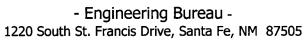
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APP NO. p TOSOGI5654708

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION





Rich.Corcoran@cdxgas.com

Email Address

Jicarilla 151 #3G

		ADMINISTRATIVE API	PLICATION CHECKLIS	3T
T	THIS CHECKLIST IS N	MANDATORY FOR ALL ADMINISTRATIVE APPLI		ULES AND REGULATIONS
Appli	cation Acronym		IT THE DIVISION LEVEL IN SANTA FE	
	[DHC-Dow [PC-Pe	ool Commingling] [OLS - Off-Lease [WFX-Waterflood Expansion] [PN	Commingling] [PLC-Pool/Lease e Storage] [OLM-Off-Lease Meas /IX-Pressure Maintenance Expansi [PI-Injection Pressure Increase]	Commingling] surement] on]
[1]	TYPE OF AI [A]	PPLICATION - Check Those Which Location - Spacing Unit - Simultar X NSL NSP SD		
	Checl [B]	Cone Only for [B] or [C] Commingling - Storage - Measurer DHC CTB PLC		JUN 0 5 2006 Oil Conservation Division 1220 S. St. Francis Drive Santa Fe, NM 87505
	[C]	Injection - Disposal - Pressure Incr WFX PMX SWI		JUN 0 5 2006 Conservation Divisi 20 S. St. Francis Dris Santa Fe, NM 87505
	[D]	Other: Specify		Vision T
[2]	NOTIFICAT [A]	TION REQUIRED TO: - Check The Working, Royalty or Overridi		· .
	[B]	X Offset Operators, Leaseholders	s or Surface Owner	
	[C]	Application is One Which Re	quires Published Legal Notice	
	[D]	Notification and/or Concurrer U.S. Bureau of Land Management - Commiss	nt Approval by BLM or SLO ioner of Public Lands, State Land Office	
	[E]	For all of the above, Proof of	Notification or Publication is Attack	ned, and/or,
	[F]	☐ Waivers are Attached		
[3]		CURATE AND COMPLETE INF ATION INDICATED ABOVE.	ORMATION REQUIRED TO PI	ROCESS THE TYPE
	val is accurate a	TION: I hereby certify that the information and complete to the best of my knowlequired information and notifications	ledge. I also understand that no act	ion for administrative ion will be taken on this
	Note	: Statement must be completed by an indiv	ridual with managerial and/or supervisory	capacity.
Rich	ard Corcoran	Lichard Occ	Can Land Manager	5-31-01
Print	or Type Name	Signature	Title	Date

CDX RIO, LLC

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

May 31, 2006

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

RE: ADMINISTRATIVE APPROVAL OF UNORTHODOX LOCATIONS JICARILLA A #4M, Section 19, T26N-R5W JICARILLA B #4M, Section 21, T26N-R5W JICARILLA APACHE 102 #13M, Section 10, T26N-R4W JICARILLA APACHE TRIBAL 151 #1F, Section 10, T26N-R5W JICARILLA APACHE TRIBAL 151 #2F, Section 10, T26N-R5W JICARILLA APACHE TRIBAL 151 #3G, Section 4, T26N-R5W JICARILLA CONTRACT 155 #19M, Section 29, T26N-R5W RIO ARRIBA COUNTY, NEW MEXICO

Dear Mr. Stogner:

CDX Rio, LLC hereby requests Administrative Approval for the following Unorthodox Locations proposed as Blanco Mesaverde/Basin Dakota commingled wells or as stand alone Dakota wells under the provisions of New Mexico Oil Conservation Division (NMOCD) Order R-10987-A, Basin Dakota pool and Order R-10987-B, Blanco Mesaverde pool.

Each of the proposed locations is a standard 320 acre gas spacing unit except for the Jicarilla Apache Tribal 151 #3G which contains 319.79 acres, and is to be located at the spot set out in the table below. The location of each proposed test was selected to optimize recovery from the Blanco Mesaverde and Basin Dakota formations. Drainage areas are elliptical in shape and have been determined from a study done on Township 26 North Ranges 4 and 5 West and are more specifically set out in the attached Geological/Engineering report. In every case the proposed locations encroach upon CDX Rio, LLC operated wells, and all except the Jicarilla A#4M have exactly the same ownership as the offending well.

