

5/10/99 5/31/99 DC KV DHC

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location] [DD-Directional Drilling] [SD-Simultaneous Dedication] [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling] [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement] [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion] [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase] [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Directional Drilling [] NSL [] NSP [] DD [] SD

MAY 10 1999

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Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement [x] DHC [] CTB [] PLC [] PC [] OLS [] OLM [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery [] WFX [] PMX [] SWD [] IPI [] EOR [] PPR

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or [] Does Not Apply

- [A] [x] Working, Royalty or Overriding Royalty Interest Owners [B] [] Offset Operators, Leaseholders or Surface Owner [C] [] Application is One Which Requires Published Legal Notice [D] [] Notification and/or Concurrent Approval by BLM or SLO U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office [E] [] For all of the above, Proof of Notification or Publication is Attached, and/or, [F] [] Waivers are Attached

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

John C. Thompson Print or Type Name

[Signature] Signature

Agent/Engineer Title

5/6/99



**Ms. Lori Wrotenberry
New Mexico Oil Conservation Division
2040 S. Pacheco
Santa Fe, New Mexico 87504**

April 6, 1999

*Re: Downhole Commingle Application
Richardson Operating Company
Ms. Nona #2
920' FNL & 970' FEL, Section 15, T30N, R14W
San Juan County, New Mexico
Basin Fruitland Coal and Harper Hill Frt. Sand/ Pictured Cliffs Ext.*

Dear Ms. Wrotenberry,

This is a request for administrative approval for downhole commingling of the production from the Basin Fruitland Coal and the Harper Hill Fruitland Sand / Pictured Cliffs Ext.

I have attached for your review, an acreage plat outlining the dedicated acreage and offset operators. I have also included a proposed allocation formula with a short discussion of the history of the well.

The offset operators are being notified of this application by certified return receipt mail. Copies of these letters are enclosed.

Thank you for your consideration and approval of this application. If you have any questions or concerns please do not hesitate to contact me anytime at (505) 327-4892.

Sincerely,

John C. Thompson
Engineer

rr

Enclosures

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-A
New 3-12-96

DISTRICT II
811 South First St., Artesia, NM 88210-2835

OIL CONSERVATION DIVISION

APPROVAL PROCESS:

DISTRICT III
1000 Rio Brazos Rd, Artec, NM 87410-1693

2040 S. Pacheco
Santa Fe, New Mexico 87505-6429

Administrative Hearing

EXISTING WELLBORE

APPLICATION FOR DOWNHOLE COMMINGLING

YES NO

Operator: RICHARDSON OPERATING COMPANY 1700 Lincoln, Suite 1700 Denver, CO 80203

Ms. Nona #2 15 30N 14W San Juan

Lease Well No. Unit Ltr. Sec. Twp. Rge County

OGRID NO. 019219 Property Code 24386 API NO. 30-045-22764 Spacing Unit Lease Types: (check 1 or more) Federal State (and/or) Fee

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	71629 Basin Fruitland Coal		78160 Harper Hill Frt Sand/PC EX
2. Top and Bottom of Pay Section (Perforations)	1762-1772'		1776-1786'
3. Type of production (Oil or Gas)	Gas		Gas
4. Method of Production (Flowing or Artificial Lift)	Pumping		Pumping
5. Bottomhole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: <u>Estimated Or Measured Original</u>	a. (Current)	a.	a.
	b. (Original) 200	b.	b. 200
6. Oil Gravity ($^{\circ}$ API) or Gas BTU Content	1000		1000
7. Producing or Shut-In?			
Production Marginal? (yes or no)	Yes		Yes
* If Shut-In, give date and oil/gas/water rates of last production Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data * If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: Rates:	Date: Rates:	Date: Rates:
	Date: Rates:	Date: Rates:	Date: Rates:
8. Fixed Percentage Allocation Formula - % for each zone	Oil: % Gas: %	Oil: % Gas: %	Oil: % Gas: %

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.

