



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

COMINGLING ORDER PLC-254

Richardson Operating Company
c/o Neeley Consulting Service, LLC
3001 Northridge Drive
Los Amigos Building
Farmington, New Mexico 87401

Attention: Mr. Charles Neeley, PE

The above-named company is hereby authorized to surface commingle gas production from the Basin-Fruitland Coal (Gas - 71629) and Harper Hill Fruitland Sand-Pictured Cliffs (Gas - 78160) Pools originating from the following-described State and Federal leases located in San Juan County, New Mexico. This gas gathering system is designated the Richardson Operating Company Pinon Mesa Gas Gathering System.

Federal Lease Number

Acreage

NMNM-101552

W/2 of Section 1, T-30N, R-14W
W/2 of Section 12, T-30N, R-14W

NMNM-102886

E/2 of Section 11, T-30N, R-14W

State Lease Number

Acreage

B1-1124-0044

NE/4 NE/4 of Section 2, T-30N, R-14W

B1-1124-0037

SE/4 NW/4 of Section 2, T-30N, R-14W

EO-1545-0000

NW/4 NE/4 of Section 2, T-30N, R-14W

EO-3149-0001

SW/4 NW/4, SE/4 NE/4, NW/4 SE/4 of
Section 2, T-30N, R-14W

VA-1916-001

N/2 NW/4, SW/4 NE/4, SW/4, SW/4 SE/4,
E/2 SE/4 of Section 2, T-30N, R-14W

It is anticipated that approximately 10 wells, either already drilled or to be drilled, will produce into the Pinon Mesa Gas Gathering System. The wells are described as follows:

<u>Well Name & Number</u>	<u>API Number</u>	<u>Well Location</u>
WF Federal "1" # 1	30-045-30660	NE/4 SW/4 of Section 1
WF Federal "1" # 2	N/A	NE/4 NW/4 of Section 1
WF State "2" # 1	30-045-29918	SE/4 NE/4 of Section 2
WF State "2" # 2	30-045-31292	NE/4 NW/4 of Section 2
WF State "2" # 3	30-045-30759	SE/4 SW/4 of Section 2
WF State "2" # 4	30-045-32097	NW/4 SE/4 of Section 2
WF Federal "11" # 1	N/A	NE/4 SE/4 of Section 11
WF Federal "11" # 4	N/A	SE/4 SE/4 of Section 11
WF Federal "12" # 1	N/A	NE/4 SW/4 of Section 12
WF Federal "12" # 2	30-045-30712	NW/4 SW/4 of Section 12

Gas production shall be allocated to each well and/or lease utilizing the method described on Exhibit "A" attached hereto.

Any condensate production shall be separated, measured and stored at individual well sites. No commingling of condensate production shall be allowed.

NOTE: The commingled gas production shall be delivered to a CDP sales meter on El Paso's Pipeline in the NE/4 SW/4 of Section 1, Township 30 North, Range 14 West, NMPM, San Juan County, New Mexico.

NOTE: This installation shall be installed and operated in accordance with the applicable Division rules governing the surface commingling of hydrocarbon production. It is the responsibility of the producer to notify the transporter of this commingling authority.

FURTHER: The operator shall notify the supervisor of the Aztec district office prior to initiating commingling operations.

FURTHER: Prior to commingling, the applicant shall obtain the necessary approval to commingle from the United States Bureau of Land Management and the Commissioner of Public Lands for the State of New Mexico.

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Richardson Operating Company
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DONE at Santa Fe, New Mexico, on this 15th day of June, 2004.



David Catanach
Engineer/Examiner

cc: Oil Conservation Division – Aztec
State Land Office – Oil and Gas Division
Bureau of Land Management – Farmington

Exhibit "A"
Richardson Operating Company
Pinon Mesa Gas Gathering System
Division Order PLC-254

1) Allocation Method for Gas Production

Base Data:

V = Individual Well BTU

W = Gas Volume (MCF) from allocation meters at individual wells during allocation period.

X = Gas Volume (MCF) from CDP Sales Meter (El Paso) during allocation period.

Y = BTU's from CDP Sales Meter (El Paso) during allocation period.

Allocation period is typically a calendar month and will be the same for all wells.

1. A. Individual Gas Well Production, MCF's = A + B + C + D + E

Where:

A = Allocated Sales Volume, MCF = $(W / (\text{Sum } W)) \times X$

B = On-lease fuel usage, MCF. Determined from equipment specifications and operating conditions.

C = Purged and/or vented gas from well and/or lease equipment, MCF. Calculated using equipment specification and procedures.

D = Allocated fuel from gathering system equipment, MCF. The total fuel required to operate gathering system equipment will be allocated to the individual wells benefiting from the equipment using allocation factors determined by $(W / (\text{Sum } W))$ for the wells involved.

E = Allocated volume of gas lost and/or vented from the gathering system and/or gathering system equipment, MCF. The total volume will be determined using industry procedures for the conditions existing at the time of the loss. All volumes corresponding to liquid condensation within the gathering system will also be determined. The total volume lost and/or vented will be allocated to the individual wells affected using factors determined by $(W / (\text{Sum } W))$.

B. Allocated Individual Well BTU's

1) Allocated Individual Well BTU's = $((W \times V) / \text{SUM } (W \times V)) \times Y$