

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240.

DISTRICT II
P.O. Drawer DD Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

WELL API NO. 30-045-30652
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. Navajo 14-20-603-2198
7. Lease Name or Unit Agreement Name Navajo 13
8. Well No. 1
9. Pool name or Wildcat W. Kutz PC/Basin Fruitland Coal

SUNDRY NOTICES AND REPORTS ON WELLS					
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)				7. Lease Name or Unit Agreement Name	
				Navajo 13	
1. Type of Well: OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____				8. Well No.	
2. Name of Operator				1	
Richardson Operating Company					
3. Address of Operator				9. Pool name or Wildcat	
3100 LaPlata Highway, Farmington, NM 87401				W. Kutz PC/Basin Fruitland Coal	
4. Well Location					
Unit Letter <u>A</u> : <u>1300</u> Feet From The <u>North</u> Line and <u>1230</u> Feet From The <u>East</u> Line					
Section <u>13</u> Township <u>29N</u> Range <u>14W</u> NMPM San Juan County					
10. Elevation (Show whether DF,RKB,RT,GR,etc.)					
5240' UG					

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
 TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
 PULL OR ALTER CASING ☐
 OTHER: Downhole Commingling Application ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
 COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐
 CASING TEST AND CEMENT JOB ☐
 OTHER: _____ ☐

12. Describe Proposed or Completed Operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work)
SEE RULE 1103.

Richardson Operating Company proposes to downhole commingle the Basin Fruitland Coal and the West Kutiz Pictured Cliffs in this well. Please see the attached for details on downhole commingling these "pre-approved" pools.

Your consideration and approval of this application is appreciated.

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

SIGNATURE Charles Neeley
TYPE OR PRINT NAME Charles Neeley

TITLE Agent

DATE 10/30/02

TYPE OR PRINT NAME Charles Neeley

TELEPHONE NO. 505-486-0211

(This space for State Use)

APPROVED BY:

TITLE

DATE _____

Richardson Operating Company
Navajo 13 - 1
API No. 30-045-30652
1300' FNL & 1230' FEL
Sec 13, T29N, R14W, NMPM
San Juan County, New Mexico

Down-hole Commingling Application (Details)

The Navajo 13-1 is a newly drilled Basin Fruitland Coal / West Kutz Pictured Cliffs well. This well is part of Richardson's 2002 development drilling program.

Pursuant to Order R-11363, Richardson Operating Company seeks approval to down-hole commingle the "Pre-approved pools and areas": Basin Fruitland Coal (71629) and West Kutz Pictured Cliffs (79680) pools in this well.

The Basin Fruitland Coal formation is perforated: 782' – 785', 815' – 816', 877' – 881' and 894' – 896'. The West Kutz Pictured Cliffs formation is perforated: 898' – 908' in this well.

Due to the vertical proximity 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 wells in this Township and wells in Sections 32 & 33 of T30N, R14W, Richardson will allocate production as follows:

Pictured Cliffs Production = 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 down-hole 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 owners in the spacing units by certified mail (return receipt) of their intent to apply for down-hole commingling. No objection was received within 20 days of sending the notice.

A copy of this application has been submitted via Sundry Notice Form 3160-5 to the Bureau of Land Management.

Your consideration and approval of this application is appreciated.

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 Navajo 13-1 well. Production data was obtained from the On-Gard 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 Section 4, T29N, R14W and the eight adjacent sections.

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 R14W:

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	75 Mcf/day
	Richardson WF Federal 33 #3	555 Mcf/day

FC avg. = 203

PC avg. = 315

Section 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. = 180

Section 4 allocation = 57% FC, 43% PC

Richardson Operating Company
Downhole Commingling Allocation Methodology (Continued)
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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 Navajo 13 No. 1 will be 49% Fruitland Coal and 51% Pictured Cliffs.