10. Are all working, overriding, and royalty interests identical in all commingled zones? Yes No
If not, have all working, overriding, and royalty interests been notified by certified mail? Yes No
Have all offset operators been given written notice of the proposed downhole commingling? Yes No

11. Will cross-flow occur? Yes No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. Yes No (If No, attach explanation)

12. Are all produced fluids from all commingled zones compatible with each other? Yes No

13. Will the value of production be decreased by commingling? Yes No (If Yes, attach explanation)

14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. Yes No

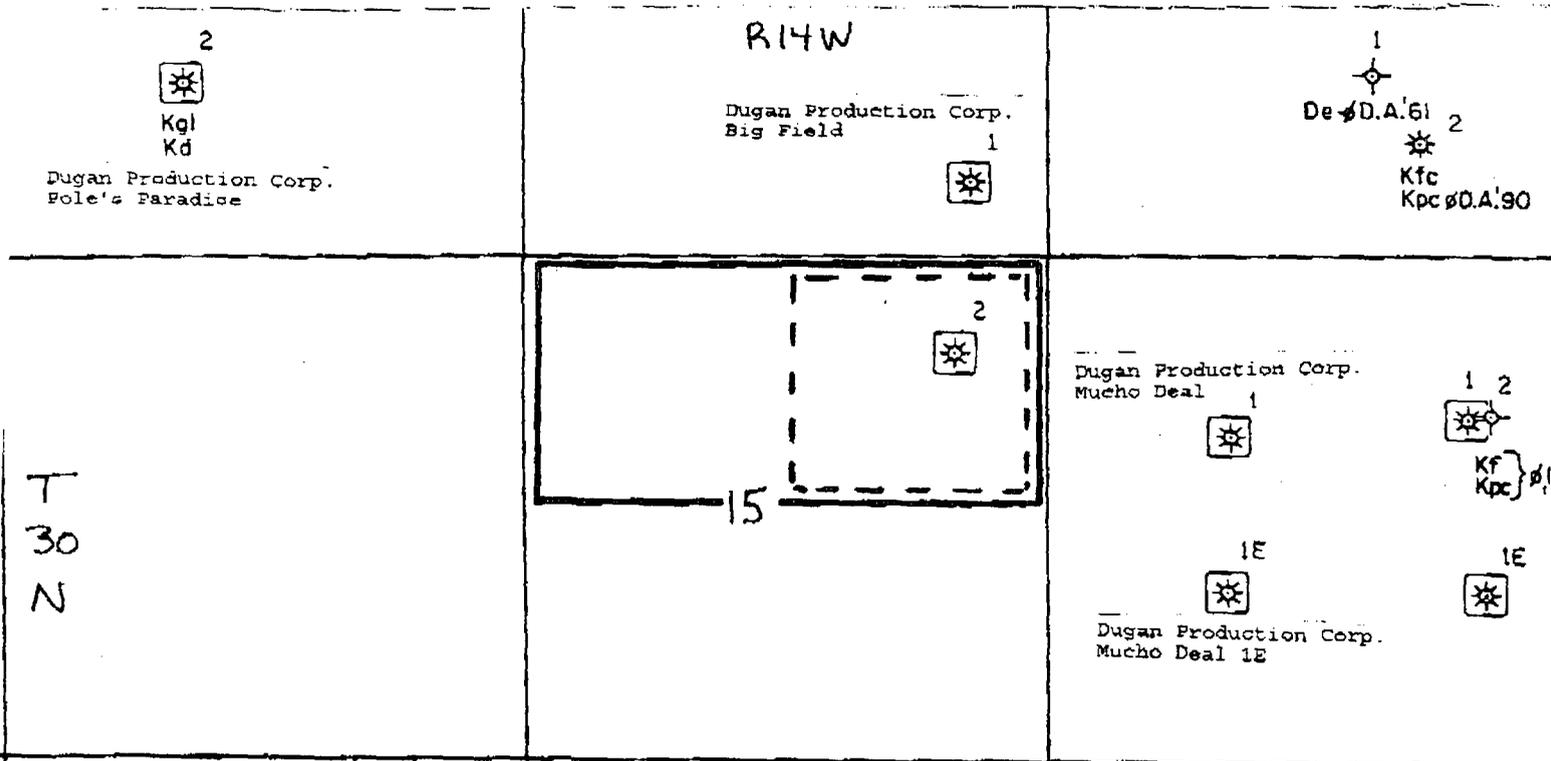
15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S). _____

16. ATTACHMENTS:
- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
 - Production curve for each zone for at least one year. (If not available, attach explanation.)
 - For zones with no production history, estimated production rates and supporting data.
 - Data to support allocation method or formula.
 - Notification list of all offset operators.
 - Notification list of working, overriding, and royalty interests for uncommon interest cases.
 - Any additional statements, data, or documents required to support commingling.

