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	[C	] 🗌 Ap	plication is One Wl	hich Requires Publishe	ed Legal Notice	
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[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.

J.SCUTT+ALL	1. J. Mull	ATTORNEY	4.16.2010		
Print or Type Name	Signature	Title	Date		
		SHILLEMONTAN	1D. COM		

e-mail Address



J. SCOTT HALL RECEVED ()CD Cell: (505) 670-7362 Email: shall@montand.com Reply To: Santa Fe Office APA 16 P 2: 27 www.montand.com

April 16, 2010

Mr. Mark E. Fesmire, Director New Mexico Oil Conservation Division 1220 S. St. Francis Drive Santa Fe, NM 87505

> Re: Approach Operating LLC Request for Administrative Approval, Unorthodox Well Location WC Tierra Amarilla Mancos Oil Pool (97767)

Jeffrey Spill No. 3 API No. 30-39-30862 1,939' FSL and 1,572' FWL (K) Projected Section 8, T27N, R4E Rio Arriba County, New Mexico

Dear Mr. Fesmire:

On behalf of Approach Operating LLC, ("Approach") and pursuant to Division Rule 19.15.15.13 and the applicable statewide rules governing oil well locations (Rule 19.15.15.19.A), we request administrative approval for an unorthodox well location for the Approach Jeffrey Spill No. 3 Well at the surface and bottom-hole locations reflected above.

This straight-hole well will be drilled to a depth sufficient to test the Mancos Shale formation within the boundaries of the WC Tierra Amarilla Mancos Oil Pool and is defined as a wildcat under the Division's rules. The statewide rules for wildcat oil wells currently provide that wells shall be drilled no closer than 330' to the outer boundary of a standard 40-acre spacing unit. The C-101 along with the C-102 plat showing the NE/SW spacing unit and the proposed unorthodox surface and bottom hole locations for the Jeffrey Spill No. 3 are attached as Exhibit A.

Approach seeks an exception from the applicable well location rules for the Jeffrey Spill No. 3 Well for the following reason: (1) The well is located in an unsurveyed area within the Tierra Amarilla land grant. The section/township/range

**REPLY TO:** 325 Paseo de Peralta Santa Fe, New Mexico 87501 Telephone (505) 982-3873 • Fax (505) 982-4289

Post Office Box 2307 Santa Fe, New Mexico 87504-2307 6301 Indian School Road NE, Suite 400 Albuquerque, New Mexico 87110 Telephone (505) 884-4200 • Fax (505) 888-8929

Post Office Box 36210 Albuquerque, New Mexico 87176-6210 Mr. Mark E. Fesmire, Director April 16, 2010 Page 2

description of the location is based on unofficial, projected township and section lines from an adjoining survey and therefore, it is not possible to state the proximity to actual section lines or quarter-quarter subdivisions boundaries with certainty. However, the location descriptions by latitude/longitude and by reference to the New Mexico State Plane Coordinate System referenced on the C-102 are accurate. (2) The well has also been located in conformance with the Design and Operational Standards for Oil and Gas Development of Rio Arriba County Ordinance No. 2009-01. Among other matters, these standards take into consideration terrain limitations, access roads, proximity to water features, and compatibility with existing land uses. Many of these matters are demonstrated by the enclosed aerial photo of the Jeffrey Spill No. 3 Well (Exhibit "B").

The location for this well is not located closer than 660' to any existing well or a well that is known to be planned. Approach Operating LLC's affiliate company, Approach Oil and Gas Inc., owns or controls 100% of the leasehold working interest in each of the adjoining spacing units and Approach Operating would be the operator of each of those units. Further, the mineral interest ownership underlying the NE/SW of projected Section 8 and each of the surrounding spacing units is identical. Consequently, no further notice is indicated under the Division's rules (See Rule 19.15.4.12.A.2).

The Division's Administrative Application Checklist is enclosed.

Thank you for your consideration of this request. Should more information be required, please do not hesitate to contact me.

Very truly yours,

MONTGOMERY & ANDREWS, P. A.