Well Name & Number	Bottom Hole / (Surface) Location	Sec-Twn-Rng	Formations / Spacing
1) Jicarilla A #4M	1,780° FSL, 580° FWL	19-T26N-R5W	MVRD - W/2 DKOT - W/2
2) Jicarilla B #4M	2,260' FNL, 2,575' FEL	21-T26N-R5W	MVRD- E/2 DKOT- E/2
3) Jicarilla 102 #13M	1,970' FSL, 2,100' FEL	10-T26N-R4W	DKOT- E/2
4) Jicarilla 151 #1F	2,155' FSL, 2,490' FEL	10-T26N-R5W	DKOT- S/2
5) Jicarilla 151 #2F	445' FNL, 2,200' FWL	10-T26N-R5W	DKOT - N/2
6) Jicarilla 151 #3G	1,355' FNL, 500' FEL	4-T26N-R5W	DKOT - E/2
7) Jicarilla 155 #19M	2,380° FNL, 2,440° FEL	29-T26N-R5W	MVRD - N/2 DKOT - E/2

Jicarilla A #4M

The proposed well would be the third Basin Dakota and the first Blanco Mesaverde well in the W/2 of Section 19-T26N-R5W. The Jicarilla A #4 (API # 30-039-08062) located 1,850' FSL and 1,850' FWL of Section 19-T26N-R5W, was drilled to a total depth of 7,582', completed in the Basin Dakota formation on November 23, 1965, and has cumulatively produced 3,297,915 MCFG through February of 2006. The Jicarilla A #4E (API # 30-039-22582) located 1,550' FSL and 1,590' FEL of Section 19-T26N-R5W, was drilled to a total depth of 7,515', completed in the Basin Dakota formation on December 5, 1980, and has produced 1,206,564 MCFG through February of 2006. CDX Rio, LLC is the operator of the wells located in the E/2 of Section 24-T26N-R6W being the direction of encroachment. Although CDX Rio, LLC operates the Reams A#1, located 790' FNL & 1,850' FEL and the Reams A#1E, located 1,665' FSL & 1,830' FEL of Section 24, T26N-6W, and both produce from the Dakota formation, the ownership differs from the offending well. Further the Mesaverde is not producing in the E/2 of Section 24; consequently the working interest owners will be notified of this proposal.

Jicarilla B #4M

The proposed well(s) would be the third Basin Dakota and first Blanco Mesaverde well in the E/2 of Section 21-T26N-R5W. The Jicarilla B# 4 (API #30-039-82260) located 1,650' FNL and 990' FEL of Section 21-T26N-R5W, was drilled to a total depth of 7,535', completed in the Basin Dakota and Tapacito Gallup formations on June 24, 1966, and recompleted in the Tapicito Gallup formation on August 1, 1977, and has

cumulatively produced 5,865,132 MCFG through February of 2006. The Jicarilla B #4E (API #30-039-22293) located 940' FSL and 880' FEL of Section 21-T26N-R5W, was drilled to a total depth of 7,495', completed in the Basin Dakota formation on December 5, 1980, and has produced 452,155 MCFG through February of 2006. CDX Rio, LLC is the operator of the wells located in the W/2 of Section 21-T26N-R5W, being the direction of encroachment.

Jicarilla Apache 102 #13M

The proposed well would be the third Basin Dakota well in the E/2 of Section 10-T26N-R4W.The Jicarilla 102 #13 (API # 30-039-06611) located at 1,190' FNL and 1,450' FEL of Section 10-T26N-R5W, was drilled to a total depth of 8,035', completed in the Mesa Gallup formations on April 22, 1980, and was plugged and abandoned in November 10, 1982. Jicarilla 102 #13E (API # 30-039-22499) 1,520' FSL and 1,120' FEL of Section 10-T26N-R4W, was drilled to a total depth of 7,931', completed in the Basin Dakota formation on November 9, 1980, and has cumulatively produced 1,284,602 MCFG through February of 2006. The Jicarilla 102 #13R (API # 30-039-23067) located at 1,520' FNL and 800' FEL of Section 10-T26N-R4W, was drilled to a total depth of 8,029', and produced 818,033 MCFG through February of 2006. CDX Rio, LLC is the operator of the wells located in the W/2 of Section 10-T26N-R4W being the directions of encroachment.

