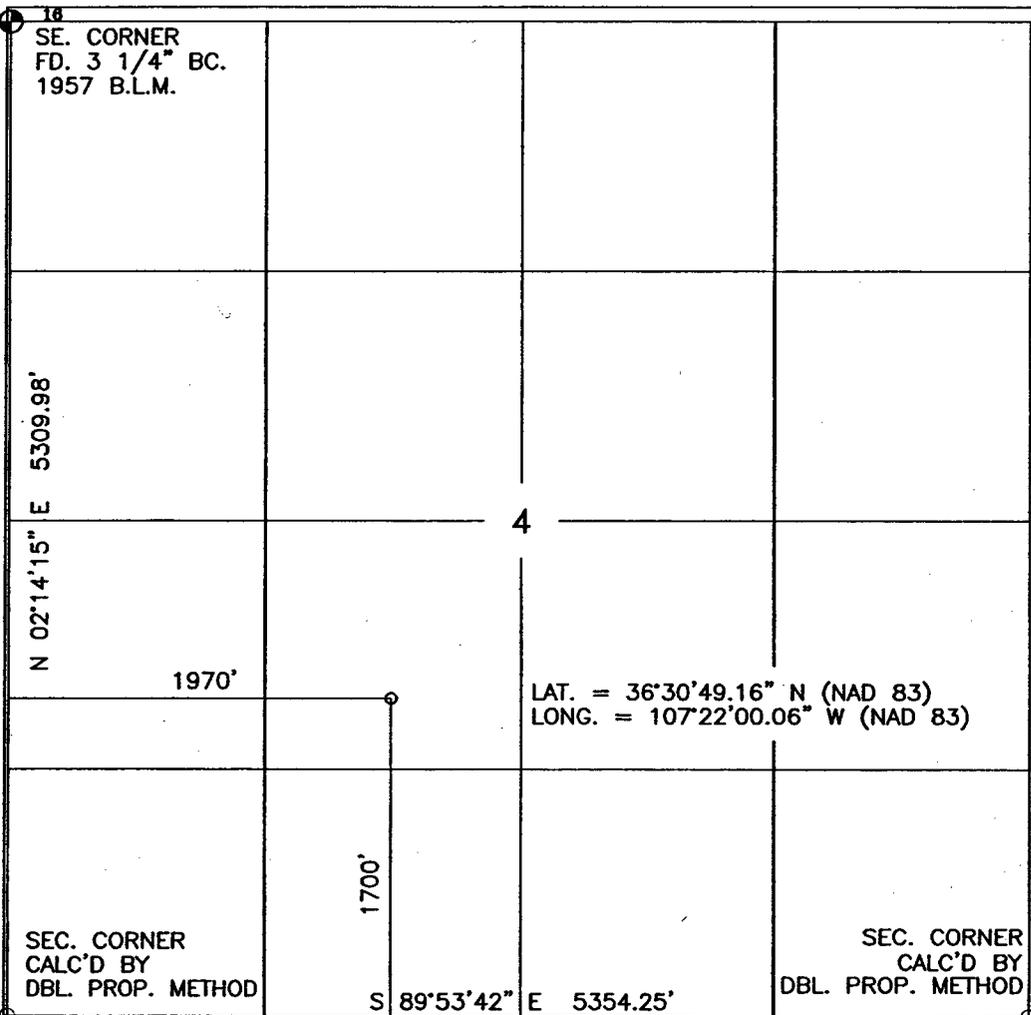
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	4	26-N	5-W		1700	SOUTH	1970	WEST	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		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

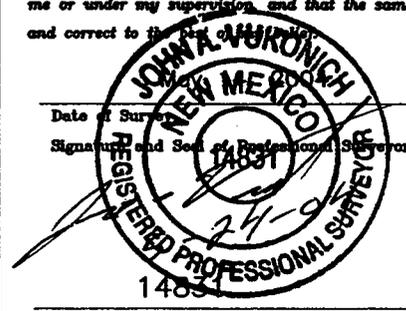


17 OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature _____
Printed Name _____
Title _____
Date _____

18 SURVEYOR CERTIFICATION
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 knowledge and belief.

Date of Survey _____
Signature and Seal of Registered Professional Surveyor: _____
Certificate Number 14831



