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		0	neering Bureau -		
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T	THIS CHECKLIST IS M		TRATIVE APPLICATIONS FOR PROCESSING AT THE DIVISIO		SION RULES AND REGULATIONS
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	[DHC-Down [PC-Po	ol Commingling] [OL: [WFX-Waterflood Expan	[CTB-Lease Comminglin S - Off-Lease Storage] hsion] [PMX-Pressure Disposal] [IPI-Injectio	ng] [PLC-Pool/Le [OLM-Off-Lease Maintenance Exp n Pressure Increas	ease Commingling] Measurement] pansion] se]
[1]	TYPE OF AP	PLICATION - Check	Those Which Apply for	[A]	n A.H.
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	[C]	Injection - Disposal - I	Pressure Increase - Enha		
	[D]	Other: Specify			
[2]	NOTIFICAT	ION REQUIRED TO:	- Check Those Which A or Overriding Royalty		ot Apply
	[B]	Offset Operators,	Leaseholders or Surface	e Owner	
	[C]	Application is On	e Which Requires Publi	ished Legal Notice	
	[D]	U.S. Bureau of Land Manag	or Concurrent Approval gement - Commissioner of Public Lai	by BLM or SLO	
	[E]	For all of the abo	ve, Proof of Notification	or Publication is A	Attached, and/or,
	[F]	Waivers are Attac	ched		
[3]		CURATE AND COMP ATION INDICATED A		ON REQUIRED T	O PROCESS THE TYPE

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Sta	tement must be completed by an individual v	with managerial and/or supervisor	y capacity.
Paul Lehrman	Kaln	Landman	6/30/03
Print or Type Name	Signature	Title	Date
	V	_plehrman@digii.net e-mail Address	

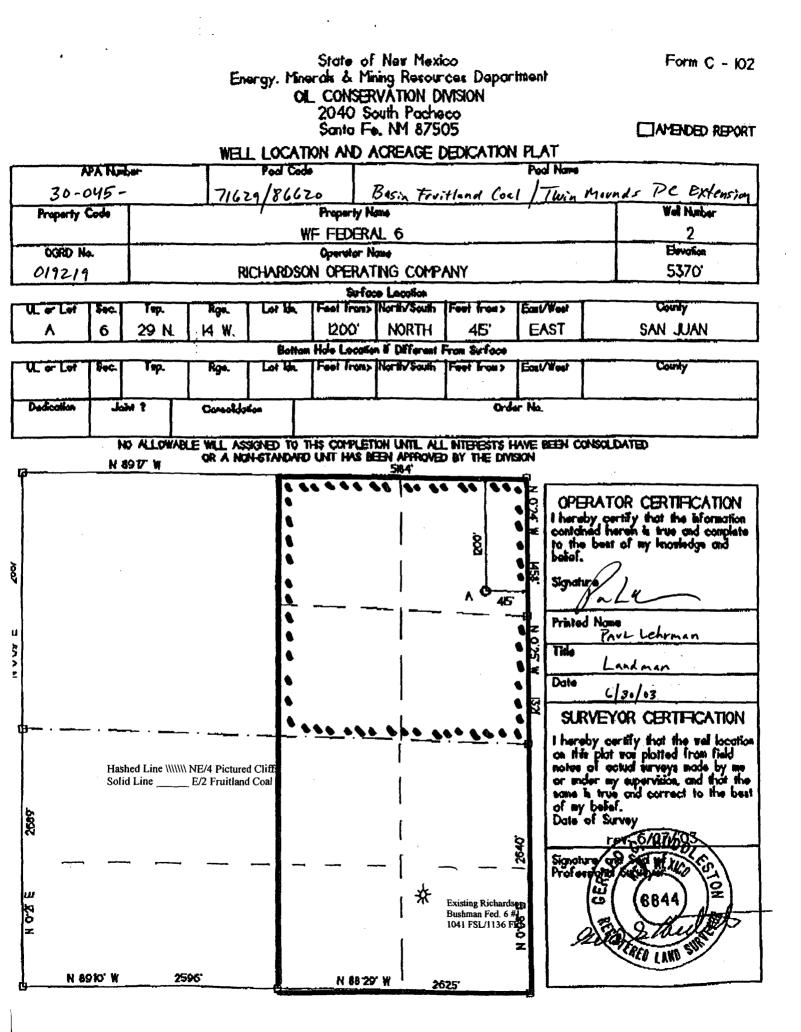
#### REQUEST FOR ADMINISTRATIVE APPROVAL FOR NON-STANDARD LOCATION FOR RICHARDSON OPERATING COMPANY WF FEDERAL 6 #2 1200' FNL & 415 FEL, SECTION 6, TOWNSHIP 29 NORTH, RANGE 14 WEST, NMPM, SAN JUAN COUNTY, NEW MEXICO