Jicarilla Apache Tribal 151 #1F

The proposed well would be the third Basin Dakota well in the S/2 of Section 10-T26N-R5W. The Jicarilla Apache Tribal 151 #1 (API #30-039-08166) located 1,180' FSL and 1,480' FWL of Section 10-T26N-R5W, was drilled to a total depth of 7,976', completed in the Basin Dakota formation on May 8, 1967, and has produced 1,193,261 MCFG through February of 2006. The Jicarilla Apache Tribal 151 #1E (API #30-039-23171) located 830' FSL and 1,120' FEL of Section 10-T26N-R5W, was drilled to a total depth of 7,940', completed in the Basin Dakota formation on August 3, 1983, and has produced 655,169 MCFG through February of 2006. CDX Rio, LLC is the operator of the wells located in the N/2 of Section 10-T26N-R5W, being the direction of encroachment.

Jicarilla Apache Tribal 151 #2F

The proposed well would be the third Basin Dakota in the N/2 of Section 10-T26N-R5W. The Jicarilla Apache Tribal 151 #2 (API #30-039-20087) located 1,150' FNL and 1,150' FEL of Section 10-T26N-R5W, was drilled to a total depth of 8,250', completed in the Basin Dakota formation on July 5, 1968, and has produced 1,345,477 MCFG through February of 2006. The Jicarilla Apache Tribal 151 #2E (API #30-039-23324) located 1,120' FNL and 875' FWL of Section 10-T26N-R5W, was drilled to a total depth of 8,054', completed in the Basin Dakota formation on November 26, 1983, and has produced 508,648 MCFG through February of 2006. CDX Rio, LLC is the operator of the wells located in the W/2 and E/2 of Section 3-T26N-R5W, being the direction of encroachment.

Jicarilla Apache Tribal 151 #3G

The proposed well would be the third Basin Dakota well in the E/2 of Section 4-T26N-R5W. The Jicarilla Apache Tribal 151 #3 (API # 30-039-20597) located at 1,060' FNL and 1,650' FEL of Section 4-T26N-R5W, was drilled to a total depth of 7,658', completed in the Basin Dakota formation on August 31, 1973, and has produced 934,116 MCFG through February of 2006. The Jicarilla Apache Tribal 151 #3E (API # 30-039-23323) located at 1,520' FSL and 1,850' FEL of Section 4-T26N-R5W, was drilled to a total depth of 7,993', completed in the Basin Dakota formation on December 22, 1983 and has produced 539,852 MCFG through February of 2006. CDX Rio, LLC is the operator of the wells located in the W/2 of Section 3-T26N-R5W being the direction of encroachment.

Jicarilla Contract 155 #19M

The proposed well would be the second Basin Dakota in the E/2 of Section 29, T26N-R5W and third Blanco Mesaverde well in the N/2 of Section 29-T26N-R5W. The Jicarilla Contract 155 #19E (API # 30-039-22345) located at 1,775' FSL and 1,840' FEL of Section 29-T26N-R5W, was drilled to a total depth of 7,345', completed in the Basin Dakota (with an E/2 spacing dedication), and Otero Chacra (with a SE/4 spacing dedication), formations on December 1, 1980, and has cumulatively produced 1,236,163 MCFG through February of 2006. The Jicarilla Contract 155 #33 (API # 30-039-23227) located at 790' FNL and 1,275' FEL of Section 29-T26N-R5W, was drilled to a total depth of 5,422', completed in the Blanco Meservede formation on August 29, 1984, and has produced 260,529 MCFG through February of 2006. The Jicarilla Contract 155 #33A (API # 30-039-23808) located at 1,050' FNL and 1,610' FWL of Section 29-T26N-R5W, was drilled to a total depth of 5,380', completed in the Blanco Meservede formation on October 17, 1985, and has produced 288,669 MCFG through February of 2006. CDX Rio, LLC is the operator of the wells located in the W/2 and the S/2 of Section 29-T26N-R5W being the directions of encroachment.

Attached are well location plats showing dedicated acreage (C-102), topographic plats of the area, a map showing all offsetting owners, and our Geologic/Engineering explanation of the reservoir considerations establishing the increased recovery that we expect to gain by moving the proposed wells to a non-standard location. A copy of this application is being submitted to all offset operator/owner by certified mail with a request that they furnish your office in Santa Fe a Waiver of Objection.

Your favorable consideration of this request would be appreciated.

Sincerely,

Richard Corcoran Land Manager

Enclosures



To: Mike Stogner

From: Peter Kondrat, Senior Geologist and Rod Seale, Senior Petroleum Engineer

Subject: Approval Request of Dakota Formation Unorthodox Infill Locations due to Reservoir

Considerations

Location: CDX Rio, LLC Leasehold, Jicarilla Apache Nation, San Juan Basin

Date: May 31, 2006

Application:

CDX Rio, LLC respectfully requests the approval of the following listed unorthodox Dakota/Mesaverde Formation infill locations due to reservoir considerations.

