



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

IN REPLY REFER TO:
SF 078046 et.al (wc)
3162.3-1
07100

30-045-31180

September 6, 2002



CDX Rockies, LLC
Attn: Alvin Arlian
379 East 2nd Avenue, Suite #3
Durango, CO 81301

Dear Mr. Arlian:

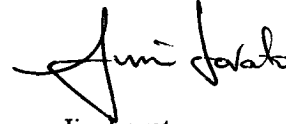
Reference is made to your Applications for Permit to Drill (APD) for the following wells: BW Federal 33-29-8 #102, BW Federal 33-29-8 #202, BW Federal 29-29-8 #101, and BW Federal 29-29-8 #201. After reviewing the applications, several deficiencies were identified which need attention before we can consider these applications complete for final action. Upon receipt of corrections of the following deficiencies, your applications will be reconsidered for approval:

- Please provide our office a total of six copies of each APD.
- If the APD's contain proprietary information, please stamp the first page of each APD "CONFIDENTIAL" in red ink.
- Provide the correct Field and Pool name, in box number ten, on the first page of each APD form 3160-3.
- Wells BW Federal 29-29-8 #201 and BW Federal 33-29-8 #202 are both non-standard locations. All four wells are non-standard proration units. Therefore, NMOCD approval of non-standard locations and non-standard proration units must be obtained.
- Each APD must have both measured depths and true vertical depths listed in the plan of operations.
- Indication of important geological marker must be included in the plan of operations and on the deviated drilling plan diagrams.
- Each APD must address the fresh and usable water sands in the plan of operations.
- The estimated depths of anticipated water, oil, and gas or mineral formations must also be included. Please be sure to include the San Jose, Nacimiento, and Ojo Alamo formations.
- The depths for wells BW Federal 33-29-8 #102 and BW Federal 33-29-8 #202 are inaccurate by 100 feet. The submitted APD's indicate the GL as 6480 feet instead of 6380 feet. Please use the GL of 6380 feet to calculate formation depth.
- Use the correct well names and numbers on wellbore diagrams provided in APD packages.
- At your convenience, please contact our office to schedule a meeting to discuss these and future APD's.

Under the provisions of 43 CFR 3165.3, you may request an Administrative Review of any instructions, orders, or decisions issued by the Authorized Officer. Such a request, including all supporting documents, must be filed in writing within 20 business days of receipt of this notice and must be filed with the State Director, Bureau of Land Management, P.O. Box 27115, Santa Fe, New Mexico 87502-0115. Such a request will not result in a suspension of the instructions, orders or decision unless the reviewing official so determines. Procedures governing appeals from the instructions, orders, or decisions are contained in 43 CFR 3165.4 and 43 CFR 4.400 et seq.

If you have any questions regarding the above, contact Adrienne Garcia at (505) 599-6358 or Jim Lovato (505) 599-6367.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Lovato", with a stylized flourish at the end.

Jim Lovato
Team Lead, Petroleum Management Team

cc: NMOCD, Santa Fe, NM
NMOCD, Aztec, NM

bcc: well files (4)
DOMR
07100: AGarcia:9/3/02:x6358:CDX