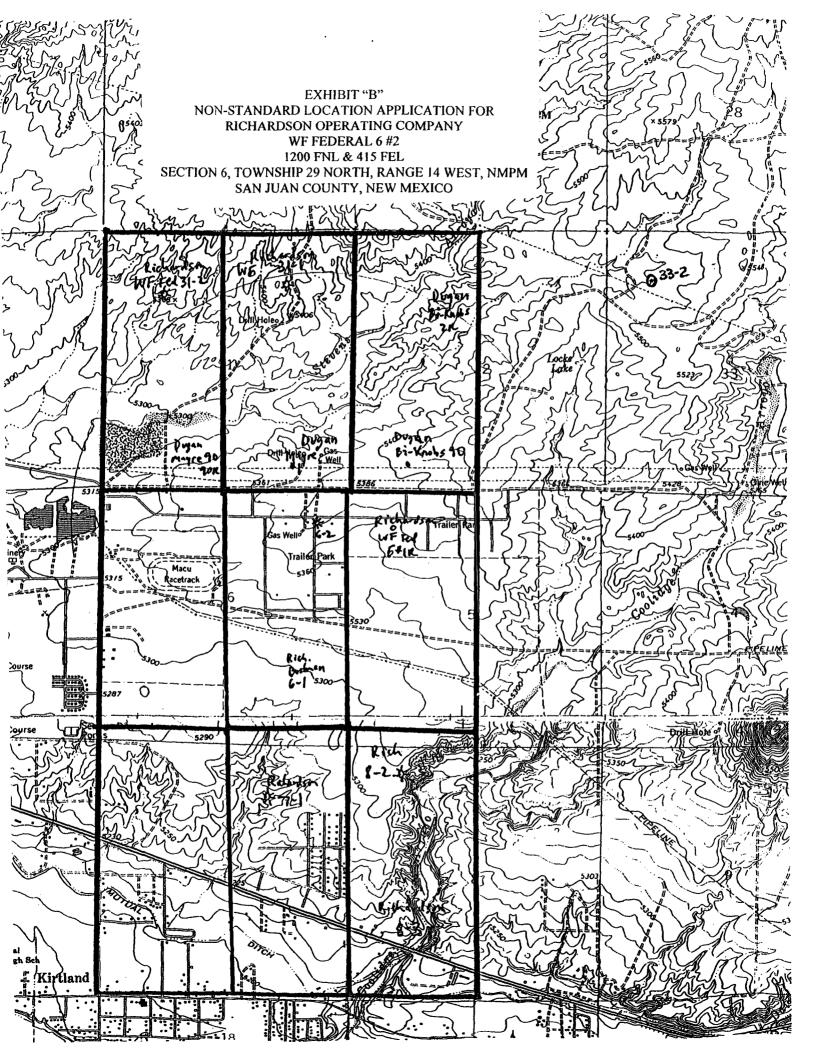
- 1) The referenced well is located on fee surface, federal minerals. The proposed location is non-standard because of proximity to occupied residential real estate north of the Kirtland, New Mexico area. According to NMOCD rules well locations depending on formation drilled must be 660' from the quarter section lines. The well location is 415' from the East Section line of Section 6. Therefore the Federal 6 #2 location is approximately 245' too far east. There is no physical location that would be legal because of occupied dwellings. Richardson controls the Fruitland Coal and Pictured Cliffs rights in the E/2 of Section 6.
- 2) A C-102 (Exhibit "A") is attached showing the well location and the proration unit for the proposed Fruitland Coal/Pictured Cliffs well. Application for Permit to Drill (APD) this well was submitted to the Bureau of Land Management, Farmington Field Office on June 30, 2003. A copy is attached to this application. Adding the Fruitland Coal pursuant to Order No. R-8768-C (71629) was included to infill the existing Richardson Bushman Federal 6#1 well as shown on the C-102. The Twin Mounds PC Extension will be a new completion in this pool.
- 3) A map (Exhibit "B") is attached showing the adjoining spacing units and existing Fruitland Coal/Pictured Cliffs wells. Richardson controls the Fruitland/PC rights in the offsetting spacing units, with the exception of those controlled by Dugan Production Corp. as shown on Exhibit "B".
- 4) Certified letters have been sent to offsetting operators to notify them of our intentions. Copies of the letters are attached to this application.
- 5) Existing land use concerns and the fact that the existing location exists force a non-standard location exception for this action. It would not be feasible to build a legal location to drill this Fruitland Coal/Pictured Cliffs well.
- 6) Archaeology and topography are not issues with this well.
- 7) Directional drilling is not feasible for such a shallow completion.
- 8) A non-standard location is requested because of surface conditions, i. e., existing occupied dwellings, streets and real estate in Kirtland, New Mexico.
- 9) I hereby certify that notice was sent to the following offset operators, leaseholders or Surface Owners which adjoin the applicant's spacing unit.