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Revised June 10, 2003
Submit to Appropriate District Office
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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-27839	² Pool Code 97232	³ Pool Name WC BASIN MANCOS
⁴ Property Code	⁵ Property Name JICARILLA 151	⁶ Well Number 7F
⁷ OGRID No. 222374	⁸ Operator Name CDX RIO, LLC	⁹ Elevation 6904' GR

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
K	4	26N	R5W		1700	SOUTH	1970	WEST	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	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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	<p>¹⁷ OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p>Signature</p> <p>Printed Name Robert Lemmons</p> <p>Title and E-mail Address Operations Engineer, rob.lemmons@cdxgas.com</p> <p>Date 8/19/04</p>
	<p>¹⁸ SURVEYOR CERTIFICATION</p> <p><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></p> <p>May 24, 2004</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>ON FILE</p> <p>Certificate Number 14831</p>

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State of New Mexico
 Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

Form C-102
 Revised June 10, 2003
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-27839	² Pool Code 71599	³ Pool Name BASIN DAKOTA
⁴ Property Code	⁵ Property Name JICARILLA 151	⁶ Well Number 7F
⁷ OGRID No. 222374	⁸ Operator Name CDX RIO, LLC	⁹ Elevation 6904' GR

¹⁰ Surface Location

UL or lot no. K	Section 4	Township 26N	Range R5W	Lot Idn	Feet from the 1700	North/South line SOUTH	Feet from the 1970	East/West line WEST	County RIO ARRIBA
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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	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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	<p>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></p> <p>Signature</p> <p>Printed Name Robert Lemmons</p> <p>Title and E-mail Address Operations Engineer, rob.lemmons@cdxgas.com</p> <p>Date 8/19/04</p>
	<p>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></p> <p>May 24, 2004</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>ON FILE</p> <p>Certificate Number 14831</p>