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

SIGNATURE [Signature] TITLE Agent/Engineer DATE 5/6/99

TYPE OR PRINT NAME John C. Thompson TELEPHONE NO. (505) 327-4892



RICHARDSON OPERATING COMPANY
Ms. Nona #2
Commingling Application

The Ms. Nona #2 has been plugged back from the Dakota and is currently producing from the Pictured Cliffs formation. This is the only Pictured Cliffs well in this section and the surrounding eight section area. There are currently no Fruitland Coal completions in this nine-section area.

Based on recent Richardson Operating wells in the southwest quarter of this township, it is anticipated that both zones will have similar bottom hole pressures of approximately 200 psi. Both zones produce some water and no liquid hydrocarbons. Neither zone is fluid sensitive and fluids from the two zones are compatible.

Since neither zone has enough data to prepare a reliable production forecast, or predict the ultimate reserves, Richardson Operating proposes to allocate the production based on a ratio of the initial production rates. The Pictured Cliffs zone has already been completed and is currently selling gas. This production will establish the baseline for the Pictured Cliffs production. The Fruitland Coal formation will be completed separately but it will have to be produced with the Pictured Cliffs. The Fruitland Coal production will be the total measured production minus the Pictured Cliffs baseline rate.

Assuming a 7% decline rate from the Pictured Cliffs the allocation formula is as follows:

Pictured Cliffs Production = Pictured Cliffs base rate $\times e^{-Dt}$, where $D = 7\%/yr$ and $t =$ time in years since first production.

Fruitland Coal Production = Total Production – Pictured Cliffs production.

Richardson Operating Company

**Ms. Nona #2
920' FNL & 970' FEL, Section 15, T30N, R14W
San Juan County, New Mexico
Basin Fruitland Coal and Harper Hill Frt. Sand/ Pictured Cliffs Ext.**

The following offset Operators have received written notice of the proposed downhole commingling application:

Dugan Production Company

The following royalty and overriding royalty interest owners have received written notice of the proposed downhole commingling application:

*Key Production Company
Dorothy R. Brown Mineral Trust
Diana H. Cook
Amoco Production Company*

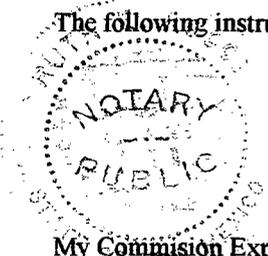
*William H. Brown Trust
Celsius Energy Company
Robert S. Tatum
Yates Petroleum Corporation*

I certify that copies of the Application for Downhole Commingling has been mailed to the above operators and interest owners.



SAN JUAN COUNTY)
) ss
STATE OF NEW MEXICO)

The following instrument was acknowledged before me this 6 day of May, 1999 by John C. Thompson




Notary Public

My Commission Expires:
7-31-02

NOTIFICATION LIST

Bureau of Land Management
Farmington District Office
1235 La Plata Highway
Farmington, NM 87401

Key Production Company, Inc.
707 17th Street, Suite 3300
Denver, CO 80202

William H. Brown Trust
c/o Norwest Bank WY, Casper, Trustee
P.O. Box 2799
Casper, WY 82602

Dorothy R. Brown Mineral Trust
c/o Norwest Bank WY, Casper, Trustee
P.O. Box 2799
Casper, WY 82602

Celsius Energy Company
1331 17th Street, Suite 800
Denver, CO 80202

Diana H. Cook
1740 S. Schooner Creek Road
Lincoln City, OR 97367

Robert S. Tatum
P.O. Box 2113
South Padre Island, TX 78597

Amoco Production Company
P.O. Box 3092
Houston, TX 77253-3092

Dugan Production Corp.
P.O. Box 420
Farmington, NM 87401

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

Pictured Cliffs
NE/4-Section 15-T30N-R14W
San Juan County, NM

Working Interest:
Richardson Production Company

Working Interest:
100%

Net Revenue:
90.5%

Royalty:
USA, c/o MMS

12.5%

Overriding Royalty:
Key Production Company, Inc.
Norwest Bank Wyoming, Casper
Wyoming, N.A., Trustee of the
William H. Brown Trust
Norwest Bank Wyoming, Casper
Wyoming, N.A., Trustee of the
Dorothy R. Brown Trust
Celsius Energy Company