Dugan Production Corp.

I Lehrman

Richardson Operating Company June 30, 2003





# RICHARDSON PRODUCTION COMPANY 501 Airport Drive, Suite 119 -8115 FARMINGTON, NM 87401 FAX (505) 564-8334

## Phone (505) 564-8115

June 30, 2003

Certified Mail Return Receipt Requested Article No. 7002 3150 0002 0906 8223

Mr. Dave Poage Dugan Production Corp. P.O. Box 420 Farmington, NM 87499

RE: Non-Standard Location Application Proposed Fruitland/PC Well Richardson WF Federal 6 #2 <u>Township 29 North, Range 14 West, NMPM</u> 1200' FNL & 415 FEL Section 6: NE/4 San Juan County, New Mexico

Dear Mr. Poage:

As required by New Mexico Oil Conservation Division (NMOCD) Rules, this letter will serve to notify you of the following non-standard location application for a well. This letter is a notice only. No action is required on your part unless you have questions or objections. Any objections must be filed in writing within 20 days of receipt of the application by the NMOCD.

Richardson Operating Company is applying to the NMOCD for a non-standard location for its proposed Richardson Operating WF Federal 6 #2 well in the Fruitland Coal/Pictured Cliffs formation. The minimum distance from quarter section lines required by NMOCD rules is 660'. Due to existing surface conditions (existing location), the well is approximately 415' from the east line of Section 6.

San Juan Co., NM
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37401
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Submittal Information: Application for a non-standard location will be filed with the NMOCD. If they determine the application complies with the regulations, it will be approved. Any questions can be submitted to the New Mexico Oil Conservation Division, whose address is 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. Their phone number is 505/476-3440.

Thank you for your consideration in this matter.

Please call me at 505/564-8115 (Richardson's Land Office) if you have any questions.

Sincerely. •

Paul Lehrman

Enclosures

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DEL	IVERY	
<ul> <li>Complete items 1, 2, and 3. Also comitem 4 if Restricted Delivery is desired</li> <li>Print your name and address on the restricted Delivery is desired</li> </ul>	l. everse	A. Signature	Agent Addressee	
so that we can return the card to you. Attach this card to the back of the ma or on the front if space permits.		B. Received by (Printed Name)	C. Date of Delivery	
1. Article Addressed to:		D. Is delivery address different from iter if YES, enter delivery address below	<b>-</b>	
Dugan Hod. Cop. P.O. Box 420 Farm. NA 87499				
P.O. Box 420				
Farm. NA 87499		3. Service Type       Certified Mail       Registered       Insured Mail       Insured Mail	il eipt for Merchandise	
: 		4. Restricted Delivery? (Extra Fee)	Q Yes	
2. Article Number (Transfer from service label)	7002 J	120 0002 0906 8223		
PS Form 3811 August 2001	Domestic Bet	um Receint	240281-03-7-0085	



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				City, State, ZIP+4	Farm, NM 87	495		
				PS Form 3800, June 20	002	See Reverse for Instructions		