Well Name & Number	Spot of Bottom Hole Location	Sec-Twn-Rng	Formations
1) Jicarilla A #4M	1,780'FSL,580'FWL	19-T26N-R5W	MVRD /DKOT
2) Jicarilla B #4M	2,260' FNL, 2,575' FEL	21-T26N-R5W	MVRD/DKOT
3) Jicarilla 102 #13M	1,970' FSL, 2,100' FEL	10-T26N-R4W	DKOT
4) Jicarilla 151 #1F	2,155' FSL, 2,490' FEL	10-T26N-R5W	DKOT
5) Jicarilla 151 #2F	445' FNL, 2,200' FWL	10-T26N-R5W	DKOT
6) Jicarilla 151 #3G	1,355' FNL, 500' FEL	4-T26N-R5W	DKOT
7) Jicarilla 155 #19M	2,380' FNL, 2,440' FEL	29-T26N-R5W	MVRD /DKOT

Summary:

CDX Rio, LLC is continuing its Mesaverde-Dakota 80-acre increased density infill development program of its San Juan Basin Tapicito Project located in the Jicarilla Apache Nation, Rio Arribia County, New Mexico. CDX is currently permitting both standard and non-standard locations to fulfill the development program. The proposed unorthodox gas well locations are necessitated by a combination of topographic, engineering and geologic factors.

Utilizing geologic and engineering data, CDX has completed a detailed study identifying the most optimal locations for Mesaverde and Dakota Formation infill wells. These locations are defined as optimal because they ensure maximum recovery of reserves and minimize waste.

CDX has constructed various maps for the Mesaverde and Dakota Formations that depict:

- 1) Bulk volume hydrocarbon feet
- 2) Original GIP (OGIP)
- 3) Estimated Ultimate Recovery (EUR)
- 4) Remaining GIP (RGIP)
- 5) EUR Drainage Volume Ellipses that depict Producing Characteristics
- 6) Optimal Infill Development Locations



Exhibits

Attached are two sets of maps for each proposed unorthodox infill location.

- 1) Land plats that show CDX's leasehold and the proposed new drill bottom-hole locations.
- 2) Dakota Formation EUR drainage volume ellipses that depict the producing characteristics of the existing wells and also the proposed unorthodox infill locations. The volume ellipses acreage was computed using bulk volume hydrocarbon feet and EUR.
 - a. Both Mesaverde and Dakota Formations have fracture-permeability anisotropy resulting in elliptical drainages. Following the area's best practices the elliptical drainages were drawn at a 3.7:1 aspect ratio and with a maximum horizontal permeability direction of N10°.
 - b. The location of the Dakota Formation drainage ellipses is the primary reason for permitting non-standard locations. Dakota Formation infill locations were selected to optimize recovery for the rock unit.

References

NMOCD Case Number 12508; Order Number R-11503

NMOCD Case Number 12745; Order Number R-10987-B; 2002; To Amend the Special Rules and Regulations for the Basin-Dakota Pool to Increase Well Density and Amend the Well Location Requirements; Burlington Resources Oil and Gas Company and Conoco Incorporated; 15 pages

SPE Paper #60288; 2000; Producing Characteristics and Drainage Volume of Dakota Reservoirs, San Juan Basin; Arild Sunde, Her-Yuan Chen, Lawerence W. Teufel; 10 pages

SPE Paper #77742; 2002; An Effective Technique of Estimating Drainage Shape, Magnitude and Orientation in a Low-Permeability Gas Sand; Ryan L. Robinson and Thomas W. Engler; 8 pages

SPE Paper #39974; 1998; Drainage Efficiency in Naturally Fracture Tight Gas Sandstone Reservoirs; H. Harstad, L.W. Teufel and J.C. Lorenz; 11 pages

SPE Paper #39911; 1998; Potential for Infill Drilling in a Naturally Fractured Tights Gas Sandstone Reservoir; H. Harstad, L.W. Teufel and J.C. Lorenz; 11 pages

SPE Paper #38580; 1997; Methodology to Optimize Completions in the Mesaverde Formation, San Juan Basin, New Mexico; Brian P. Ault, Earuch F. Broacha and David L. Holcomb; 20 pages

SPE Paper #60295; 2000; Influence of Permeability Anisotropy and Reservoir Heterogeneity on Optimization of Infill Drilling in Naturally Fractured Tight-Gas Mesaverde Sandstone Reservoirs, San Juan Basin; H.K. Al-Hadrami and L.W. Teufel; 12 pages

