



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-5413

Dear Mr. Corcoran:

Reference is made to the following: (i) your application dated May 11, 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. pTDS0-613551820*); 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 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 an existing 320-acre stand-up gas spacing and proration units ("GPU") in the Basin-Dakota (71599) Pool comprising the E/2 of Section 9, Township 26 North, Range 5 West, NMPM, Rio Arriba County, New Mexico:

(A) Jicarilla Apache Tribal "151" Well No. 6-F to be drilled 2300 feet from the North line and 2450 feet from the East line (Unit G) of Section 9; and

(B) Jicarilla Apache Tribal "151" Well No. 6-G to be drilled 1590 feet from the South line and 460 feet from the East line (Unit I) of Section 9.

This Basin-Dakota GPU is currently dedicated to CDX's two: (i) Jicarilla Apache Tribal "151" Well No. 6 (**API No. 30-039-21676**), located at a standard gas well location 1190 feet from the North line and 1060 feet from the East line (Unit A) of Section 9; and (ii) Jicarilla Apache Tribal "151" Well No. 6-E (**API No. 30-039-23165**), located at a standard infill gas well location 855 feet from the South line and 1570 feet from the East line (Unit O) of Section 9.

Your 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.

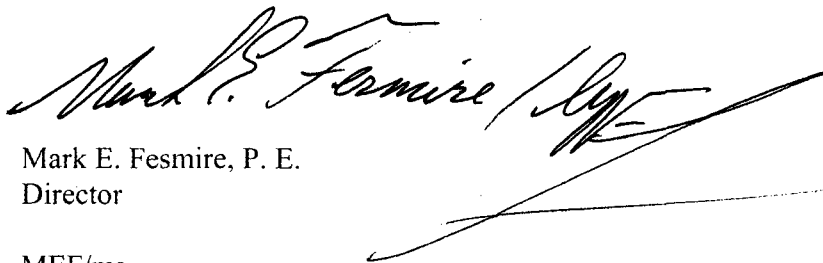
June 26, 2006

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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 locations for CDX's proposed Jicarilla Apache Tribal "151" Wells No. 6-F and 6-G are hereby approved. Further, all of the aforementioned Jicarilla Apache Tribal "151" Wells No. 6, 6-E, 6-F, and 6-G and existing 320 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 or initials.

Mark E. Fesmire, P. E.
Director

MEF/ms

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