T26N - RSW
DAKOTA

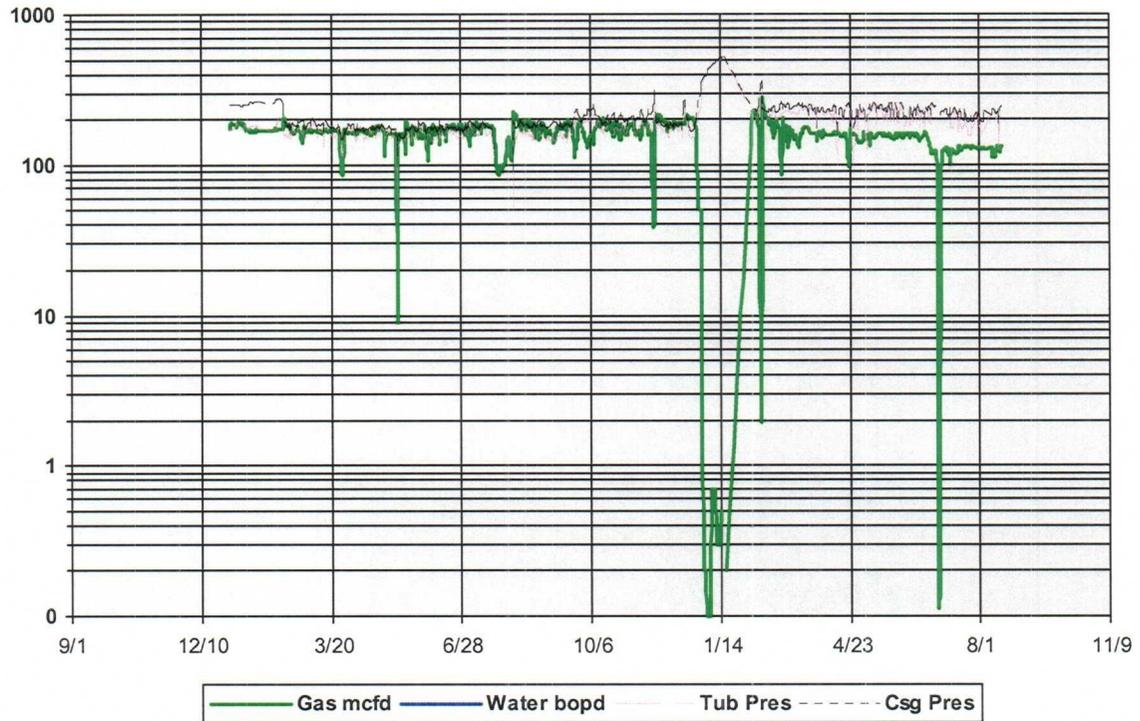
<p>36</p>	<p>167M * 189 * 32 189M * 167 ●</p>	<p>142 * 33 169 *</p>	<p>143 * 34 170 ● 170N *</p>	<p>145 * 145M * 144 * 35 144M *</p>
<p>1</p>	<p>6 * 2 * 5 2M * 7 * 3-E * 3 * 2B * 4 * 3-E * 7-E *</p>	<p>4 * 8-E *</p>	<p>4 * 8-E *</p>	<p>6-M * 8 * 2 * 6 * 8-E *</p>
<p>12</p>	<p>7 * 3-E * 3-8 * 8 * 1-8 *</p>	<p>5 * 6 * 9 * 6-E *</p>	<p>2-E * 2 * 10 * 1 * 1-E *</p>	<p>4-E * 7R * 7 * 11 * 4 * 7-M *</p>

