

KELLAHIN & KELLAHIN
Attorney at Law

W. Thomas Kellahin
Recognized Specialist in the Area of
Natural Resources-oil and gas law-
New Mexico Board of Legal Specialization

P.O. Box 2265
Santa Fe, New Mexico 87504
117 North Guadalupe
Santa Fe, New Mexico 87501

Telephone 505-982-4285
Facsimile 505-982-2047
kellahin@earthlink.net

July 27, 2004

HAND DELIVERED

Mr. Mark E. Fesmire, Director
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Application of Richardson Operating
Company to amend Division Order R-10656-A
for compulsory pooling and an unorthodox
coal gas well location in the E/2
of Section 15, T29N, R13W
San Juan County, New Mexico

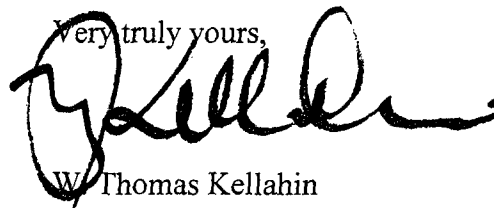
2004 JUL 27 PM 1 26

Case 13322

Dear Mr. Fesmire:

On behalf of Richardson Operating Company, please find enclosed our referenced application which we request be set for hearing on the Examiner's docket now scheduled for August 19, 2004. Also enclosed is our proposed advertisement of this case for the NMOCD docket.

Very truly yours,



W. Thomas Kellahin

cc: Richardson Operating Company
Attn: Ann Jones

CASE 13322: Application of Richardson Operating Company to amend Division Order R-10656-A for compulsory pooling and an unorthodox coal-gas well location, San Juan County, New Mexico. Applicant seeks to amend this compulsory pooling order to add its ROPCO "15" Well No. 2 that was drilled as a Pictured Cliff formation well at an approved unorthodox well location 476 feet from the South line and 1800 feet from the East Line (Unit O) as an optional infill coal gas well and to pool all uncommitted mineral interest owners within the vertical limits of the Basin Fruitland Coal Gas Pool for a standard 320-acre gas spacing unit consisting of the E/2 of Section 15, T29N, R13W, NMPM. Also to be considered will be the costs of the drilling and completing this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Richardson Operating Company as the operator of this well and, pursuant to Commission Order R-11992, a risk charge of 200% for the risk involved in this well. This unit is located within the City of Farmington, New Mexico.

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE APPLICATION
OF RICHARDSON OPERATING COMPANY
TO AMEND DIVISION ORDER R-10624-A
FOR COMPULSORY POOLING AND AN
UNORTHODOX COAL/GAS WELL LOCATION
SAN JUAN COUNTY, NEW MEXICO.**

CASE NO. 13322

APPLICATION

Richardson Operating Company ("Richardson") by its attorneys, Kellahin & Kellahin, and in accordance with Section 70-2-17.C NMSA (1978). Applicant seeks to amend Division Order R-10656-A, for compulsory pooling, to add its ROPCO "15" Well No. 2 that was drilled has a Pictured Cliff well at an approved unorthodox well location 476 feet from the South line and 1800 feet from the East Line (Unit O) as an optional infill coal gas well and to pool all uncommitted mineral interest owners within the vertical limits of the Basin Fruitland Coal Gas Pool for a standard 320-acre gas spacing unit consisting of the E/2 of Section 15, T29N, R13W, NMPM. Also to be considered will be the costs of the drilling and completing this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Richardson Operating Company as the operator of this well and, pursuant to Commission Order R-11992, a risk charge of 200% for the risk involved in this well.

In support of its application Richardson states:

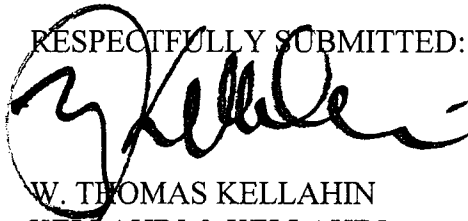
- (1) Richardson is a working interest owners in the oil and gas minerals underlying the E/2 of Section 15, T19N, R13W, NMPM, San Juan County, New Mexico that contains two existing wells:
 - a. The ROPCO-15-1 (API# 30-045-29383) located in the NE/4 that is dedicated to the Pictured Cliffs formation and the E/2 that is dedicated to the Basin Fruitland Coal Gas Pool and is subject to Division Order R-10656-A, dated January 13, 1997, Case 11681, compulsory pooling and an unorthodox gas well location; and
 - b. The ROPCO-15-2 (API # 30-045-29407) located in the SE/4 that is dedicated to the Pictured Cliffs formation and is subject to Division Order R-10624-A, dated January 13, 1997, Case 11680. compulsory pooling and an unorthodox gas well location.