1. Swindall

J. Scott Hall Attorneys for Approach Operating LLC

JSH:kw

Enclosures: Exhibit A C-102 Exhibit B Aerial Photo Administrative Application Checklist Mr. Mark E. Fesmire, Director April 16, 2010 Page 3

cc: Steve Hayden, NMOCD-Aztec Approach Operating LLC Rio Arriba County Planning and Zoning Dept.

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	AP		TION F		and Address ating, LLC iy, Suite 800 X 76116	Property Name	FER, DEEP	EN, PLUGB 248343 30 - 39.	<sup>2</sup> OGRID Number	
	3	7932		Proposed Pool I WC; Mancos		Jeffrey Spill		<sup>10</sup> Prop	3 osed Pool 2	\$ 
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#### Additional Well Information 11 Work Type Code 13 Cable/Rotary 12 Well Type Code 14 Lease Type Code 15 Ground Level Elevation ROTARY 7254.90' Ν 0 P <sup>17</sup> Proposed Depth 2000' \*\* 18 Formation 20 Spud Date 16 Multiple 19 Contractor GRANEROS TBD On receipt of all required approvals

# <sup>21</sup> Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12.1/4"	9 5/8"	36.0 #	350'	210	Surface
<u> </u>	4 1/2"	10.5 #	2000'	500	Surface

<sup>22</sup> Describe the proposed program.	If this application is to DE	EPEN or PLUG BACK	give the data on the present	productive zone and	d proposed new productive zo	ne
Describe the blowout prevention pr	ogram, if any. Use additio	nal sheets if necessary.				

(1) Shafco 11" Double Ram 3000# LWS

(1) Grant 11" rotating head, 3000#

(1) 5000# choke manifold

(1) Koomey 3 station 3000# w/air hydraulic pump

(4) 10 gallon bottles

¥

\*\* The proposed depth is 100' below the base of the Mancos Shale or 2000', whichever depth is achieved first. See Attached C, OA.

<sup>23</sup> I hereby certify that the information g best of my knowledge and belief	iven above is true and complete to the		OIL CONSERVATION DIVISION						
Signature: FAM		Approved by	Approved by						
Printed name Brice A. Morgan		Title: DEPUTY OIL & GAS INSPE	Title: DEPUTY OIL & GAS INSPECTOR, DIST.						
Title Landman		Approval Date: OV 3 0 2009	Expiration Date: 11-30-2011						
E-mail Address bmorgan@approachres	iources.com								
Date 11-23-09	Phone: 817-989-9000	Conditions of Approval Attached							
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Longitude - -106.53000 West

Latitude, longitude & distances from projected section lines provided by Approach Operating, LLC.

### APPROACH OPERATING, LLC OPERATIONS PLAN JEFFREY SPILL NO. 3

I. Location:

LAT: 36.58654 N LONG: -106.53900 W Rio Arriba County, New Mexico

Field: Wildcat Surface: Fee

Elev: 7254.90'

Date: 11-2-09

II. Drilling

A. Contractor: TBD

B. Mud Program:

The surface hole will be drilled with a fresh water mud.

The production hole will be drilled with air or air/mist.

C. Minimum Blowout Control Specifications: (See attached BOP System Schematic)

Double ram type 3000 psi working pressure BOP with a rotating head. See the attached Exhibit # 1 for details on the BOP equipment. All ram type preventers and related equipment will be hydraulically tested at nipple-up and after any use under pressure to 1500 psi.

The blind ram will be hydraulically activated and checked for operational readiness each time pipe is pilled out of the hole. All check of the BOP stack and equipment will be noted on the daily drilling report. The BOP equipment will include a kelly cock, floor safety valve, and choke manifold all rated to 2000 psi.

No over pressured zones are expected in this well. No H2S zones expected, but compliance packs will be on location.

