



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

June 28, 2006

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

CDX Rio, L.L.C.
2010 Afton Place
Farmington, New Mexico 87401

Attention: Richard Corcoran
Land Manager
Rich.corcoran@cdxgas.com

Administrative Order NSL-5412

Dear Mr. Corcoran:

Reference is made to the following: (i) your application dated May 31, 2006 that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on June 5, 2006 (*administrative application reference No. pTDS0-615654247*); and (ii) the Division's records in Aztec and Santa Fe: all concerning CDX Rio, L.L.C.'s ("CDX") request for an exception to the well location requirements provided within the "*Special Rules and Regulations for the Basin-Dakota Pool*," as promulgated by Division Order No. R-10987-B, dated June 30, 2000, as amended by Division Orders No. R-10987-B (1), dated August 10, 2000, and R-10987-B (2), dated January 29, 2002, for its proposed Jicarilla Apache "102" Well No. 13-M to be drilled at an unorthodox infill gas well location 1970 feet from the South line and 2100 feet from the East line (Unit J) of Section 10, Township 26 North, Range 4 West, NMPM, Basin-Dakota Pool (**71599**), Rio Arriba County, New Mexico.

The Basin-Dakota gas production from this well is to be included within an existing standard 320-acre stand-up gas spacing and proration unit ("GPU") comprising the E/2 of Section 10, which is currently dedicated to CDX's: (i) Jicarilla Apache "102" Well No. 13-E (*API No. 30-039-22499*), located at a standard gas well location 1520 feet from the South line and 1120 feet from the East line (Unit I) of Section 10; and (ii) Jicarilla Apache "102" Well No. 13-R (*API No. 30-039-23067*), located at a standard gas well location 1520 feet from the North line and 800 feet from the East line (Unit H) of Section 10.

This application has been duly filed under the provisions of Division Rules 104.F and 605.B and the applicable rules governing the Basin-Dakota Pool.

CDX Rio, L.L.C.

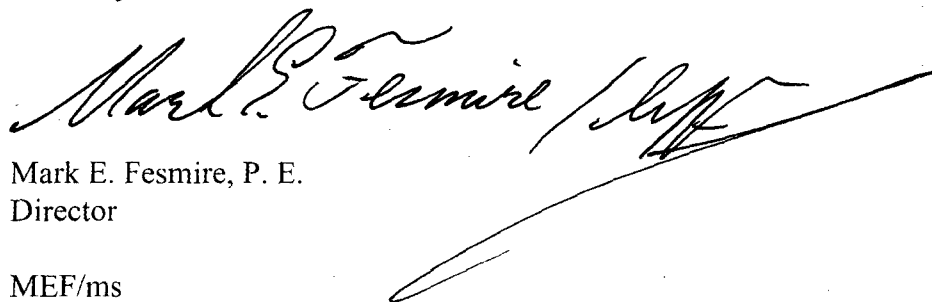
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By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Basin-Dakota infill gas well location for CDX's proposed Jicarilla Apache "102" Well No. 13-M is hereby approved. Further, all three of the aforementioned Jicarilla Apache "102" Wells No. 13-E, 13-R, and 13-M and existing 320-acre GPU will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico and to the Basin-Dakota Pool.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark E. Fesmire" followed by a stylized flourish.

Mark E. Fesmire, P. E.
Director

MEF/ms

cc: U. S. Bureau of Land Management – Farmington
New Mexico Oil Conservation Division – Aztec