3.125%
 $2/3 \times 3.125\%$

$1/3 \times 3.125\%$

$1.25\% \times 60\%$
100%

Fruitland Coal
N/2-Section 15-30N-R14W
San Juan County, NM

Working Interest:
Richardson Production Company

Working Interest:
100%

Net Revenue:
80.25%

Royalty:
USA, c/o MMS

12.5%

Overriding Royalty:
Key Production Company, Inc.
Norwest Bank Wyoming, Casper
Wyoming, N.A., Trustee of the
William H. Brown Trust
Norwest Bank Wyoming, Casper
Wyoming, N.A., Trustee of the
Dorothy R. Brown Trust
Diana H. Cook
Robert S. Tatum
Amoco Production Company
Celsius Energy Company

2.34375%
1.56250%

0.78125%

0.50000%
0.62500%
0.78125%
0.65625%
100%



WALSH

ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting
Lease Management
Contract Pumping

7415 East Main
Farmington, New Mexico 87402
(505) 327-4892 • Fax: (505) 327-9834

**Dugan Production Company
Attn. Land Department
P.O. Box 420
Farmington, New Mexico 87401**

April 6, 1999

*Re: Downhole Commingle Application
Richardson Operating Company
Ms. Nona #2
920' FNL & 970' FEL, Section 15, T30N, R14W
San Juan County, New Mexico
Basin Fruitland Coal and Harper Hill Frt. Sand/ Pictured Cliffs Ext.*

To Whom It May Concern,

Enclosed you will find a copy of the above referred to application that has been submitted to the New Mexico Oil Conservation Division for administrative approval. As an offset operator you are being notified of this application pursuant to NMOCD rules.

If you desire to submit remarks concerning the application, please send them to Ms. Lori Wrotenberry, Director, New Mexico Oil Conservation Division, Santa Fe, New Mexico with in 20 days from the receipt of the notice. If you have no objection the proposal, no action is required on your part.

Thank you for your consideration in this matter and if you have any questions or concerns, please do not hesitate to contact me at 505-327-4892.

Sincerely,

John C. Thompson
Engineer

rr

Enclosure



WALSH ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting
Lease Management
Contract Pumping

7415 East Main
Farmington, New Mexico 87402
(505) 327-4892 • Fax: (505) 327-9834

**Bureau of Land Management
Farmington District Office
1235 La Plata Highway
Farmington, New Mexico 87401**

April 6, 1999

*Re: Downhole Commingle Application
Richardson Operating Company
Ms. Nona #2
920' FNL & 970' FEL, Section 15, T30N, R14W
San Juan County, New Mexico
Basin Fruitland Coal and Harper Hill Frt. Sand/ Pictured Cliffs Ext.*

To Whom It May Concern,

Enclosed you will find a copy of the above referred to application that has been submitted to the New Mexico Oil Conservation Division for administrative approval. Because the location is on Federal lands the BLM is being notified of this application pursuant to NMOCD rules.

If you desire to submit remarks concerning the application, please send them to Ms. Lori Wrotenberry, Director, New Mexico Oil Conservation Division, Santa Fe, New Mexico with in 20 days from the receipt of the notice. If you have no objection the proposal, no action is required on your part.

Thank you for your consideration in this matter and if you have any questions or concerns, please do not hesitate to contact me at 505-327-4892.

Sincerely,

John C. Thompson
Engineer

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Enclosure



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7415 East Main
Farmington, New Mexico 87402
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**Yates Petroleum Corporation
Attn. Land Department
105 South Fourth Street
Artesia, New Mexico 88210**

April 6, 1999

*Re: Downhole Commingle Application
Richardson Operating Company
Ms. Nona #2
920' FNL & 970' FEL, Section 15, T30N, R14W
San Juan County, New Mexico
Basin Fruitland Coal and Harper Hill Frt. Sand/ Pictured Cliffs Ext.*

Dear To Whom It May Concern,

Enclosed you will find a copy of the above referred to application that has been submitted to the New Mexico Oil Conservation Division for administrative approval. As royalty or overriding royalty interest owner you are being notified of this application pursuant to NMOCD rules.