SPE Paper #68598; 2001; Practical Methods to High-Grade Infill Opportunities Applied to the Mesaverde, Morrow and Cotton Valley Formations; J.W. Hudson, J.E. Jochen, J.P. Spivey; 11 pages

SPE Paper #21484; 1991; The Impact of Improved Technology on Potential Tight Gas Reserves in the San Juan Basin; M.R. Haas and T.E. Crist; 14 pages

DISTRICT 1 1625 N. French Dr., Hobbs, N.M. 88240

State of New Mexico Energy, Minerals & Natural Resources Department

Form C-102 Revised June 10, 2003

DISTRICT II 1301 W. Grand Ave., Artesia, N.M. 88210

OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505 Submit to Appropriate District Office State Lease - 4 Copies Fee Lease - 3 Copies

DISTRICT III 1000 Rio Brazos Rd., Aztec, N.M. 87410

☐ AMENDED REPORT

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API	Number			Pool Code	·		⁸ Pool Name		
30-	-039-)	71599	1		Basin Dakot	ta	
⁴ Property C	ode				⁶ Property	Name		* We	ll Number
33458	i				JICARILLA	A 151			3G
OGRID No	,, 				*Operator	Name		• 1	Clevation
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			11 Botte	om Hole	Location 1	f Different Fro	om Surface		
UL or lot no.	Section	Township	Range	Lot ldn	Feet from the	North/South line	Feet from the	East/West line	County
DK E/319.7	_		¹⁸ Joint or Y	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			CALC'D COR. BY SGL. PORP.	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein
LOT 4	LOT 3	LOT 2	LOT 1	is true and complete to the best of my knowledge and belief.
		1		Signature
			01-38-42 E 5303.32' (C)	Richard Corcoran Printed Name Land Manager rich.corcoran@cdxgas.com Title and E-mail Address
			N 500 500	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 section of my belief.
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				Signature and Seal of Professional Surveyor:
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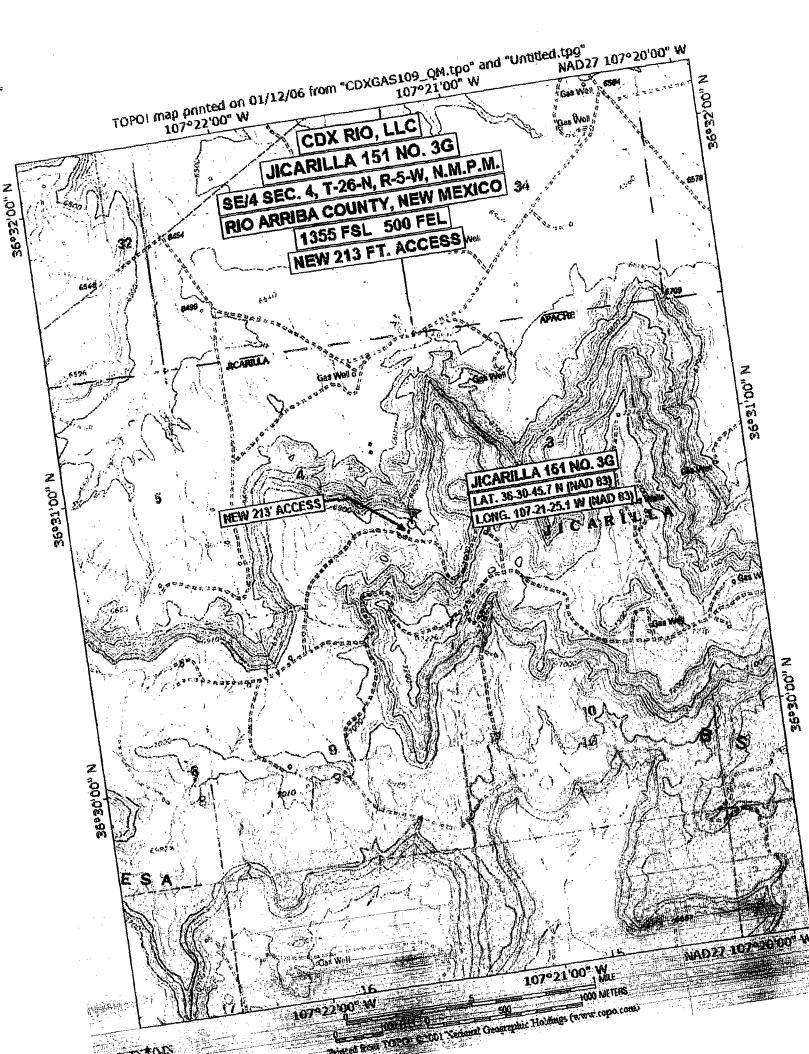
CDX Rio, LLC