- (2) On October 15, 2002, the New Mexico Oil Conservation Commission entered Order R-8768-C authorizing on option "infill" coalbed gas well in an existing 320-acre gas spacing unit already dedicate to a coalbed gas well.
- (3) On March 28, 2003, Richardson, as the operator, sent to all unleased mineral interest owners and working interest owners a written well proposal, including an AFE, for the addition of the ROPCO "15" Well No. 2 as an "infill" coalbed gas well to be dedicated to the E/2 of Section 15.
- (4) On December 17, 2002, the Division approved Richardson's request to re-completed the ROPCO "15" Well No. 2 to add production from the Basin Fruitland Coal Gas Pool to be downhole commingling with production from the Pictured Cliff formation.
- (5) Despite reasonable efforts, Concho was unable to conclude a voluntary agreement with those parties listed on Exhibit "A"
- (6) Pursuant to Commission Order R-11992, effective August 15, 2003, Chesapeake requests that the 200% risk charge be applied.
- (7) Richardson seeks approval of an unorthodox coalbed gas well location for the ROPCO "15" Well No. 2.
- (8) Pursuant to Section 70-2-17.C NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, Richardson needs an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.
- (9) In accordance with the Division's notice requirements, a copy of this application has been sent to the parties whose interest is to be pooled as listed on Exhibit "A" notifying each of this case and of the applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for August 19, 2004.

WHEREFORE, Richardson, as applicant, requests that this application be set for hearing on August 19, 2004 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interest described in the appropriate spacing unit for this well at a standard well location upon terms and conditions which include:

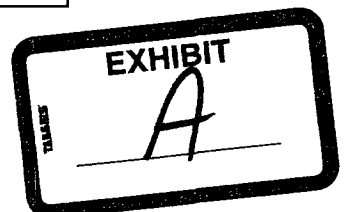
- (1) Richardson Operating Company be named operator;
- (2) Amending Order R-10656-A to provide for the ROPCO "15" Well No. 2 as an optional "infill" coal-gas well including provision for subsequent operations;
- (3) Approve the unorthodox coal-gas well location for the ROPCO "15" Well No. 2;
- (4) Provisions for applicant and all working interest owners to participate in the costs of re-entering, completing, equipping and operating this well;
- (5) In the event a mineral interest or working interest owner fails to elect to participate, then provision be made to recover out of production, the costs of the drilling, completing, equipping and operating the well, including a risk factor penalty of 200%;
- (6) Provision for overhead rates per month drilling and per month operating and a provision providing for an adjustment method of the overhead rates as provided by COPAS;
- (7) For such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:



W. THOMAS KELLAHIN
KELLAHIN & KELLAHIN
P. O. Box 2265
Santa Fe, New Mexico 87504
Telephone: (505) 982-4285
Fax: (505) 982-2047

NAME / ADDRESS	ACREAGE	% FC INFILL
IDA L. CASAUS 1113 MOUTVIEW AVE FARMINGTON, NM 87401	0.22304	0.069700%
DARRELL GENE HARDY C/O JOHNNANTHN L. HARDY 512 NORTHGATE LN FARMINGTON, NM 87401	0.75744	0.236700%
STEVE & RICHARDSON HODGSON 1018 E. MURRAY DRIVE FARMINGTON, NM 87401	0.09216	0.028800%
FERN KNIGHT LANE PO BOX 822 FARMINGTON, NM 87499	0.29248	0.091400%
FRED & RISITA SHORTY 1201 MOUNTVIEW AVE FARMINGTON, NM 87401	0.25184	0.078700%
F & E DICKENS PO BOX 223 AZTEC, NM 87410	0.06432	0.020100%
CLARENCE EVERETT HODGSON EST C/O MS. EVELYN L. TYLER 1018 E MURRAY DRIVE FARMINGTON, NM 87401	1.33376	0.416800%
LOIS P HODGSON RR1 BOX 212 BLANCO, NM 87412	0.35808	0.111900%
FERN KNIGHT, WAYNE B & MARTHA C. LANE PO BOX 822 FARMINGTON, NM 87499	0.29248	0.091400%
B TYLER 809 BAIRD CIRCLE AZTEC, NM 87410	0.06432	0.020100%
JUSTINE GORDON, TTE 809 E. MAIN STREET FARMINGTON, NM 87401	0.38112	0.119100%
DON HODGSON 1018 E. MURRAY DRIVE FARMINGTON, NM 87401	0.20384	0.063700%
BERNARD W. & CLARA KOSKI 1008 KOPRA TRUTH OR CONSEQUENCES, NM 87901	2.45856	0.768300%
ROY M. PICHFORD 901 ALPINE PL FARMINGTON, NM 87401	0.31936	0.099800%
E. M. INC. 515 E. MAIN FARMINGTON, NM 87401	0.8584	0.268250%



ACREAGE POSITION

ROPCO GW 15-2 INFILL
FRUITLAND COAL

E/2 SEC 15 T29N-R13W

T. ROE		
G. ROE		
1209 E. 18TH STREET		
FARMINGTON, NM 87401	0.1286	0.040188%
JOHN DENT LAMAR		
585 SERANADE		
GRAND JUNCTION, CO 87504	0.68256	0.213300%
TOTAL ACREAGE	8.76236	