If you desire to submit remarks concerning the application, please send them to Ms. Lori Wrotenberry, Director, New Mexico Oil Conservation Division, Santa Fe, New Mexico with in 20 days from the receipt of the notice. If you have no objection the proposal, no action is required on your part.

Thank you for your consideration in this matter and if you have any questions or concerns, please do not hesitate to contact me at 505-327-4892.

Sincerely,

John C. Thompson
Engineer

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7415 East Main
Farmington, New Mexico 87402
(505) 327-4892 • Fax: (505) 327-9834

**Amoco Production Company
Attn. Land Department
P.O. Box 3092
Houston, Texas 77253-3092**

April 6, 1999

*Re: Downhole Commingle Application
Richardson Operating Company
Ms. Nona #2
920' FNL & 970' FEL, Section 15, T30N, R14W
San Juan County, New Mexico
Basin Fruitland Coal and Harper Hill Frt. Sand/ Pictured Cliffs Ext.*

Dear To Whom It May Concern,

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If you desire to submit remarks concerning the application, please send them to Ms. Lori Wrotenberry, Director, New Mexico Oil Conservation Division, Santa Fe, New Mexico with in 20 days from the receipt of the notice. If you have no objection the proposal, no action is required on your part.

Thank you for your consideration in this matter and if you have any questions or concerns, please do not hesitate to contact me at 505-327-4892.

Sincerely,

John C. Thompson
Engineer

rr

Enclosure



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Petroleum Engineering Consulting
Lease Management
Contract Pumping

7415 East Main
Farmington, New Mexico 87402
(505) 327-4892 • Fax: (505) 327-9834

Robert S. Tatum
P.O. Box 2113
South Padre Island, Texas 78597

April 6, 1999

*Re: Downhole Commingle Application
Richardson Operating Company
Ms. Nona #2
920' FNL & 970' FEL, Section 15, T30N, R14W
San Juan County, New Mexico
Basin Fruitland Coal and Harper Hill Frt. Sand/ Pictured Cliffs Ext.*

Dear Mr. Tatum,

Enclosed you will find a copy of the above referred to application that has been submitted to the New Mexico Oil Conservation Division for administrative approval. As royalty or overriding royalty interest owner you are being notified of this application pursuant to NMOCD rules.

If you desire to submit remarks concerning the application, please send them to Ms. Lori Wrotenberry, Director, New Mexico Oil Conservation Division, Santa Fe, New Mexico with in 20 days from the receipt of the notice. If you have no objection the proposal, no action is required on your part.

Thank you for your consideration in this matter and if you have any questions or concerns, please do not hesitate to contact me at 505-327-4892.

Sincerely

John C. Thompson
Engineer

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Enclosure



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7415 East Main
Farmington, New Mexico 87402
(505) 327-4892 • Fax: (505) 327-9834

Diana H. Cook
1740 S. Schooner Creek Road
Lincoln City, OR 97367

April 6, 1999

*Re: Downhole Commingle Application
Richardson Operating Company
Ms. Nona #2
920' FNL & 970' FEL, Section 15, T30N, R14W
San Juan County, New Mexico
Basin Fruitland Coal and Harper Hill Frt. Sand/ Pictured Cliffs Ext.*

Dear Ms. Cook,

Enclosed you will find a copy of the above referred to application that has been submitted to the New Mexico Oil Conservation Division for administrative approval. As royalty or overriding royalty interest owner you are being notified of this application pursuant to NMOCD rules.

If you desire to submit remarks concerning the application, please send them to Ms. Lori Wrotenberry, Director, New Mexico Oil Conservation Division, Santa Fe, New Mexico with in 20 days from the receipt of the notice. If you have no objection the proposal, no action is required on your part.

Thank you for your consideration in this matter and if you have any questions or concerns, please do not hesitate to contact me at 505-327-4892.