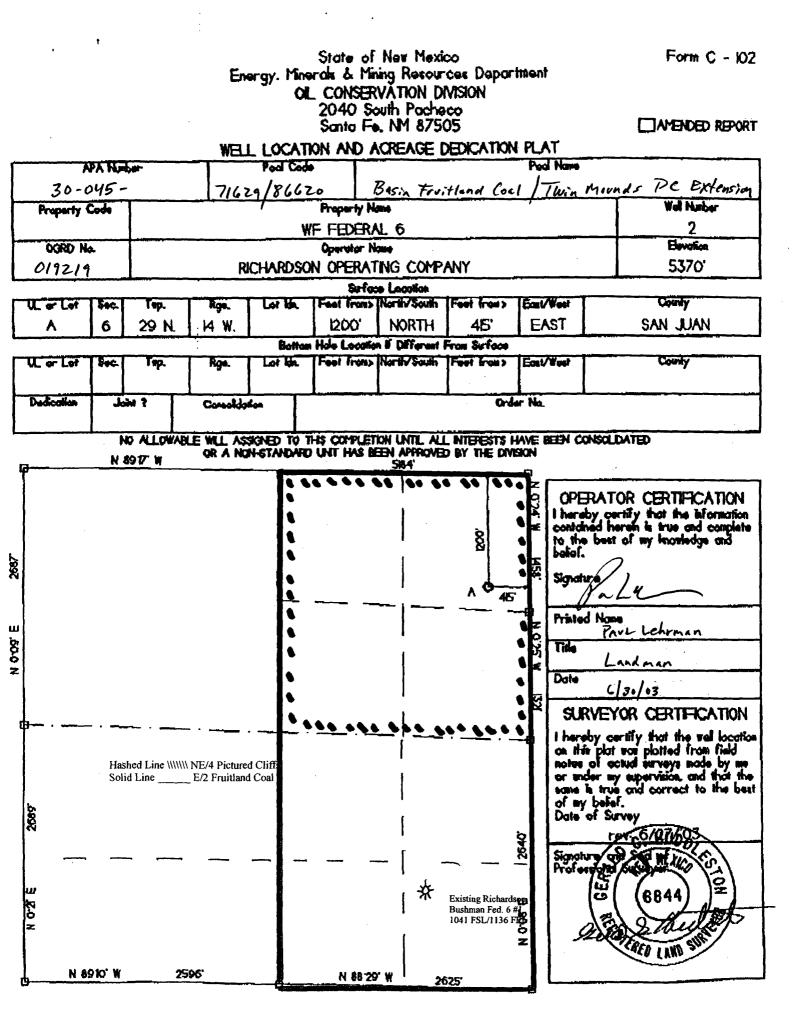
Form 3160-3 (September 2001)					APPROVE 0. 1004-01 auary 31, 2	36
UNITED STATES DEPARTMENT OF THE IN	5. Lease Serial No.					
BUREAU OF LAND MANAG				NMNM-89026 6. If Indian, Allottee or Tribe Name		
				N/A		
1a. Type of Work: XK DRILL REENTED	R			<ol> <li>If Unit or CA Agreement, Name and No. N/A</li> </ol>		
1b. Type of Well: 🖸 Oil Well 🛣 Gas Well 📮 Other	[	Single Zone XX Multip	le Zone	8. Lease Name and Well No. WF Federal 6 #2		
2. Name of Operator Richardson Operating Con	mpany	7		9. APL Well No. 30-045-		
	3b. Pho	ne No. <i>(include area code)</i> )5/564-3100		10. Field and Pool, or Basin Fru Twin Mound	Explorate t11111 1s PC	a <sup>y</sup> Coal Ext.
4. Location of Well (Report location clearly and in accordance with a	any State	requirements.*)		11. Sec., T., R., M., or		
At surface 1200 FNL & 415 FEL At proposed prod. zone				6-T29N-1	R14W,	NMPM
	1 mi]	le north of Kir	tland	12. County or Parish San Juan		13. State NM
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)		ng Unit dedicated to this well E/4-PC E/2-FC				
<ol> <li>Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.</li> <li>3039*</li> </ol>	19. Pr	1 1 1		/BIA Bond No. on file 293308-BLM Nationwide		
21. Elevations (Show whether DF, KDB, RT, GL, etc.)	22. Aț	22. Approximate date work will start*		23. Estimated duration		
5370GL	Upon approval 2 weeks			<del></del>		
		Attachments				
<ol> <li>The following, completed in accordance with the requirements of Onshor</li> <li>Well plat certified by a registered surveyor.</li> <li>A Drilling Plan.</li> <li>A Surface Use Plan (if the location is on National Forest System SUPO shall be filed with the appropriate Forest Service Office).</li> </ol>		<ul> <li>4. Bond to cover th Item 20 above).</li> <li>5. Operator certification</li> </ul>	e operation ation. specific info	s form: ns unless covered by an prmation and/or plans a		
25. Signature	1	Name (Printed/Typed) Paul Lehrman			Date	6/30/03
Title Landman					1	
Approved by (Signature)	· · · · · · · · · · · · · · · · · · ·	Name (Printed/Typed)			Date	
Title	1	Office		·	<u> </u>	
Application approval does not warrant or certify the the applicant holds le operations thereon. Conditions of approval, if any, are attached.	egal or ec	quitable title to those rights in	the subject l		e the app	licant to conduct
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it States any false, fictitious or fraudulent statements or representations as to	a crime o any ma	for any person knowing an the within its juristiction.	d willfully to	o make to any departme	ent or age	ncy of the United
*(Instructions on reverse)						
This well will be an infill well p	pursu	ant to to der No	o. R-87	768-C (71629)	). Th	e PC will