⊕
ISI-TF
NEW DRILL

T26N - R5W
GALLUP

36	31	32	33	34	35
1	6	5	4 ⊕ 151-7F NEW DRILL.	3 4 *	2 8 * 8-E *
12	7	3-E * 8	9	10	11

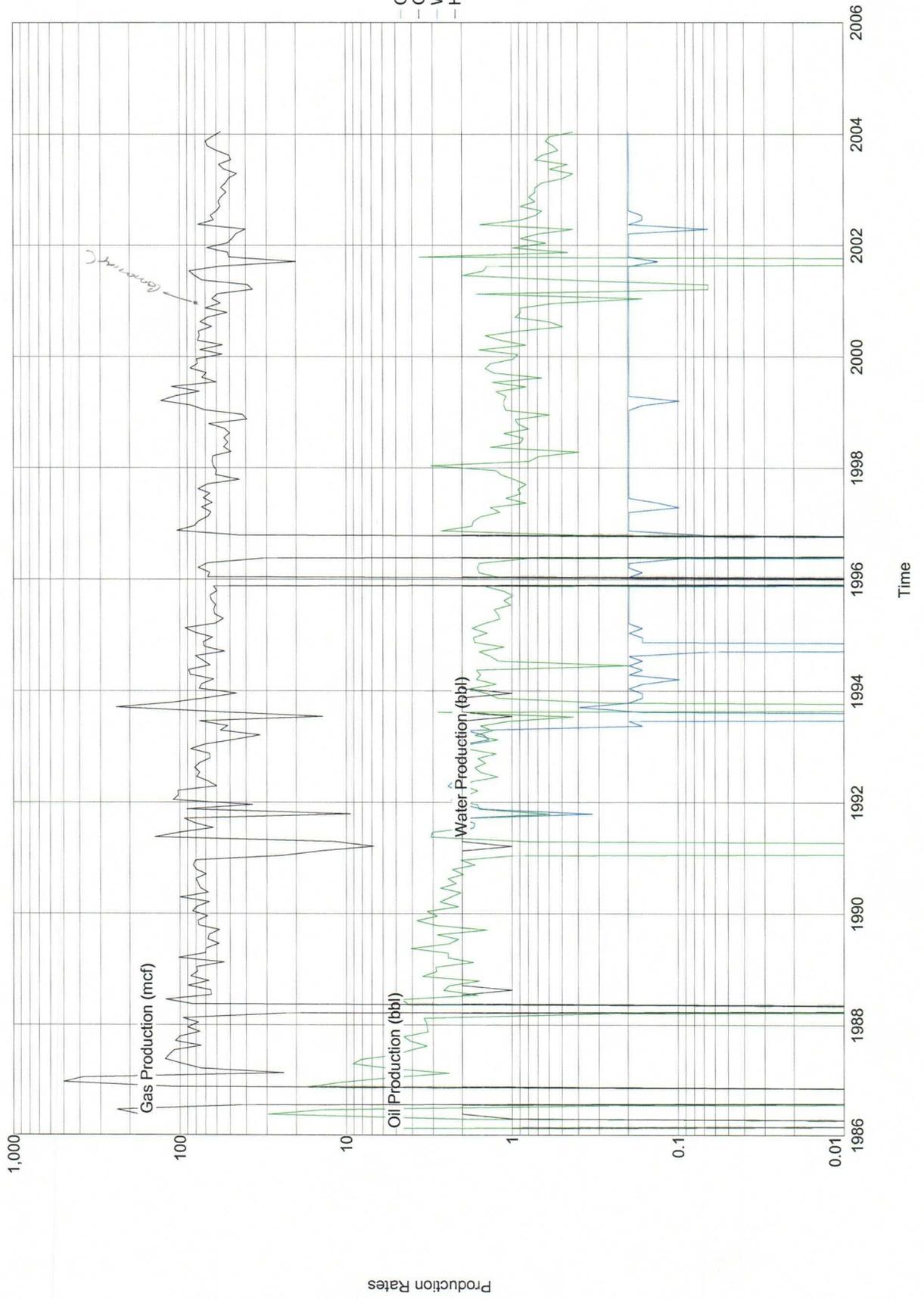
'JIC AP TRIBAL 151 004' (8/18/04 - 8/18/04)



Lease Name: JICARILLA
 County, State: RIO ARBA, NM
 Operator: CORDILLERA ENERGY INCORPORATED
 Field: MULTIPLE
 Reservoir: MULTIPLE
 Location:

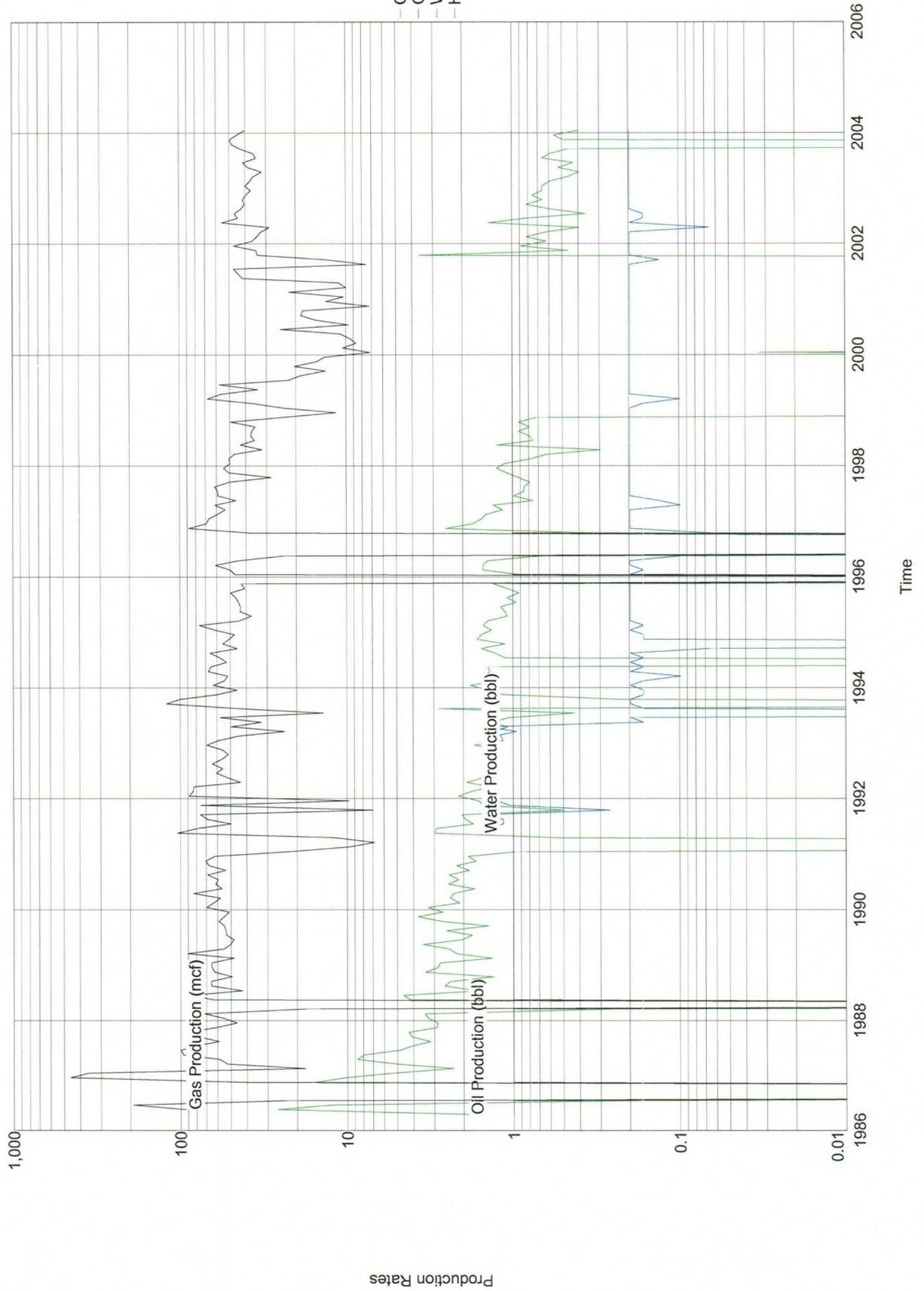
JICARILLA - #3E

JICARILLA - MULTIPLE



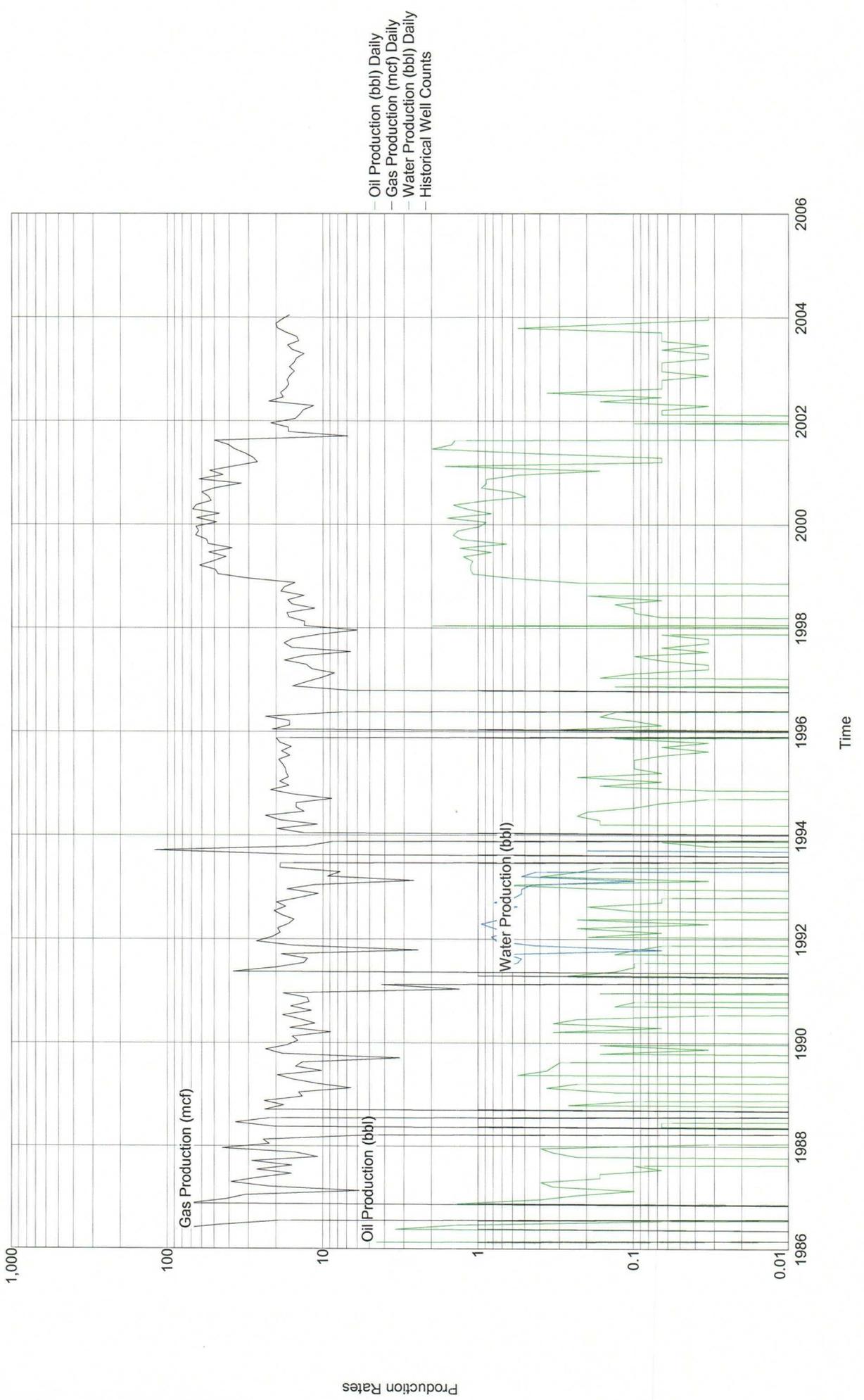
Lease Name: JICARILLA
County, State: RIO ARBA, NM
Operator: CORDILLERA ENERGY INCORPORATED
Field: BASIN
Reservoir: DAKOTA
Location: 8 26N 5W NW SE NW