Sincerely,

John C. Thompson
Engineer

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Enclosure

**WALSH**

ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting
Lease Management
Contract Pumping7415 East Main
Farmington, New Mexico 87402
(505) 327-4892 • Fax: (505) 327-9834

**Celsius Energy Company
Attn. Land Department
1331 17th Street, Suite 800
Denver, Colorado 80202**

April 6, 1999

*Re: Downhole Commingle Application
Richardson Operating Company
Ms. Nona #2
920' FNL & 970' FEL, Section 15, T30N, R14W
San Juan County, New Mexico
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Sincerely,

John C. Thompson
Engineer

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Petroleum Engineering Consulting
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Contract Pumping7415 East Main
Farmington, New Mexico 87402
(505) 327-4892 • Fax: (505) 327-9834

Dorothy R. Brown Mineral Trust
c/o Norwest Bank WY, Casper, Trustee
Attn. Land Department
P.O. Box 2799
Casper, WY 82602

April 6, 1999

Re: Downhole Commingle Application
Richardson Operating Company
Ms. Nona #2
920' ENL & 970' FEL, Section 15, T30N, R14W
San Juan County, New Mexico
Basin Fruitland Coal and Harper Hill Frt. Sand/ Pictured Cliffs Ext.

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Sincerely,

John C. Thompson
Engineer

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Enclosure



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7415 East Main
Farmington, New Mexico 87402
(505) 327-4892 • Fax: (505) 327-9834

William H. Brown Trust
c/o Norwest Bank WY, Casper, Trustee
Attn. Land Department
P.O. Box 2799
Casper, WY 82602

April 6, 1999

Re: Downhole Commingle Application
Richardson Operating Company
Ms. Nona #2
920' FNL & 970' FEL, Section 15, T30N, R14W
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Sincerely,

John C. Thompson
Engineer

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7415 East Main
Farmington, New Mexico 87402
(505) 327-4892 • Fax: (505) 327-9834

**Key Production Company
Attn. Land Department
707 17th Street, Suite 3300
Denver, Colorado 80202**

April 6, 1999

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Richardson Operating Company
Ms. Nona #2
920' FNL & 970' FEL, Section 15, T30N, R14W
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Sincerely,

John C. Thompson
Engineer

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Enclosure



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

June 2, 1999

Walsh Engineering & Production Corp.
7415 E. Main
Farmington, New Mexico 87402

Attention: Mr. John C. Thompson

Re: DHC Application
Ms. Nona No. 2
Unit A, Section 15, T-30N, R-14W,
San Juan County, New Mexico

JUN 21 1999

Dear Mr. Thompson:

With regards to the subject Form C-107-A dated 5/16/99, please provide a tabulation of production data from the Pictured Cliffs formation. Your application will be processed upon receipt of the requested production data.

Thank you for your assistance.

Sincerely,

David Catanach
Engineer

Xc: OCD-Aztec

Richardson Operating**Ms. Nona #2****Daily Gas Production**

Date	MCF/D
May-30	48
Apr-1	30
Apr-2	32
Apr-3	32
Apr-4	47
Apr-5	31
Apr-5	24
Apr-7	26
Apr-8	off
Apr-9	off
Apr-10	off
Apr-11	off
Apr-12	off
Apr-13	off
Apr-14	off
Apr-15	off
Apr-16	off
Apr-17	off
Apr-18	off
Apr-19	off
Apr-20	off
Apr-21	off
Apr-21	off
Apr-22	off
Apr-23	off
Apr-24	off
Apr-25	off
Apr-26	off
Apr-27	off
Apr-28	42
Apr-29	50
Apr-30	49
May-1	49
May-2	49
May-3	51
May-4	53
May-5	52
May-6	52

42 mcf/d average for 17 days production**Off days for mechanical problems (pump, compressor, etc.)**



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

June 2, 1999

Walsh Engineering & Production Corp.
7415 E. Main
Farmington, New Mexico 87402

Attention: Mr. John C. Thompson

Re: DHC Application
Ms. Nona No. 2
Unit A, Section 15, T-30N, R-14W,
San Juan County, New Mexico

Dear Mr. Thompson:

With regards to the subject Form C-107-A dated 5/16/99, please provide a tabulation of production data from the Pictured Cliffs formation. Your application will be processed upon receipt of the requested production data.

Thank you for your assistance.

Sincerely,

David Catanach
Engineer

Xc: OCD-Aztec