

KELLAHIN AND KELLAHIN

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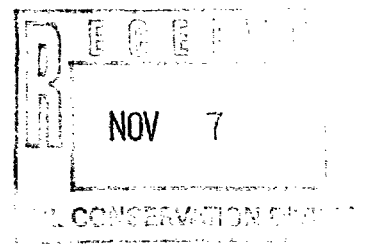
SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN*

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November 27, 1996

HAND DELIVERED

Mr. William J. LeMay, Director
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

1/680

**Re: ROPCO "15" GW PC Well No. 2
Application of Richardson Operating Company
for Compulsory Pooling and an Unorthodox
Well Location, San Juan County, New Mexico**

Dear Mr. LeMay:

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 December 19, 1996. Also enclosed is our proposed advertisement of this case for the NMOCD docket.

Very truly yours,

W. Thomas Kellahin

cc: Richardson Operating Company
Attn: Cathy Colby

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

IN THE MATTER OF THE APPLICATION
OF RICHARDSON OPERATING COMPANY FOR
COMPULSORY POOLING AND AN UNORTHODOX
GAS WELL LOCATION,
SAN JUAN COUNTY, NEW MEXICO.

CASE NO. 11680

A P P L I C A T I O N

Comes now RICHARDSON OPERATING COMPANY, by its attorneys, Kellahin & Kellahin, and in accordance with Section 70-2-17(c) (1978) applies to the New Mexico Oil Conservation Division for an order pooling all mineral interests in the Pictured Cliffs formation underlying the SE/4 of Section 15, T29N, R13W, NMPM, San Juan County, New Mexico, forming standard 160-acre gas spacing and proration unit to be dedicated to its ROPCO "15" GW PC Well No. 2 which is to be located at an unorthodox gas well location 476 feet from the South line and 1800 feet from the East line (Unit O) of said Section 15 for production from the Fulcher Kutz-Pictured Cliffs Gas Pool or the West Kutz-Pictured Cliffs Gas Pool. Also to be considered will be the costs of participation in said well, including but not limited to the costs of drilling, completing and equipping, with the inclusion of a risk factor penalty and the allocation of those costs and income therefor as well as actual operating costs and charges for supervision, and the designation of applicant as the operator of the well.

In support of its application, Richardson Operating Company ("Richardson") states:

1. Richardson has a working interest ownership in the oil and gas minerals underlying the SE/4 of Section 15, T29N, R13W, NMPM, San Juan County, New Mexico.

2. In order to minimize surface disturbance within the SE/4 of said Section 15, Richardson seeks approval to locate its ROPCO "15" GW PC Well No. 2 at an unorthodox well location 476 feet from South line and 1800 feet from East line of said Section 15 so as to utilize the same drilling site used for an existing Dakota producing well located in Unit O of said Section 15.

3. Richardson has proposed to the other working interest and unleased mineral interest owners that this well be drilled and completed for potential production from any Pictured Cliffs pool to be dedicated to a 160-acre gas spacing and proration unit consisting of the SE/4 of said Section for production from either the Fulcher Kutz-Pictured Cliffs Gas Pool or the West Kutz-Pictured Cliffs Gas Pool.

4. Despite its good faith efforts, Richardson has been unable to obtain a written voluntary agreement from certain unleased mineral interest and leasehold owners as shown on Exhibit "A"

5. Pursuant to Section 70-2-17(c) NMSA (1978) and in order to obtain its just and equitable share of production from the subject well and this spacing unit, Richardson needs an order of the Division pooling the identified and described mineral interests in order to protect correlative rights and prevent waste.

6. In accordance with the Division's notice requirements, a copy of this application has been sent to those interest owners.

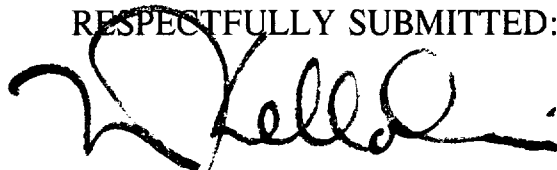
7. In addition, in accordance with Rule 104.F, a copy of this application is being sent to the adjoining and diagonal interest owners towards whom the well encroaches.

8. Richardson requests that this matter be set for a hearing before the Division on the next available Examiner's docket now scheduled for December 19, 1996.

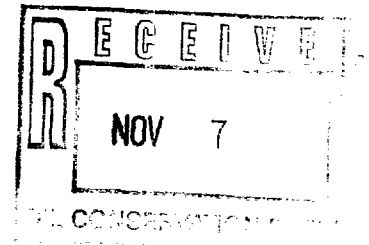
WHEREFORE, Richardson, as applicant, requests that this application be set for hearing on December 19, 1996 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interest described in this spacing unit for the drilling, completion and operations of the subject well at a potential unorthodox gas well location upon terms and conditions which include:

- (1) Richardson Operating Company be named operator;
- (2) provisions for each working interest owner to participate in any production by reimbursing the applicant for the value of the costs of drilling, completing, equipping and operating said well;
- (3) In the event a working interest owner fails to elect to participate, then provisions be made to recover out of production, reimbursement to the applicant for the costs of drilling, completing, equipping and operating the well, including a risk factor penalty of 200 %;
- (4) Provision for overhead rates of \$3500 per month drilling and \$450 per month operating and a provision providing for an adjustment method of the overhead rates as provided by COPAS; and
- (5) For such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:

A handwritten signature in black ink, appearing to read 'W. Thomas KellaHIN', with a large, stylized initial 'W' and a long, sweeping horizontal stroke at the end.

W. THOMAS KELLAHIN
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PROPOSED ADVERTISEMENT FOR NMOCD DOCKET

CASE 11680: Application of Richardson Operating Company for compulsory pooling and an unorthodox well location, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests in the Pictured Cliffs formation underlying the SE/4 of Section 15, T29N, R13W, NMPM, San Juan County, New Mexico, forming standard 160-acre spacing and proration unit to be dedicated to it's ROPCO "15" GW PC Well No. 2 which is to be located at an unorthodox gas well location 476 feet from the South line and 1800 feet from the East line (Unit O) of said Section 15 for production from the Fulcher Kutz-Pictured Cliffs Gas Pool or the West Kutz-Pictured Cliffs Gas Pool. Also to be considered will be the costs of participation in said well, including but not limited to the costs of drilling, completing and equipping, with the inclusion of a risk factor penalty and the allocation of those costs and income therefor as well as actual operating costs and charges for supervision, and the designation of applicant as the operator of the well. Said well is generally located southwest of 807 South Carlton Avenue, Farmington, New Mexico.