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be a new pool completion.

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# Richardson Operating Company WF Federal 6 #2 1200' FNL & 415' FEL Section 6, T29N, R14W, NMPM San Juan County, New Mexico

#### **DRILLING PROGRAM**

#### 1. ESTIMATED FORMATION TOPS:

Formation	GL Depth	KB Depth	Subsea Elevation			
Kirtland Sh	000'	5'	+5,375+'			
Fruitland Fm	510'	515'	+4,865'			
Pictured Cliffs Ss	760'	765'	+4,615'			
Total Depth (TD)*	960'	965'	+4,415'			
*All elevations reflect the ungraded ground level of 5,370'						

#### 2. NOTABLE ZONES:

Gas Zones	Water Zones	Coal Zones
Fruitland Fm (510')	Fruitland Fm (510')	Fruitland Fm (510')
Pictured Cliffs (760')		

Water zones will be protected with casing, cement, and weighted mud. Fresh water encountered during drilling will be recorded by depth, cased, and cemented. Oil and gas shows will be tested for commercial potential based on the well site representatives recommendations.

#### 3. PRESSURE CONTROL:

The drilling contract has not yet been awarded, thus the exact BOP model to be used is unknown. (A typical 2,000 psi model has been attached to the end of the drilling program.) Double ram or annular system with a rotating head will be used. All ram preventers and related equipment will be hydraulically tested at nipple up and after any use under pressure to 1000 psi.

Blind rams will be hydraulically activated and checked for operational readiness each time pipe is pulled out of the hole. All checks of the BOP stack and equipment will be noted on the daily drilling report. BOP equipment will include a floor safety valve and choke manifold rated to 2000 psi. Maximum expected pressure is 520 psi.

# Drilling Program Richardson Operating Company

Page Two

# 4. CASING AND CEMENTING PROGRAM:

<u>Hole Size</u>	<u>O.D.</u>	Weight (lb/ft)	<u>Grade</u>	Age	GL Setting Depth
8 <sup>3</sup> / <sub>4</sub> "	7"	17	J-55	New	120'
6 ¼"	4 ¼"	10.5	J-55	New	850'

Surface casing will be cemented to surface with  $\approx 36$  cu.ft. ( $\approx 30$  sx) Class B + 2% CaCl. Volume is based on 100% excess, yield of 1.18 cu.ft./sk, and slurry weight of 15.6 ppg. WOC = 12 hours. Pressure test surface casing to 600 psi for 30 minutes.

Production casing hole will first be cleaned of rock chips by circulating at least 150% of hole volume with drilling fluid to surface. Thirty barrels of fresh water will then be circulated. Lead with  $\approx$ 90 cu.ft. ( $\approx$ 45 sx) Class B with 2% metasilicate (yield = 2.06 cu.ft./sk, slurry weight = 12.5 ppg). Tail in with  $\approx$ 70 cu.ft. ( $\approx$ 60 sx) Class B with 2% CaCl (yield = 1.18 cu.ft./sk, weight = 15.6 ppg). Total cement volume is  $\approx$ 160 cu.ft. based on 75% excess and circulating to surface.

