

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION COMMISSION

RECEIVED OCD  
MISSION P. 1: 17

**In the Matter of the Application of Approach  
Operating, LLC for Approval of Fourteen  
Applications for Permits to Drill, Rio Arriba  
County, New Mexico**

**Case 14278**

**AMENDED NOTICE OF INTERVENTION**

Pursuant to NMAC 19.15.4.11(A), the Rice Family Living Trust (“the Trust”) hereby provides its Notice of Intervention in the above captioned proceeding. The Trust will be represented in this proceeding by:

Steven Sugarman  
1210 Luisa Street, Suite 2  
Santa Fe, NM 87505  
phone: (505)672-5082  
e-mail: stevensugarman@hotmail.com  
fax: (302) 689-0819

The Trust has two interests in this proceeding. First, the Trust is the surface owner of the land where the Applicant has proposed to drill two of the wells which are the subject of this proceeding. Specifically, the Trust owns the surface where the following two wells have been proposed:

Rice Well No. 1  
T28N R5E NMPM  
Lat. 36°38'23.46" N (36.63985 N)  
Long. 106°27'4.32" W (-106.45120 W)

Rice Well No. 2  
T28N R5E NMPM  
Lat. 36°38'8.3394" N (36.635650 N)  
Long. 106°26'57.5406" W (-106.4493166 W)

In a letter of September 17, 2009 to OCD District Supervisor Charlie Perrin, the Applicant purported to withdraw the Applications for Permits to Drill (“APDs”) at the above two locations but noted that “a Rice No. 3 APD will soon be filed once surveying and staking activities have occurred.” See Exhibit 1 hereto. Likewise in a letter of September 15, 2009 to the undersigned, Scott Hall – counsel for the Applicant – stated that a new APD for the Rice No. 3 will soon be filed “in the same general vicinity as the Rice No. 1 and Rice No. 2, but approximately 700 feet +/- South of the old ranch house.” Thus, even if the Applicant formally dismisses the Rice No. 1 and Rice No. 2 from this case, the Trust will still have an interest in this matter in the protection of its surface as the Applicant has clearly signaled its intention to pursue APDs on Trust property “once surveying and staking activities have occurred.”

Second, the Trust intervenes in this matter to protect its interests in the protection and preservation of surface water and groundwater quality in the Rito de Tierra Amarilla watershed generally. The Trust’s interests in the protection and preservation of surface water and groundwater quality in the Rito de Tierra Amarilla watershed are subject to injury if the Oil Conservation Commission approves any of Applicant’s APDs in the Rito de Tierra Amarilla watershed, wherever those proposed well locations might be situated in the watershed.

Respectfully submitted,

          /s/ Steven Sugarman            
Steven Sugarman  
1210 Luisa Street, Suite 2  
Santa Fe, NM 87505  
(505) 672-5082

I hereby certify that a true and correct copy of the foregoing was sent by e-mail to Ms. Cheryl Bada (attorney for the Commission) at cbada@state.nm.us, by e-mail to Mr. J. Scott Hall (attorney for the Applicant) at shall@montand.com, and by e-mail to Mr. Adan Trujillo (attorney for Rio Arriba County) at adantrujillo@gmail.com on this 30<sup>th</sup> day of September, 2009.

          /s/ Steven Sugarman            
Steven Sugarman



One Ridgmar Centre  
6500 West Freeway, Suite 900  
Fort Worth, Texas 76116  
Phone: 817.989.9000  
Fax: 817.989.9001  
www.approachresources.com

September 17, 2009

**Via Federal Express**

Charlie Perrin, District Supervisor  
New Mexico Oil Conservation Division  
1000 Rio Brazos Road  
Aztec, NM 87410

Re: Withdrawal of the Rice No. 1 and Rice No. 2 APD's  
Rio Arriba County, New Mexico

Dear Mr. Perrin,

On January 27, 2009, Approach Operating, LLC submitted several APD's for OCD administrative approval including the Rice No. 1 and the Rice No. 2 locations. Approach now wishes to withdraw the Rice No. 1 and Rice No. 2 APD's from OCD consideration. Copies of the C-101 and C-102 for the Rice Locations have been enclosed.

Please be advised a Rice No. 3 APD will soon be filed once surveying and staking activities have occurred.

Very truly yours,

A handwritten signature in black ink, appearing to read "BAM", with a horizontal line extending to the right.

Brice A. Morgan  
Landman

Enclosures

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy Minerals and Natural Resources

Form C-101  
June 16, 2008

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Submit to appropriate District Office

AMENDED REPORT

**APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE**

<sup>1</sup> Operator Name and Address Approach Operating, LLC 6500 West Freeway, Suite 800 Fort Worth, TX 76116		<sup>2</sup> OGRID Number 248343
<sup>3</sup> Property Code		<sup>3</sup> API Number 30 -
<sup>4</sup> Property Name Rice		<sup>6</sup> Well No. 1
<sup>9</sup> Proposed Pool 1 WC, Mancos		<sup>10</sup> Proposed Pool 2

<sup>7</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	19	28N	05E		368	SOUTH	1121	WEST	RIO ARRIBA

<sup>8</sup> Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Additional Well Information

