



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

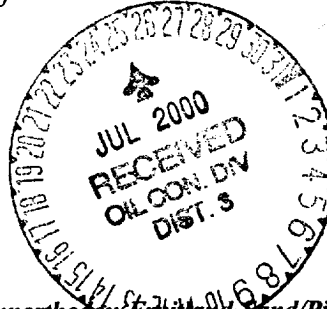
Governor

Jennifer A. Salisbury

Cabinet Secretary

July 21, 2000

Lori Wrotenbery
Director
Oil Conservation Division



JS
Richardson Operating Company
1700 Lincoln - Suite 1700
Denver, Colorado 80203

Attention: Cathleen Colby

Re: *Administrative application dated July 11, 2000 for an unorthodox Fruitland Sand/Pictured Cliffs gas well location for the existing W. F. Federal "3" Well No. 2 (API No. 30-045-30168) recently drilled 2495 feet from the South line and 1290 feet from the West line (Unit L) of Section 3, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico, whereby the SW/4 of Section 3 is to be dedicated to this well in order to form a standard 160-acre gas spacing and proration unit for the Undesignated Twin Mounds-Fruitland Sand-Pictured Cliffs Pool..*

Dear Ms. Colby:

In reviewing the subject application and the records of the New Mexico Oil Conservation Division ("Division") concerning this well I found the following:

- JS*
- (1) according to the "Application for Permit to Drill" for this well dated March 5, 2000 Richardson Operating Company planned to penetrate the Pictured Cliffs formation even though the Fruitland coal interval was the intended zone of interest;
 - (2) in instances where a single wellbore is to be utilized in more than one producing horizon, the operator is expected to drill that well at a location considered to be standard for all intended zones and not just one of the intended formations with the expectation that this is reason enough for approval;
 - (3) the reason for this location based on the historical evolution of Rule 104 does not qualify for administrative approval; and
 - (4) it is not clear if your notification is sufficient to meet **all** requirements of Rule 1207.A (2) (a).

This application is therefore denied, however, under Division Rule 104.F (5), this matter will be set for hearing before a duly appointed Examiner scheduled for August 24, 2000.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington
Kathy Valdes, NMOCD - Santa Fe



RICHARDSON OPERATING COMPANY

1700 Lincoln, Suite 1700
Denver, Colorado 80203 (303) 830-8000
FAX (303) 830-8009

July 11, 2000

Ms. Lori Wrotenbery
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Re: Application for Administrative Approval
Unorthodox Well Location
WF Federal 3-2 Well
NW/4SW/4-Section 3-T29N-R14W
San Juan County, New Mexico

Dear Ms. Wrotenbery:

Richardson Operating Company hereby requests administrative approval for an unorthodox location for the referenced well. Attached for your reference are the following exhibits:

1. Exhibit "A" - Plat showing spacing unit, proposed unorthodox well location and adjoining spacing units and wells
2. Exhibit "B" - Topographic map
3. Exhibit "C" - Well location and acreage dedication plat (Fruitland Coal formation)

The WF Federal 3-2 well was drilled 2495' FSL and 1290' FWL of Section 3, which is a standard location for a Fruitland Coal well, but 145' off the northern outer boundary rather than 660' permitted for a Pictured Cliffs well. With approval, we are interested in completing the well as a downhole commingled Fruitland Coal and Pictured Cliffs well.

The WF Federal 3-2 well will be tied into an existing gathering system in Section 34, T30N-R14W. The requested Pictured Cliffs exception location allows the well to be north of El Paso's high pressure gas lines and north of County Road 6480. Pipeline connection will not require boring under a major county road and interfering with existing pipeline rights-of-way.

The requested exception location will not affect future orderly development of the Pictured Cliffs formation in offsetting spacing units. Currently there is one other Pictured Cliffs well in Section 3. The WF Federal 3-1 well is located 1265' FNL and 1095' FWL, with a distance of 1540' between wells.

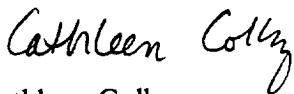
Ms. Lori Wrotenbery
New Mexico Oil Conservation Division
July 11, 2000
Page 2

Notice of this application has given by certified mail to the offsetting operator and mineral lessee, copies of which are attached.

Please advise if you need anything further in this regard.

Sincerely,

RICHARDSON OPERATING COMPANY


Cathleen Colby
Land Manager

Township 29 North, Range 14 West, County San Juan, State New Mexico

Hand-drawn map on a grid showing locations of Richardson Operating Company and Dugan Production Corp. The map includes labels for 'Richardson' (WF Federal 3-1-PC), 'Richardson Operating Company', 'Richardson' (WF Federal 3-2, proposed FCR), 'Dugan Production Corp', and 'Energen Resources Locke #2 Dakota'.