JICARILLA - BASIN 3E



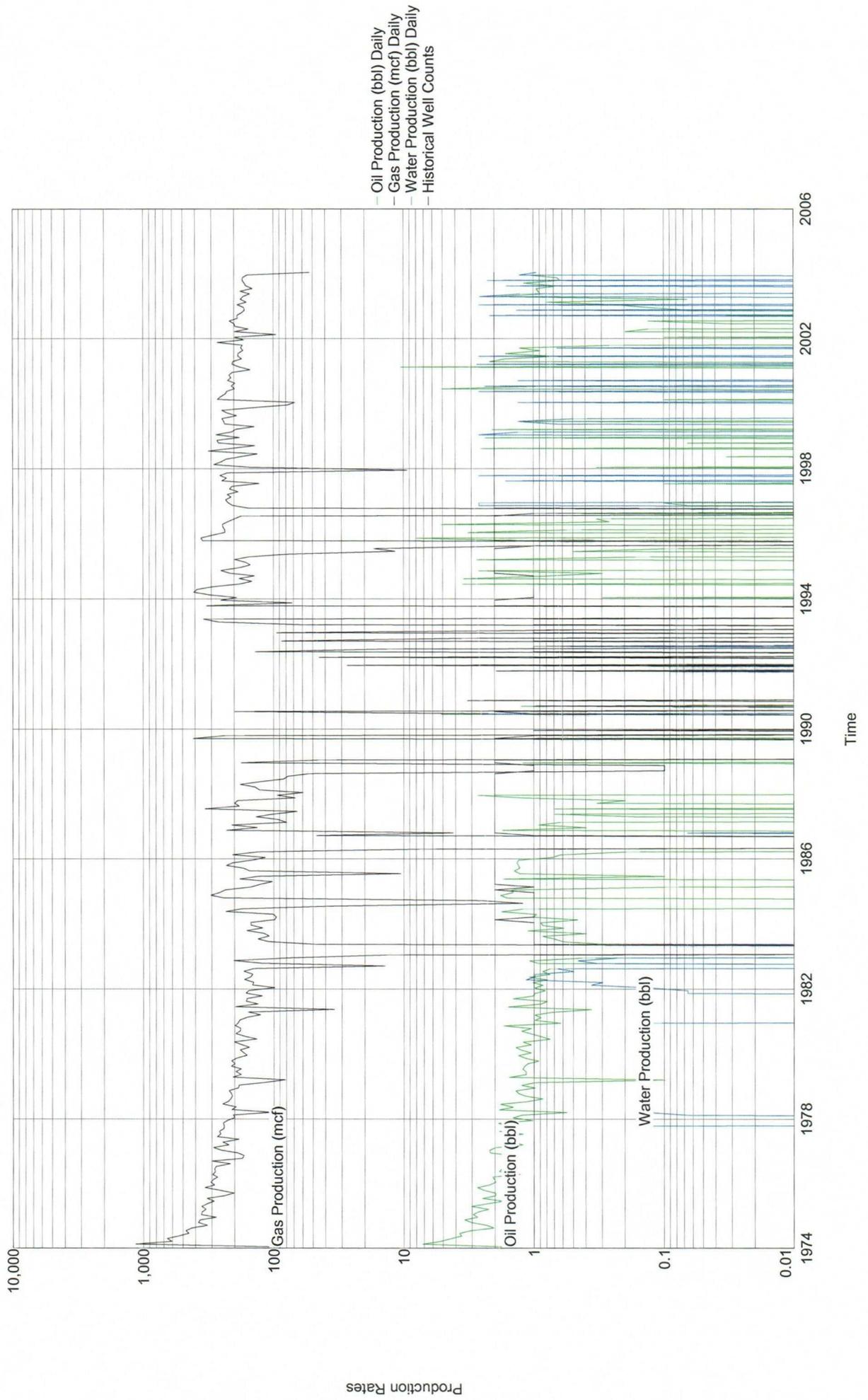
Lease Name: JICARILLA
County, State: RIO ARBA, NM
Operator: CORDILLERA ENERGY INCORPORATED
Field: TAPACITO
Reservoir: GALLUP
Location: 8 26N 5W NW SE NW

