



CDX Gas, LLC
4801 N. Butler Avenue, Suite 2000
Farmington, NM 87401
Main: 505-326-3003
Fax: 505-325-4007

RECEIVED

August 26, 2004

AUG 30 2004

New Mexico Oil Conservation Division
Attn: Michael E. Stogner
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

RE: ADMINISTRATIVE APPROVAL OF UNORTHODOX LOCATION
San Juan 27-4 Unit Com #34N
370' FSL & 20' FEL
SECTION 34-T27N-R4W
RIO ARRIBA COUNTY, NEW MEXICO

Dear Mr. Stogner:

Reference is made to Burlington Resources Oil & Gas Company's (Burlington) application requesting a non-standard location for the captioned well.

CDX Rio, LLC (CDX) owns 100% of the working interest and operating rights in Section 3 - T26N-R4W by virtue of Jicarilla Lease # 102 covering all of said Section 3 among other lands. Burlington's proposed location encroaches on CDX's leasehold interest and the Jicarilla Apache Nation's mineral interest. As we have an obligation to protect the Jicarilla Tribe's interest, (and on our own behalf), we must object to the proposed location. As is evidenced by the data provided in Burlington's application egregious drainage of the offsetting spacing units will occur.

Burlington does not elaborate on the geologic reason an orthodox location would not be viable but simply states that geology was one of the reasons for requesting the non-standard location. Further it is not clear why the proposed well could not be directionally drilled from either their existing San Juan 27-4 Unit #34 well pad, located 1180 FSL and 1700 FEL, or at the proposed surface location to a legal bottom hole location. If the well cannot be directionally drilled or a standard location cannot be found CDX and the Jicarilla Apache Nation would need to be compensated for the loss of their respective reserves.

CDX does not want to prevent the drilling of the proposed well but rather is open to a mutually agreeable solution. We ask that the approval of this application be postponed until we have had time to discuss the issues with Burlington.

Your favorable consideration of this request would be appreciated.

Respectfully

Richard Corcoran
Land Manager

CC: Burlington Oil & Gas Company
Mr. Fred Vigil, Jicarilla Oil and Gas Administration

August 31, 2004



State of New Mexico
OIL CONSERVATION COMMISSION

From

MICHAEL E. STOGNER
PETROLEUM ENGINEER

Memo

To Richard Concoran

Your letter of August 26, 2004 concerning Burlington Resource Oil & Gas Company's has been placed in the file for Division Case No. 13344. Attached are copies of additional correspondence for this application subsequent to Burlington's filing of their application on August 13, 2004.

M. E. Stogner