<sup>11</sup> Work Type Code N	<sup>12</sup> Well Type Code O	<sup>13</sup> Cable/Rotary ROTARY	<sup>14</sup> Lease Type Code P	<sup>15</sup> Ground Level Elevation 8268.47'
<sup>16</sup> Multiple	<sup>17</sup> Proposed Depth 2000'	<sup>18</sup> Formation GRANEROS	<sup>19</sup> Contractor Chihuahua Drilling	<sup>20</sup> Spud Date Upon Approval

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

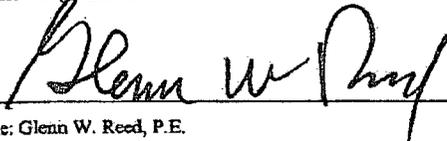
Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12 1/4"	9 5/8"	36.0 #	350'	210	Surface
8 3/4"	4 1/2"	10.5 #	2000'	500	Surface

<sup>22</sup> Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional 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

<sup>23</sup> I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature:



Printed name: Glenn W. Reed, P.E.

Title: Executive Vice President - Engineering and Operations

E-mail Address: gwreed@approachresources.com

Date:

Phone: 817-989-9000

OIL CONSERVATION DIVISION

Approved by:

Title:

Approval Date:

Expiration Date:

Conditions of Approval Attached

District I  
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State of New Mexico  
Energy, Minerals & Natural Resources Department  
**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised October 12, 2005  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number		<sup>2</sup> Pool Code		<sup>3</sup> Pool Name WC28N5E19; Manicos Oil	
<sup>4</sup> Property Code		<sup>5</sup> Property Name Rice Property			<sup>6</sup> Well Number Rice #1
<sup>7</sup> OGRID No. 248343		<sup>8</sup> Operator Name Approach Operating LLC			<sup>9</sup> Elevation 8268.47

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	**19	**28N	**05E		368	SOUTH	1121	WEST	Rio Arriba

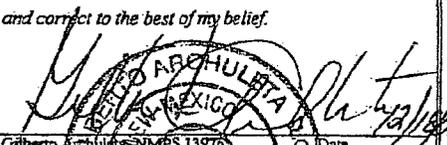
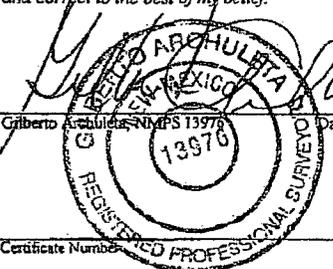
<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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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.

**\*\* Projection within the Tierra Amarilla Land Grant**

<sup>16</sup>          1121' 368' Rice #1	<sup>17</sup> OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.  Signature _____ Date 1/27/09 Glenn W. Reed. Printed Name			
	<sup>18</sup> 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 best of my belief.  Gilberto Archuleta, NIMPS 13976 _____ Date 1/27/09  Certificate Number _____			
	Latitude - 36.63985 North Longitude - -106.45100 West			

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		<sup>3</sup> API Number 30 -
<sup>4</sup> Property Code	<sup>5</sup> Property Name Rice	<sup>6</sup> Well No. 2
<sup>9</sup> Proposed Pool 1 WC, Mancos		<sup>10</sup> Proposed Pool 2

<sup>7</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	30	28N	05E		1155	NORTH	1673	WEST	RIO ARRIBA

<sup>8</sup> Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Additional Well Information

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<sup>16</sup> Multiple	<sup>17</sup> Proposed Depth 2000'	<sup>18</sup> Formation GRANEROS	<sup>19</sup> Contractor Chihuahua Drilling	<sup>20</sup> Spud Date Upon Approval

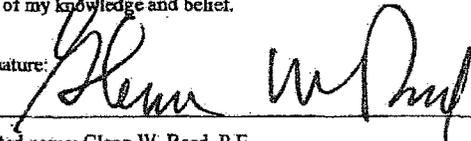
<sup>21</sup> Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
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<sup>22</sup> Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

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Signature: 

Printed name: Glenn W. Reed, P.E.

Title: Executive Vice President - Engineering and Operations

E-mail Address: gwreed@approachresources.com

Date: Phone: 817-989-9000

OIL CONSERVATION DIVISION

Approved by:

Title:

Approval Date:

Expiration Date:

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<sup>1</sup> API Number		<sup>2</sup> Pool Code		<sup>3</sup> Pool Name <b>WC28N5E30; Mancos Oil</b>	
<sup>4</sup> Property Code		<sup>5</sup> Property Name <b>Rice Property</b>			<sup>6</sup> Well Number <b>Rice #2</b>
<sup>7</sup> OGRID No. <b>248343</b>		<sup>8</sup> Operator Name <b>Approach Operating LLC</b>			<sup>9</sup> Elevation <b>8306.79</b>

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>C</b>	<b>**30</b>	<b>**28N</b>	<b>**05E</b>		<b>1155</b>	<b>NORTH</b>	<b>1673</b>	<b>WEST</b>	<b>Rio Arriba</b>

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

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<sup>16</sup> 	<sup>17</sup> <b>OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order hereinafter entered by the division. <i>Glenn W. Reed</i> 1/27/09 Signature Date Glenn W. Reed Printed Name
	<sup>18</sup> <b>SURVEYOR CERTIFICATION</b> 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 best of my belief. Gilberto Archuleta/NMPS#13976 1/18/2008 Date Certificate Number

Latitude - 36.635650 North  
Longitude - -106.449316 West