Production casing will have  $4\frac{1}{2}$ " cement guide shoe and self fill float collar. Float will be placed one joint above the shoe. Four centralizers will be spaced every other joint starting above the shoe. Four turbolizers will be placed every other joint starting from the top of the well.

# 5. MUD PROGRAM:

Surface casing hole will be drilled with fresh water. Production casing hole will be drilled with a fresh water polymer mud. Weighting material will be drill solids or, if needed, barite. Maximum expected mud weight will be 8.7 ppg. Sufficient material to maintain mud properties, control lost circulation, and contain a blowout will be available at the well while drilling.

# 6. CORING, TESTING, & LOGGING:

No cores or DSTs are planned. A cased hole CNL/GR will be run from TD to surface.

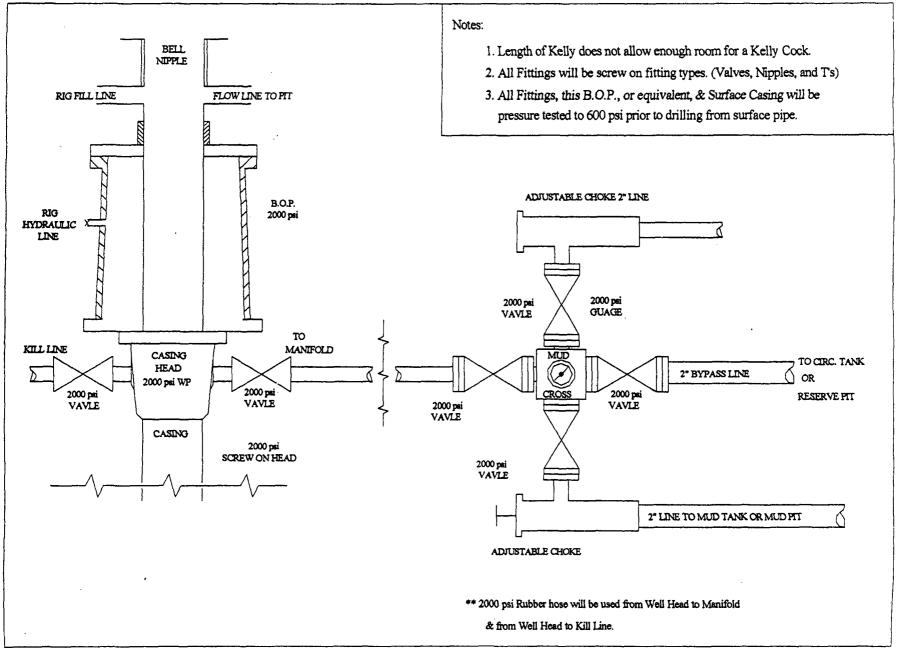
# 7. DOWNHOLE CONDITIONS:

No abnormal pressures, temperatures, nor hydrogen sulfide are expected. Maximum pressure will be approximately  $\approx$ 520 psi.

# 8. OTHER INFORMATION:

The anticipated spud date is August 1, 2003. It should take 5 days to drill and 1 week to complete the well.

# BLOW OUT PREVENTER (B.O.P.)



Richardson Operating Company WF Federal 6 #2 1200' FNL & 415' FEL Section 6, T29N, R14W, NMPM San Juan County, New Mexico

# SURFACE USE PLAN

# 1. **<u>DIRECTIONS & EXISTING ROADS:</u>** (See attached)

From the junction of US 64 and Highway 173 (La Plata Highway) in Farmington, New Mexico, Go 6.3 miles West on Highway 64 to San Juan County Road 6500, Then turn right and go North 1.25 miles on CR 6500, until the junction of CR 6500/CR 6480. Then turn right and drive approximately .75 miles on CR 6480 to CR 6481. Then drive approximately .10 miles to new access road on left.

Roads will be maintained to a standard at least equal to their present condition.

# 2. ROADS TO BE UPGRADED OR BUILT:

Approximately 155 feet of new access road will be built. The new well pad will be used for all operations.