III. Logging program: Induction / GR and density logs at TD.

#### IV. Materials

A. Casing Program:

Hole Size	Depth	Casing Size	Wt & Grade
12-1/4"	350'	9-5/8"	36# <b>J-</b> 55
8-3/4"	2000'	4-1/2"	10.5# J-55

- B. Float Equipment (See attached "Generic Well Schematic")
  - a. Surface Casing: Notched collar on bottom and 3 centralizers on the bottom 3 joints.
  - b. Production Casing: 4-1/2" whirler type cement nosed guide shoe and a float collar on top of the shoe joint. Centralized with bow spring centralizers
- V. Cementing:
  - Surface Casing: 9-5/8", 32.3 lb/ft H-40 set to 350'. C. iv culate cement

Cement 0-350' Fluid 1: Water Based Spacer Water

lbm/gal		
	Fluid Volume:	10 bbl
Fluid 2: Lead Cement		
Premium Cement lbm/gal	Fluid Weight	15.600
94 lbm/sk Premium Cement (Cement)	Slurry Yield:	1.180 ft <sup>3</sup> /sk
0.125 lbm/sk Poly-E-Flake (Lost Circulation Additive) Gal/sk	Total Mixing Fluid:	5.238
2 % Calcium Chloride (Accelerator)	Top of Fluid:	0 ft
	Calculated Fill:	350 ft
	Volume:	42.139 bbl
	Proposed Sacks:	210 sks
Fluid 3: Water Based Spacer		
Water Displacement lbm/gal	Fluid Density:	8.330

23.966 bbl

Fluid Density:

8.330

• Production Casing: 4-1/2" 10.5 lb/ft J-55 casing set to TD. Circulate cement to Burkace

Cement TOC 260'or higher Fluid Instructions Fluid 1: Water Based Spacer Water Ibm/gal

Fluid Volume:

Fluid Density: 8.330

Fluid Volume: 20 bbl

Eluido, Land Comment

Fluid 2: Lead Cement			
50/50 Poz Premium	Fluid Weight	13 lbm/gal	
0.4 % Halad(R)-344 (Low Fluid Loss Control)	Slurry Yield:	1.436 ft <sup>3</sup> /sk	
0.125 lbm/sk Poly-E-Flake (Lost Circulation Additive)	Total Mixing Fluid:	6.193	
Gal/sk	· ·		
5 lbm/sk Gilsonite (Lost Circulation Additive)	Top of Fluid:	0 ft	
	Calculated Fill:	3500 ft	
	Volume:	156.266 bbl	
	Proposed Sacks:	500 sks	
Fluid 3: Water Based Spacer			
Water Displacement	Fluid Density:	8.330	
lbm/gal	······································		
-	Fluid Volume:	31.197 bbl	

• The wells will have 40' of 14" conductor set. Then a 12-1/4" hole will be drilled to about 350' when 9-5/8" surface casing will be set and cemented. We will drill out with a 8-3/4" bit using

#### MULTI-POINT SURFACE USE PLAN

#### 1. Existing Roads and New Roads:

Existing roads vary in condition, but all are drivable by pickup. Initially, Approach will crown and ditch these roads while providing for drainage via ditch relief and rolling water bars placed at a maximum 300 feet apart. During the initial phase of construction and drilling, roads will be developed using native materials and rock where necessary to prevent rutting or stormwater run-on from eroding road bed. Roads will be less than 25 feet wide with an additional 7.5 feet on each side for ditching. Rolling water bars will be installed with at least half their height in the cut and skewed to drain. If the well is to be abandoned, the road will be left in a condition that is at minimum comparable to the existing condition or is reclaimed. Maintenance will be conducted as necessary during all of Approach's operations. Roads will be kept in a serviceable condition that provides the land owner and the Approach with reasonable and emergency access.

#### 2. Location of Existing Wells:

There are no existing wells in the vicinity of the Jeffrey Spill No 3. See attached aerial photo.

#### 3. Location of Production Facilities:

In the event of production, production facilities will be located on the drill pad. The actual placement of this equipment will be determined when the well's production characteristics can be evaluated after completion.

#### 4. Water Supply:

Water for drilling and completion will be purchased from local sources.

- 5. Methods of Handling Waste Disposal:
  - a. The drill cuttings, fluids and completion fluids will be placed in the above ground steel tanks. All cuttings and fluids will be disposed of at a NMOCD permitted facility. Upon completion, the pad will be leveled, contoured and reseeded with the appropriate seed mixture.
  - b. All garbage and trash will be placed in a metal trash basket. It will be hauled off and dumped in an NMOCD permitted facility upon completion of operations.
  - c. Portable toilets will be provided and maintained during drilling operations.

