



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401



2009 JUL 6 AM 8 57

IN REPLY REFER TO:
Case No. 14329

June 30, 2009

Mark Fesmire
New Mexico Oil Conservation Division
1220 S. St. Frances Drive
Santa Fe, New Mexico 87505

Dear Mr. Fesmire:

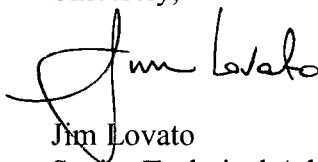
Reference is made to case No. 14329, whereby Anadarko Petroleum Corporation proposing to drill an acid gas injection well within the Anadarko San Juan River Gas Plant near Kirtland, New Mexico. The proposed location is in unit letter F, section 1, T.29N., R.15W., on split estate lands being private surface and federal minerals. The Bureau of Land Management (BLM) is the federal agency having jurisdiction over the federal mineral estate in the project area. The mineral estate potentially impacted by Anadarko's proposal is federal oil and gas lease NMNM10758. This lease covers all oil and gas horizons in section 1, 29N., R.15W., from the surface to basement rock. The application states that the Entrada Formation is the targeted interval for injection operations and that no hydrocarbon potential exists in the vicinity of the proposed well. After performing a preliminary assessment of the oil and gas potential in the Entrada Formation in this area, we concur with Anadarko's findings. The proposed well bore design appears to be sufficient to isolate and protect other hydrocarbon producing intervals and usable water supplies from the proposed injection operations.

As you aware, case law has established that the pore space belongs to the surface owner when that pore space has been determined to be void of recoverable hydrocarbons. In order to verify that the pore space in the Entrada Formation is void of recoverable hydrocarbons in this well bore and thus under private land ownership, we request that Anadarko be required to run an adequate suite of well logs across the Entrada Formation and that they be required to perform a formation evaluation assessment of the Entrada Formation prior to commencing injection operations. Once the hydrocarbon potential has been determined, the BLM will render a final determination on its jurisdictional position.

The above request is made pursuant to the Memorandum of Understanding between the BLM and the NMOCD.

If you have any questions regarding the above, please contact me at (505) 599-6367.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Lovato". The signature is fluid and cursive, with the first name "Jim" and last name "Lovato" clearly distinguishable.

Jim Lovato
Senior Technical Advisor
Petroleum Management Team

CC: NMOCD: Aztec

GeoLex/Anadarko



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

IN REPLY REFER TO:
Acid Gas Injection Project

June 29, 2009

Mr. Alberto A. Gutierrez
Geolex Incorporated
500 Marquette Avenue NW, Suite 1350
Albuquerque, New Mexico 87102

Dear Mr. Gutierrez:

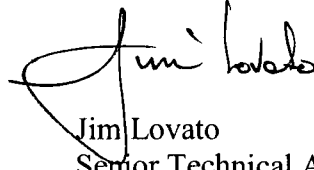
Reference is made to your notice of application dated May 21, 2009, proposing to drill an acid gas injection well within the Anadarko San Juan River Gas Plant near Kirtland, New Mexico. The proposed location is in unit letter F, section 1, T.29N., R.15W., on split estate lands being private surface and federal minerals. The Bureau of Land Management (BLM) is the federal agency having jurisdiction over the federal mineral estate in your project area. The mineral estate potentially impacted by your proposal is federal oil and gas lease NMNM10758. This lease covers all oil and gas horizons in section 1, 29N., R.15W., from the surface to basement rock. Your application states that the Entrada Formation is the targeted interval for injection operations and that no hydrocarbon potential exists in the vicinity of the proposed well. After performing a preliminary assessment of the oil and gas potential in the Entrada Formation in this area, we concur with your findings. Your proposed well bore design appears to be sufficient to isolate and protect other hydrocarbon producing intervals and usable water supplies from the proposed injection operations.

Case law has established that the pore space belongs to the surface owner when that pore space has been determined to be void of recoverable hydrocarbons. In order to verify that the pore space in the Entrada Formation is void of recoverable hydrocarbons in this well bore, we request that an adequate suite of well logs be run across the Entrada Formation and a formation evaluation assessment of the Entrada Formation be provided to this office prior to commencing injection operations. We also request that copies of the log suite accompany your assessment for our review and analysis. Once the hydrocarbon potential has been determined, the BLM will render a final determination on its jurisdictional position.

We understand that the New Mexico Oil and Gas Conservation Division (NMOCD) through delegation from the USEPA is responsible for administering the underground injection control program. Once your application is approved by the NMOCD, we also ask that our office be provided a copy of the approval and any associated terms and conditions they may impose.

If you have any questions regarding the above, please contact me at (505) 599-6367.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Lovato". The signature is stylized with a large, sweeping initial "J" and a cursive "L".

Jim Lovato
Senior Technical Advisor
Petroleum Management Team

cc:
NMOCD, Aztec