# 3. EXISTING WELLS:

According to NM Oil Conservation Division records in Santa Fe and the State Engineers office in Aztec, New Mexico, there are nine gas wells and five plugged and abandoned wells are within a mile radius, four water and no oil or injection wells within a mile. The gas wells and plugged and abandoned wells are depicted on the plat on page 12.

# 4. PROPOSED PRODUCTION FACILITIES:

A meter run and separator are planned on the pad. A pump will be installed. Surface equipment will be painted a flat juniper green color.

Water and gas lines will be taken approximately 155 feet westerly to existing Richardson water and gas lines. See page 10 for pipeline route.

# 5. WATER SUPPLY:

Water will trucked from a private water source in Farmington.

# Surface Use Plan Richardson Operating Company

Page 2

# 6. CONSTRUCTION MATERIALS & METHODS:

NM One Call (1-800-321-ALERT) will be notified prior to any new construction. A minimum 12 mil plastic liner will be installed in the reserve pit.

# 7. WASTE DISPOSAL:

All trash will be placed in a portable trash cage. It will be hauled to the county landfill. There will be no trash burning. Once dry, the contents of the reserve pit will be buried in place. Human waste will be disposed of in chemical toilets and hauled to an approved dump station.

## 8. ANCILLARY FACILITIES:

There will be no airstrips or camps. Camper trailers may be on location for the company man, tool pusher, or mud logger.

## 9. WELL SITE LAYOUT:

See attached for depictions of the well pad, cross section, cut and fill diagram, reserve pit, trash cage, access onto the location, parking and living facilities, and rig orientation.

## 10. <u>RECLAMATION:</u>

Reclamation starts once the reserve pit is dry. It usually takes a year for a reserve pit to fully evaporate, at which point it will be backfilled. The pad and backfilled pit will be recontoured to a natural appearance, soil spread evenly over disturbed areas, and disturbed areas ripped or harrowed. BLM's seed mix #2 will be drilled between July 1 and September 15. If broadcast, the rate will be doubled. A harrow or cable will be dragged over the area to assure seed cover.

If the well is a producer, then the reserve pit and any other areas not needed for workovers will be reclaimed as previously described.

## 11. SURFACE OWNER:

Well site, road and pipeline are all on lease.  $\approx 0.030$  mile of road/pipeline is on private surface.

# Surface Use Plan Richardson Operating Company

Page 3

# 12. OTHER INFORMATION:

The nearest hospital is a 20 minute drive away in southwest Farmington.

# 13. <u>REPRESENTATION:</u>

Anyone having questions concerning the APD should call the field representative:

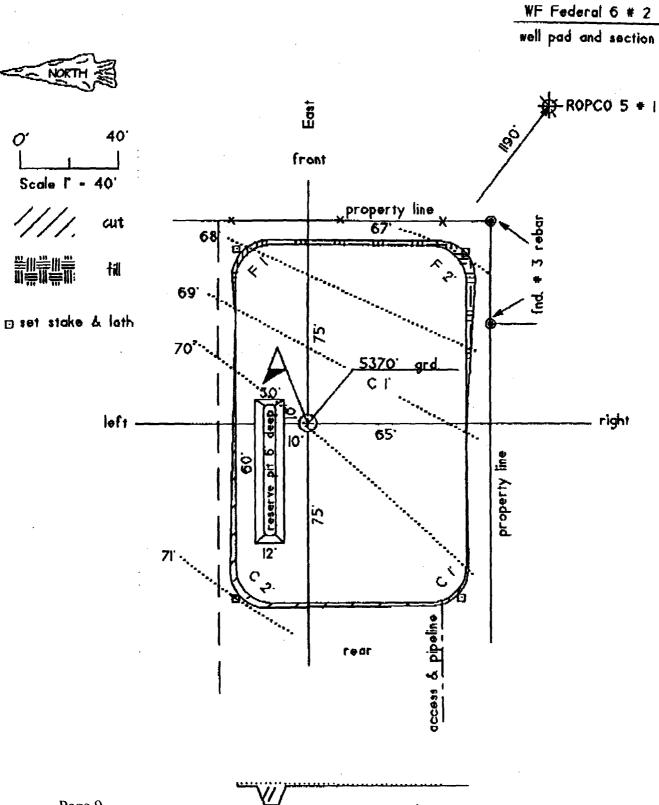
Drew Carnes, Operations Manager Richardson Operating Company 3100 La Plata Highway Farmington, NM 87401 (505) 564-3100 FAX (505) 564-3109 Cellular (505) 215-3926

Richardson Operating Company has the necessary consents from the proper lease owners to conduct lease operations in conjunction with this well. Bond coverage is pursuant to 43 CFR 3104 for lease activities and operations are being provided by Richardson Operating Company.

