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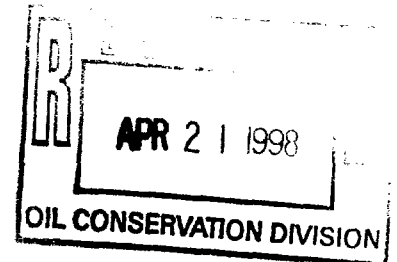
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W. THOMAS KELLAHIN\*

\*NEW MEXICO BOARD OF LEGAL SPECIALIZATION  
RECOGNIZED SPECIALIST IN THE AREA OF  
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

April 21, 1998



**HAND DELIVERED**

Ms. Lori Wrotenbery, Director  
Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505

11974

**Re: WF Federal "21" Well No. 1  
Application of Richardson Production Company  
for compulsory pooling  
San Juan County, New Mexico**

Dear Ms. Wrotenbery:

On behalf of Richardson Production Company, please find enclosed the referenced application which we request be advertised for hearing on the Examiner's docket now scheduled for May 14, 1998. Also enclosed is our proposed advertisement of this case for that docket.

Very truly yours.

A handwritten signature in dark ink, appearing to read 'W. Thomas Kellahin', is written over a light background.

W. Thomas Kellahin

cc: Richardson Production 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 DOWNHOLE COMMINGLING  
SAN JUAN COUNTY, NEW MEXICO.**

CASE NO. 11994

**APPLICATION**

Comes now RICHARDSON PRODUCTION 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 SW/4 and all mineral interests in the Basin Fruitland Coal Gas Pool underlying the W/2 of Section 21, T30N, R14W, NMPM, San Juan County, New Mexico, forming standard 160-acre and 320-acre spacing and proration units, respectively. Said units are to be dedicated to its WF Federal "21" Well No. 1 which is to be located in Unit M of said Section 21 for downhole commingled production from the Pictured Cliffs formation and the Basin-Fruitland Coal 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 Richardson Operating Company as the operator of the well.

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

1. Richardson has acquired a right to drill for the oil and gas minerals underlying the SW/4 and the W/2 of Section 21, T30N, R14W, NMPM, San Juan County, New Mexico.

2. Richardson has proposed to the other working interest owner, Amoco Production Company, that this well be drilled and completed as a "downhole commingled completion" for potential production from the Basin Fruitland Coal Gas Pool with any Pictured Cliffs production to be dedicated respectively to a 320-acre coal-gas spacing and proration unit consisting of the W/2 of Section 21 and to a 160-acre gas spacing and proration unit consisting of the SW/4 of said Section for production from the Pictured Cliffs formation.

3. In accordance with Division Rule 303, applicant will file an application with the Division for administrative approval to drill, complete, produce and operate this well as a downhole commingled wellbore.

4. Despite its good faith efforts, Richardson has been unable to obtain a written voluntary agreement from Amoco Production Company, a leasehold owner, as shown on Exhibit "A".

5. Pursuant to NMSA 1978, Section 70-2-17.C and in order to obtain its just and equitable share of production from the subject well and these spacing units, 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. Richardson requests that this matter be set for a hearing before the Division on the next available Examiner's docket now scheduled for May 14, 1998.

WHEREFORE, Richardson, as applicant, requests that this application be set for hearing on May 14, 1998 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 these spacing units for the drilling, completion and operations of the subject well for downhole commingled production 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 \$5000 per month drilling and \$500 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:



W. THOMAS KELLAHIN  
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P. O. Box 2265  
Santa Fe, New Mexico 87501  
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**EXHIBIT "A"**

Amoco Production Company  
P. O. Box 800  
Denver, Colorado 80201  
Attn: John H. Hasche