JICARILLA - TAPACITO 3E



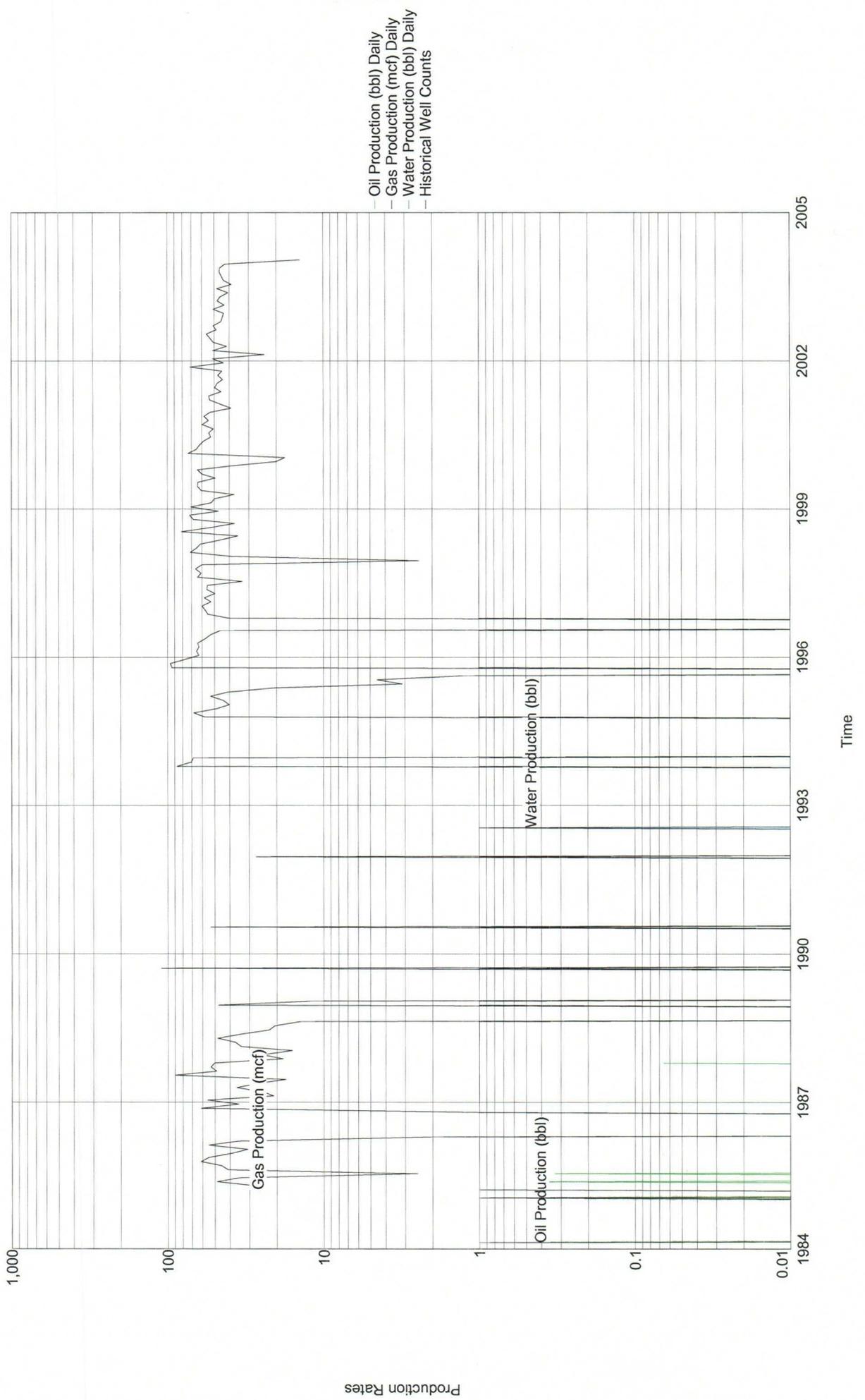
Lease Name: JICARILLA APACHE TRIBAL 151
County, State: RIO ARBA, NM
Operator: CDX RIO LIMITED LIABILITY CORPORATIO
Field: MULTIPLE
Reservoir: MULTIPLE
Location:

JICARILLA APACHE TRIBAL 151 - MULTIPLE



Lease Name: JICARILLA APACHE TRIBAL 151
 County, State: RIO ARBA, NM
 Operator: CDX RIO LIMITED LIABILITY CORPORATIO
 Field: B S MESA
 Reservoir: GALLUP
 Location: 3 26N 5W SW NE NW

JICARILLA APACHE TRIBAL 151 - B S MESA 4



Lease Name: JICARILLA APACHE TRIBAL 151
County, State: RIO ARBA, NM
Operator: CDX RIO LIMITED LIABILITY CORPORATIO
Field: BASIN
Reservoir: DAKOTA
Location: 3 26N 5W SW NE NW

JICARILLA APACHE TRIBAL 151 - BASIN 4