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with operations proposed herein will be performed by Richardson Operating Company and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to provisions of 18 USC 1001 for the filing of a false statement.

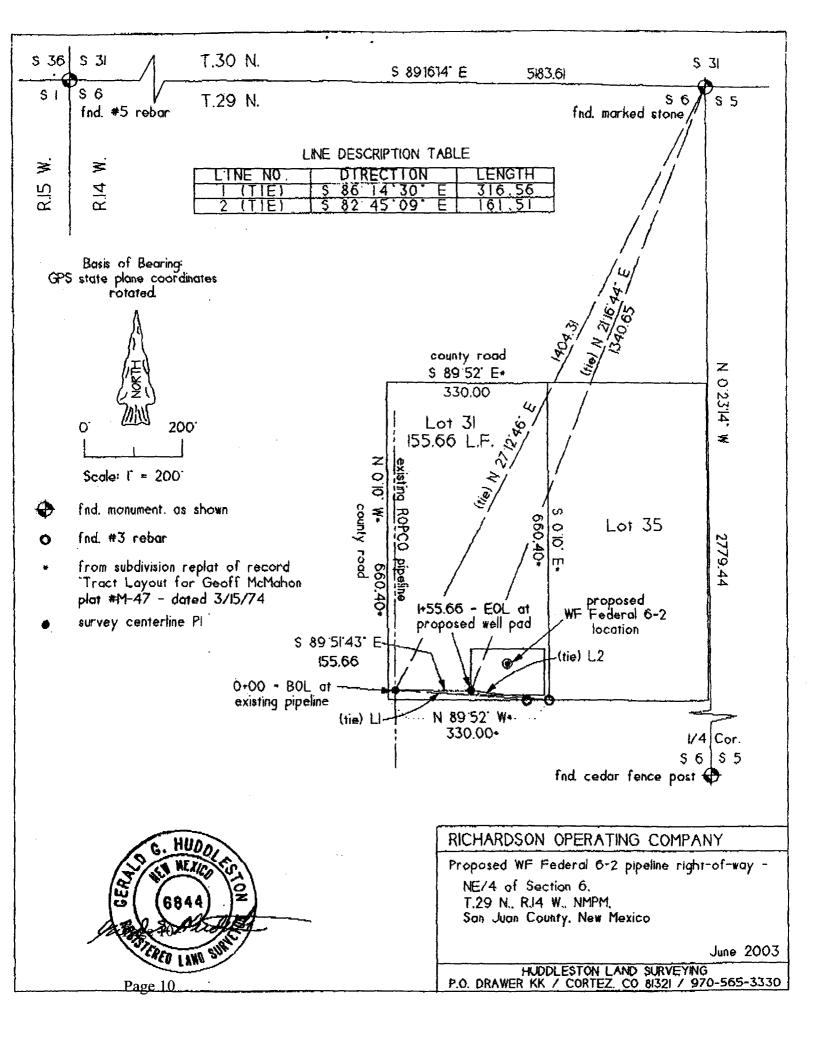
tions Manager

June 24, 2003



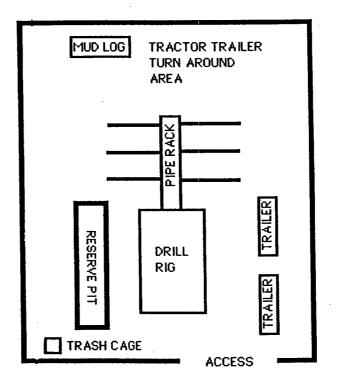
Page 9

section



**PAGE 11** 

#### WELL SITE LAYOUT RICHARDSON OPERATING COMPANY WF FEDERAL 6 #2 1200' FNL & 415' FEL SECTION 6, TOWNSHIP 29 NORTH, RANGE 14 WEST, NMPM SAN JUAN COUNTY, NEW MEXICO



NORTH