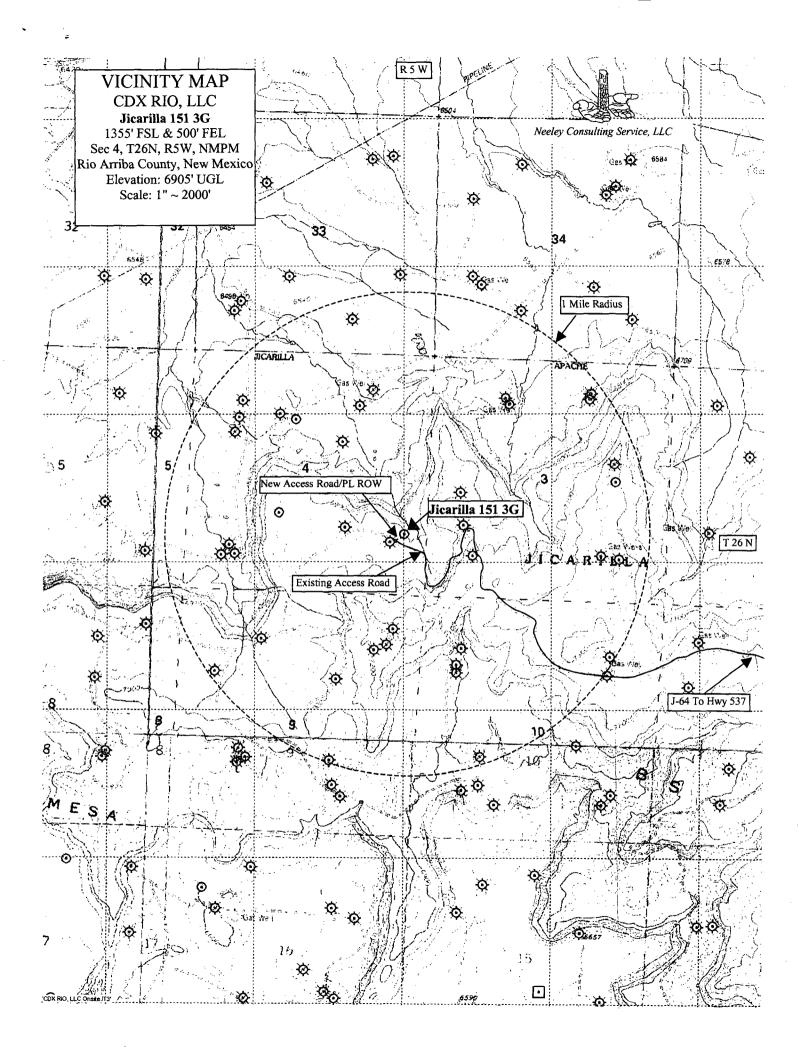
Jicarilla 151 #3G

OFFSET OPERATOR \ OWNER PLAT

Dakota Formation E/2 Section 4 Township 26 North - Range 5 West Rio Arriba County, NM

(CDX Ri				Jicanilla Beach Jicanilla Beach Jicanilla Beach Jicanilla Beach Jicanilla Beach (CDX Rio, LLC)
	Rio, LLC)	1365 F 300 F	T St. S.	(CDX Rio, LLC);
(C	1 CDX Rio, LLC)	1 (CDX Rio,	LLC)	1 (CDX Rio, LLC)





CDX RIO, LLC

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

May 30, 2006

Certified Mail

Burlington Resources Oil & Gas Company LP Attn: Ben Malone PO Box 4289 Farmington, NM 87499

RE:

ADMINISTRATIVE APPROVAL OF UNORTHODOX LOCATION JICARILLA APACHE TRIBAL 151 #3G-1,355' FSL & 500' FEL SECTION 4-T26N-R5W RIO ARRIBA COUNTY, NEW MEXICO

Dear Mr. Malone,

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 Tribal 151 #3G well. A copy of the application has been attached for your review.

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

CMD : OG5SECT

ONGARD INQUIRE LAND BY SECTION

06/28/06 10:41:57 OGOMES -TQWO PAGE NO: 1

Sec : 04 Twp : 26N Rng : 05W Section Type : NORMAL

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