

# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

**June 29, 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-5417**

Dear Mr. Corcoran:

Reference is made to the following: (i) your application dated May 10, 2006 that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on May 15, 2006 (*administrative application reference No. pTDS0-613551234*); and (ii) the Division's records in Aztec and Santa Fe: all concerning CDX Rio, L.L.C.'s ("CDX") request for exceptions to the well location requirements provided within the:

(A) "*Special Rules for the Blanco-Mesaverde Pool*," as promulgated by Division Order No. R-10987-A, issued in Case No. 12069 and dated February 1, 1999, as amended by Division Order No. R-10987-A (1), dated December 2, 2002; and

(B) "*Special Rules for the Basin-Dakota Pool*," as promulgated by Division Order No. R-10987-B, issued in Case No. 12290 and 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.

CDX proposes to drill the following two wells at unorthodox infill gas well locations within existing 320-acre stand-up gas spacing and proration units ("GPU") in both the Blanco-Mesaverde (72319) and Basin-Dakota (71599) Pools each comprising the S/2 of Section 14, Township 26 North, Range 5 West, NMPM, Rio Arriba County, New Mexico:

(A) Jicarilla "C" Well No. 2-M to be drilled 150 feet from the South line and 275 feet from the West line (Unit M) of Section 14; and

(B) Jicarilla "C" Well No. 2-N to be drilled 175 feet from the South line and 130 feet from the East line (Unit P) of Section 14.

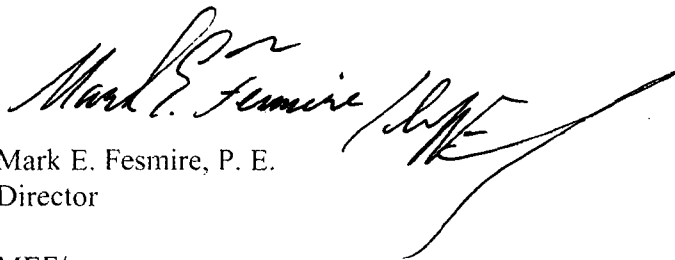
The deeper Basin-Dakota GPU is currently dedicated to CDX's: (i) Jicarilla "C" Well No. 2 (API No. 30-039-08145), located at a standard gas well location 835 feet from the South line and 2140 feet from the West line (Unit N) of Section 14; and (ii) Jicarilla "C" Well No. 2-E (API No. 30-039-22314), located at a standard infill gas well location 1800 feet from the South line and 890 feet from the East line (Unit I) of Section 14.

The shallower Blanco-Mesaverde GPU is currently dedicated to CDX's above-described Jicarilla "C" Well No. 2-E.

This application has been duly filed under the provisions of Division Rules 104.F and 605.B and the applicable rules governing both pools.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Basin-Dakota/Blanco-Mesaverde infill gas well locations for CDX's proposed Jicarilla "C" Wells No. 2-M and 2-N are hereby approved. All of the aforementioned wells and both spacing units will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico.

Sincerely,



Mark E. Fesmire, P. E.  
Director

MEF/ms

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