#### 6. Ancillary Facilities:

Ancillary facilities are to be based on well productivity.

#### 7. Well Site Layout:

The well site will encompass an area of 200'X 275' as shown on the attached aerial photo.

8. Plans for Restoration of Surface:

When the well is abandoned the location and access road will be cleaned and restored to the original topographical contours as much as possible. The area will be reseeded with appropriate seed mixture.

If the well is productive, areas not used in production will be contoured and seeded with stipulated seed mixture. Production equipment will be painted to blend with the natural color of the landscape.

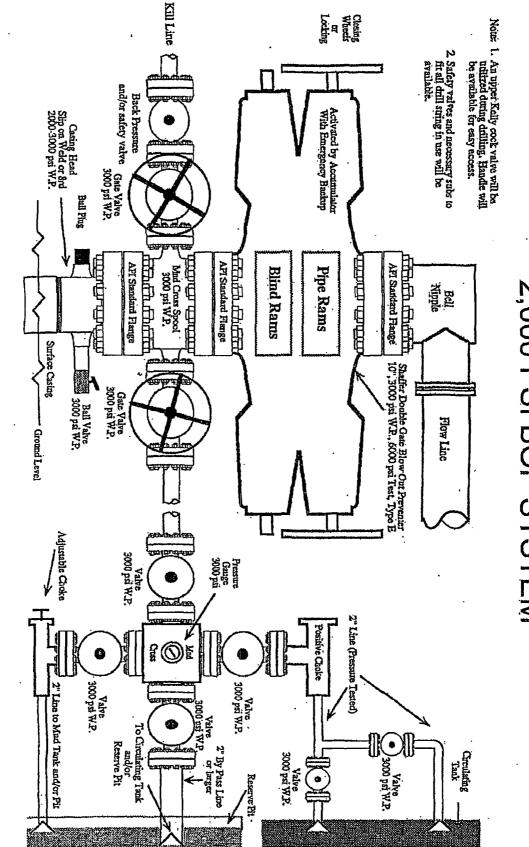
## 9. Lessee's or Operator's Representative:

C

Brice A. Morgan Approach Operating, LLC 6500 West Freeway, Suite 800 Fort Worth, Texas 76116 Phone: (817) 989-9000