Exhibit "A"

Division II
PO Drawer CD, Artesia, NM 87211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

January 21, 1999
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code	Pool Name
		71629	BASIN FRUITLAND COAL
Property Code	Property Name		Well Number
	WF Federal		3-2
OCRID No.	Operator Name		Elevation
019219	RICHARDSON OPERATING COMPANY		5435'

10 Surface Location

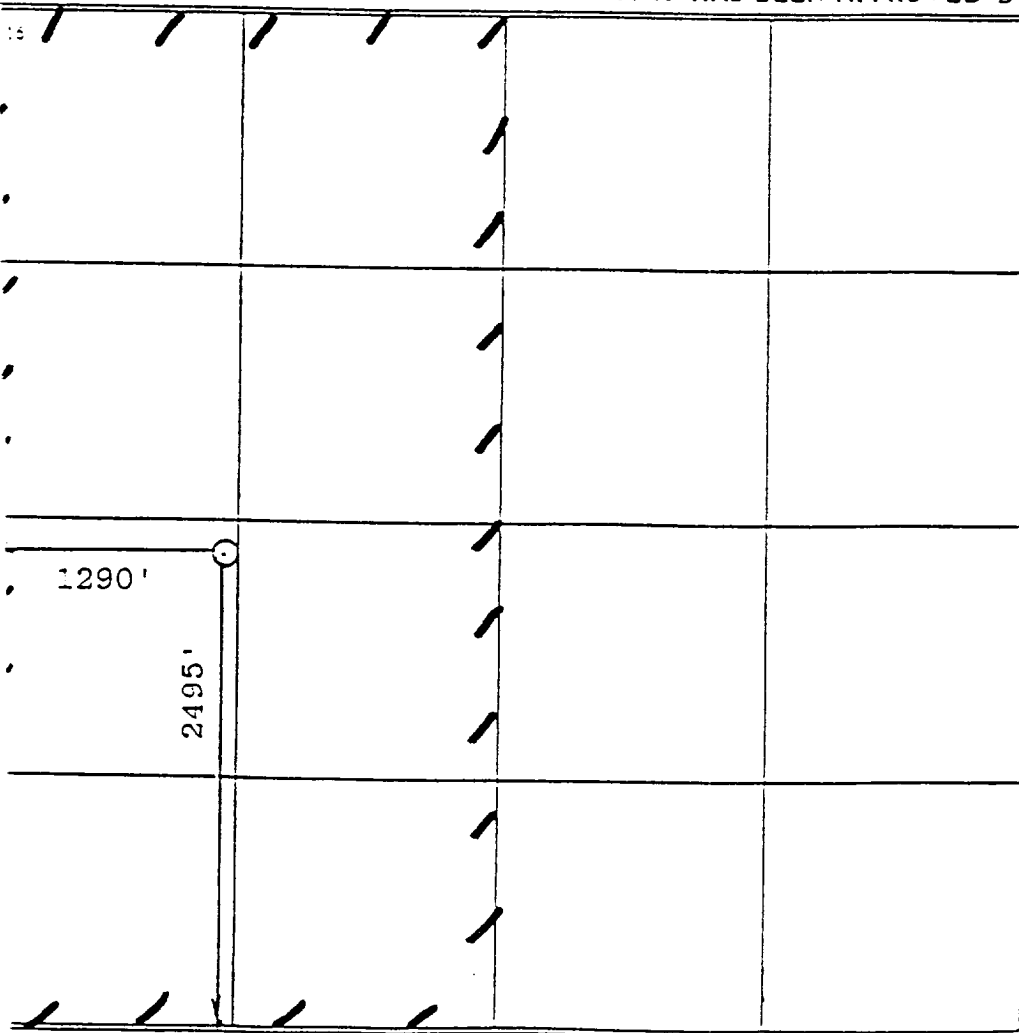
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
L	3	29 N	14 W		2495	South	1290	West	San Juan

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County


Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief



Signature BRIAN WOOD

Printed Name CONSULTANT

Title MAR. 5, 2000

Date

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief

Date of Survey

Signature of Professional Surveyor

6844



Certificate Number

Exhibit "C"



RICHARDSON OPERATING COMPANY

1700 Lincoln, Suite 1700
Denver, Colorado 80203 (303) 830-8000
FAX (303) 830-8009

July 11, 2000

Mr. Kurt H. Fagrelius
Dugan Production Corp.
P.O. Box 420
Farmington, NM 87499-0420

Re: Application for Administrative Approval
Unorthodox Well Location
WF Federal 3-2 Well 2495' FSL and 1290' FWL
NW/4SW/4-Section 3-T29N-R14W
San Juan County, NM

Certified Mail
Return Receipt 7000 0520 0023 4373 1311

Dear Mr. Fagrelius:

Richardson Operating Company is making application to the New Mexico Oil Conservation Division for an unorthodox well location due to surface use considerations. A copy of the application is enclosed for your review.

You are being notified as an offset operator that we are moving toward. If you have no objections to the unorthodox well location, please so indicate by signing below and returning one copy of this letter to us by fax and mail (envelope enclosed). In the event you wish to object, you must notify the New Mexico Oil Conservation Commission at 2040 South Pacheco Street, Santa Fe, NM 87505 within 20 days of receiving this notice.

Sincerely,

RICHARDSON OPERATING COMPANY

Cathleen Colby
Land Manager

Dugan Production Corp. waives objection to the unorthodox well location described above this _____ day of July, 2000.

By: _____

Title: _____