

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

IN THE MATTER OF THE APPLICATION OF THE BOARD OF
COUNTY COMMISSIONERS OF RIO ARriba COUNTY FOR
CANCELLATION OR SUSPENSION OF APPLICATIONS FOR
PERMITS TO DRILL (APDS) FILED BY APPROACH OPERATING,
LLC, RIO ARriba COUNTY, NEW MEXICO.

CASE NO.
14134

IN THE MATTER OF THE APPLICATION OF APPROACH PERATING,
LLC, FOR APPROVAL OF SIX APPLICATIONS FOR PERMITS TO
DRILL, RIO ARriba COUNTY, NEW MEXICO.

CASE NO. 14141

ORDER NO. R-12976

ORDER OF THE DIVISION

BY THE DIVISION:

These two cases came on for hearing at 9:00 a.m. on June 20, 2008, at
Santa Fe, New Mexico, before Examiner David Brooks.

NOW, on this 18th day of July, 2008, the Division Director, having
considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction
of these cases and their subject matter.

(2) Case No. 14134 and Case No. 14141 were consolidated for the
purpose of testimony and one order will be issued.

(3) The applicant in Case No. 14134, The Board of County
Commissioners of Rio Arriba County ("County"), seeks cancellation or
suspension of applications for permits to drill ("APDs") issued to Approach
Operating, LLC ("Approach") for the following four wells:

Sena #001 30-039-30386
Sena #002 30-039-30394
Sultemeier #001 30-039-30342
Woolley Family LP #001 30-039-30397

(4) The applicant in Case No. 14141, Approach, seeks approval of APDs for the following six wells:

Avella Sultemeier #002
Rosemary Roller #001
Leo Valdez #001
Cloyd Hinkle #001
Anthony Garcia #001
Benjamin Trujillo #001

(5) When Approach applied for the APD for the Woolley Family LP #001 on October 11, 2007, Approach believed the proposed location was more than 100 feet from ground water and more than 1000 feet from the nearest surface water. The Division approved the APD for the Woolley Family LP #001 on October 18, 2007 based on those representations. Evidence at the hearing demonstrated that the location is within a wetland and approximately 40 feet from surface water sources. Approach has not begun to drill the Woolley Family LP #001.

(6) Evidence presented at hearing concerning the three other APDs that are the subject of Case No. 14134 raised questions about well location, well siting, usable water depths, prior water development and prior mineral development.

(7) At hearing, Counsel for Approach withdrew the APD application for the Benjamin Trujillo #001. Evidence presented at hearing concerning the five other APD applications that are the subject of Case No. 14141 raised questions about well location, well siting, usable water depths, prior water development and prior mineral development.

(8) OCD Rule 19.15.14.1219 NMAC authorizes the Division Director to direct the Oil Conservation Commission to hear any matter.

IT IS THEREFORE ORDERED THAT:

(1) The application for permit to drill the Woolley Family LP #001, API No. 30-39-30397, issued to Approach Operating LLC on October 18, 2007 is hereby cancelled.

(2) The remaining issues raised in Case No. 14134 are referred to hearing before the Oil Conservation Commission. The applications for permits

to drill issued to Approach Operating LLC for the Sultemeier #001, API No. 30-039-30342, the Sena #001, API No. 30-039-30386, and the Sena #002, API No. 30-039-30394, are suspended pending the decision of the Oil Conservation Commission in Case No. 14134.

(3) The application for permit to drill the Benjamin Trujillo #001 heard in Case No. 14141 is hereby dismissed.

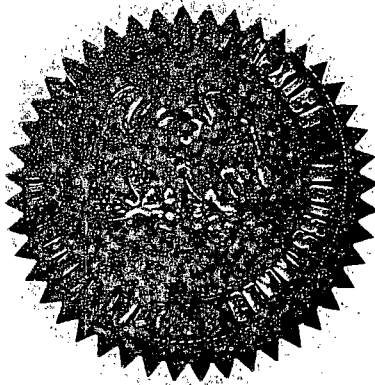
(4) The remaining issues raised in Case No. 14141 are referred to hearing before the Oil Conservation Commission.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



MARK E. FESMIRE, P.E.
Director



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