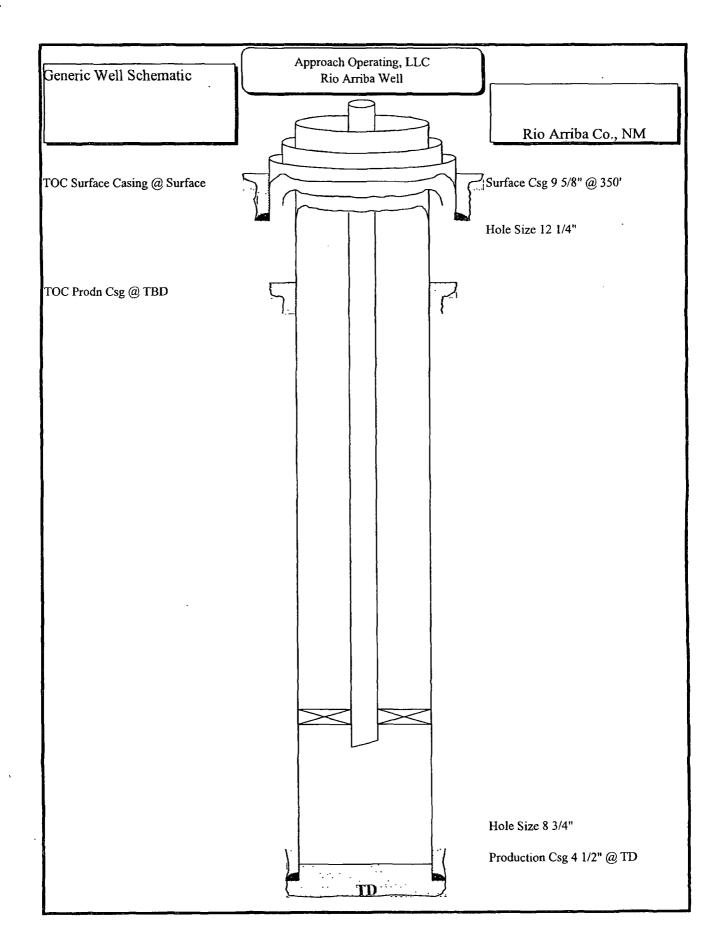
A.Morgan Brice

Landman



Note: This equipment is designed to meet requirements for a 2-M rating standard per 43 CFR part 3160 (amended). Proper operation and testing of equipment will be carried out per standard. 2,000 psi equipment can be substituted in the drawing to meet minimum requirements per standard.

2,000 PSI BOP SYSTEM



#### **Operator Certification Statement**

I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions which currently exist; that I have full knowledge of state and federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and condition under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements. Executed this 23rd day of November, 2009.

#### Approach Operating, LLC

Brice A. Morgan Landman

#### WC Tierra Amarillo Mancos Conditions of Approval

In the Tierra Amarilla area of interest the first good aquifer appears to be the uppermost sand of the Dakota Formation known as the Two Wells Member. The regulatory definition of the vertical limits of the Basin Dakota gas pool includes the Graneros Formation.

Because the depth to the Dakota Formation may vary due to topographic and structural changes from one site to another the TD for the wells assigned to the WC Tierra Amarilla Mancos Oil Pool (97767) is to be limited to the base of the Greenhorn Member of the Mancos Formation or shallower.

This will provide a good barrier between the upper Dakota Formation aquifer and perfed and stimulated zones in the Mancos.

Cement volume for the production casing appears to be inadequate to circulate to surface. Please include enough cement to circulate hole, plus 50% excess. If cement does not circulate, a CBL will be required to show cement top and quality prior to completion.

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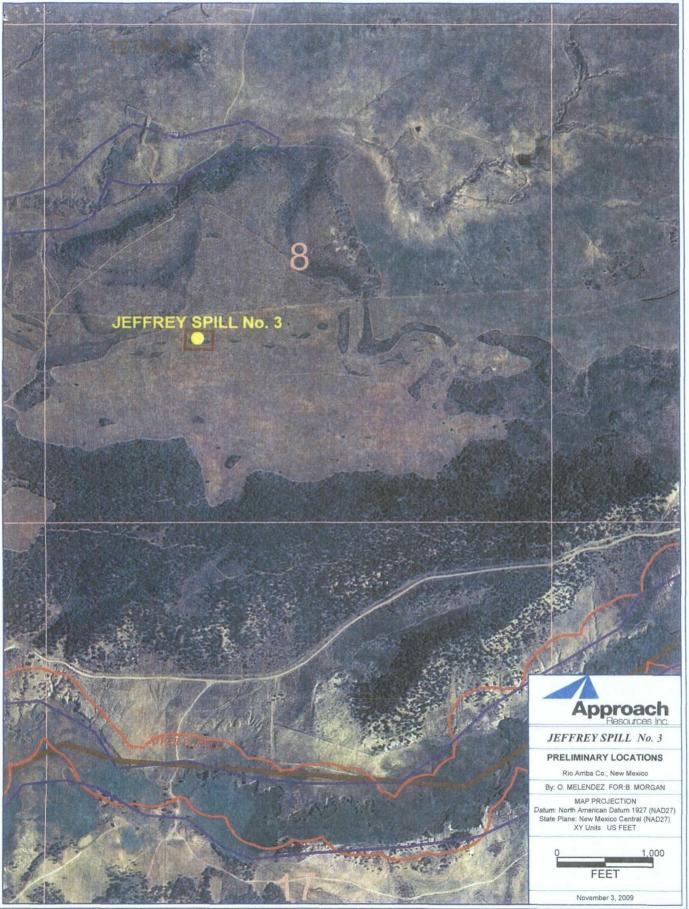
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Longitude - - 106.53000 West - 106.53900

Latitude, longitude & distances from projected section lines provided by Approach Operating, LLC.



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