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Section 16					
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Richardson Operating Company

Downhole Commingling Allocation Methodology

This document describes the methodology used in determining the allocation between the proposed pools to be commingled in the Ropco 16 #2 well. Production data was obtained from the OnGard system when possible. The Ropco 4 #3 data was obtained using current production for Richardson Operating Company files. For consistency the average production from the wells was calculated by using a minimum of 6 months of initial production in the well. This average should represent the initial potential of the well. Data was gathered for the Section 4 T29N, R14W and the eight adjacent sections. Analysis was performed in October, 2002.

The data from four sections did not provide a reliable correlation to determine the allocation: Section 34, T29N R14W, Section 5, Section 8, and Section 9 T29N R14W.

Section 32 T30N R14	IW:				
Fruitland Coal:	Dugan Bi Knobs Com 90	23 Mcf/day			
	Dugan Bi Knobs 91	75 Mcf/day			
Pictured Cliffs:	Dugan Bi Knobs 1	52 Mcf/day			
	Dugan Bi Knobs 2R	104 Mcf/day			
	Richardson WF State 32-1	42 Mcf/day			
FC avg. = 49 PC avg. = 66	Section 32 allocation = 43%	FC, 57% PC			
Section 33 T30N R14W:					
Fruitland Coal:	Richardson WF Federal 33-1	203 Mcf/day			
Pictured Cliffs:	Dugan Cline #1R Richardson WF Federal 33 #3	75 Mcf/day 555 Mcf/day			

FC avg. = 203

PC avg. = 315Section 33 allocation = 39% FC, 61% PC

Section 4 T29N R14W:

Commingled FC/PC: Richardson Ropco 4 #3 425 Mcf/day

Pictured Cliffs: Richardson Ropco 4 #2 231 Mcf/day Richardson Ropco 4 #4 129 Mcf/day

Comm. avg. = 425

PC avg. = 180Section 4 allocation = 57% FC, 43% PC

Richardson Operating Company

Downhole Commingling Application

The Ropco 16 #3 is a newly drilled Basin Fruitland Coal/Twin Mounds Pictured Cliffs well. This well is part of Richardson's development program.

Pursuant to Order R-11363, Richardson Operating company seeks approval to downhole commingle the "Pre-approved pools and areas": Basin Fruitland Coal (71629) and Twin Mounds Pictured Cliffs (86620) in this well.

The Basin Fruitland Coal is perforated at 556'-563', and 566'-572'. The Twin Mounds Pictured Cliffs is perforated at 573'-576'.

Due to the intermingled nature of the pools and since neither pool has enough data to prepare a reliable production forecast or predict the ultimate reserves, therefore, based on production from the surrounding sections, Richardson will allocate production as follows:

<u>Pictured Cliffs Production</u> = 0.51 x Total Production. Fruitland Coal Production = 0.49 x Total Production.

The data used and the corresponding calculations are attached for reference.

The downhole commingling will not reduce the value of the total remaining production of this well.

Ownership between the two pools is not identical.

Richardson Operating Company has sent notice to all interest holders in the spacing units by certified mail (return receipt) of their intent to apply for downhole commingling and no objection was received within 20 days of sending the notice.

Section 3 T29N R14W:

Fruitland Coal: Dugan Federal 1 #99 187Mcf/day

Richardson WF Federal 3 #2 160 Mcf/day

Pictured Cliffs: Dugan Federal 1 #7 266 Mcf/day

Richardson WF Federal 3 #1 128 Mcf/day

FC avg. = 174

PC avg. = 160 Section 3 allocation = 47% FC, 53% PC

Section 10 T29N R14W:

Fruitland Coal: Dugan Federal 1 #98 165 Mcf/day

Pictured Cliffs: Richardson Ropco 10 #2 115 Mcf/day

FC avg. = 165

PC avg. = 115 Section 10 allocation = 59% FC, 41% PC

Summary:

Section 32 allocation = 43% FC, 57% PC

Section 33 allocation = 39% FC, 61% PC

Section 4 allocation = 57% FC, 43% PC

Section 3 allocation = 47% FC, 53% PC

Section 10 allocation = 59% FC, 41% PC

AVERAGE = 49% FC, 51% PC

The proposed allocation for the Ropco 16 #2 will be 49% Fruitland Coal and 51% Pictured Cliffs.