BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case Nos. 12797/98 Cons. Exhibit No.16
Submitted by:
Richardson Production Company
Hearing Date: February 7, 2002

Richardson Production Company

Pictured Cliffs and Pictured Cliffs/Fruitland Coal Well Economics

San Juan County, New Mexico

Economic Assumptions

	Pictured Cliffs	Pictured Cliffs/Fruitland Coal
Well Costs	$194,568	$222.618
WI, NRI	100%, 87.5%	100%, 87.5%
LOE	$1,500/Well/Month	$1.500/Well/Month
Water Disposal Cost	$1.25/Bbl	$1.25/Bbl
Gas Gath./Compression	$0.40/MMbtu	$0.40/MMbtu
Prod. Tax Rate	9.2%	9.2%
Water Prod. Forecast	65 BWPD Decl. @ 20%/Year	35 BWPD to 200 BWPD in 36 mos., flat for 12 mos., then Decl. @ 20%/Year
Gas Prod. Forecast	160 Mcfd Decl. @10%/Year	80 Mcfd to 330 Mcfd in 36 mos., then Decl. @ 20%/Year
Reserves	450.000 Mcf	645.000 Mcf
Gas Price (1)	2002 - $2.09 2003 - $2.56 2004 - $2.75 Thereafter - $2.75	2002 - $2.09 2003 - $2.56 2004 - $2.75 Thereafter - $2.75
Escalations (2)	None	None

(1) - Gas price is based on the 36 month NYMEX price adjusted for basis differential.

(2) – Operating costs are not escalated. However, the economic evaluations for the PC well show operating costs falling because water production (and thus the water disposal cost) is projected to decline with time. The FC/PC well shows increasing costs that subsequently drop because water production is projected to increase and then drop off with time. The only escalation applied to the gas prices are those reflected in the 36 month NYMEX. However, the NYEMX price at the end of the 36 months is held constant for the remainder of the producing life of the property.

RICHARDSON PRODUCTION COMPANY
ESTIMATED REMAINING RESERVES AND FUTURE NET INCOME
36 MO. NYMEX PRICING THEN CONSTANT PRICES, CONSTANT COSTS -- RPC-01/02-LEASE

	WELL	GROSS PRODUCTION		NET PRODUCTION		PRICE		SALES INCOME		
YEAR	CNT	BBL OIL	MCF GAS	BBL OIL	MCF GAS	OIL	GAS	OIL $	GAS $	TOTAL $
2002	1	0	45,953	0	40,209	0.00	2.090	0	84,037	84,037
2003	1	0	50,074	0	43,815	0.00	2.560	0	112,166	112,166
2004	1	0	45,067	0	39,433	0.00	2.750	0	108,442	108,442
2005	1	0	40,560	0	35,490	0.00	2.750	0	97,598	97,598
2006	1	0	36,504	0	31,941	0.00	2.750	0	87,838	87,838
2007	1	0	32,854	0	28,747	0.00	2.750	0	79,054	79,054
2008	1	0	29,568	0	25,872	0.00	2.750	0	71,149	71,149
2009	1	0	26,611	0	23,285	0.00	2.750	0	64,034	64,034
2010	1	0	23,950	0	20,957	0.00	2.750	0	57,630	57,630
2011	1	0	21,555	0	18,861	0.00	2.750	0	51,867	51,867
2012	1	0	19,400	0	16,975	0.00	2.750	0	46,681	46,681
2013	1	0	17,460	0	15,277	0.00	2.750	0	42,013	42,013
2014	1	0	15,714	0	13,750	0.00	2.750	0	37,811	37,811
2015	1	0	14,142	0	12,375	0.00	2.750	0	34,030	34,030
2016	1	0	12,728	0	11,137	0.00	2.750	0	30,627	30,627
2018	1	0	17,601	0	15,401	0.00	2.750	0	42,352	42,352
TOT		0	449,742	0	393,524	0.00	2.661	0	1,047,329	1,047,329

	EXPENSES				NET	OTHER	NET CASH FLOW			
YEAR	TAXES	MKTG	OPER	TOTAL	OPER INCOME	COSTS	ANNUAL	CUMULATIVE	10.00 PCNT	DISCOUNTED
2002	7,731	16,084	38,026	61,841	22,196	194,568 C	-172,372	-172,372	-170,411	-170,411
2003	10,319	17,526	40,534	68,379	43,787	0	43,787	-128,585	38,145	-132,265
2004	9,977	15,773	36,027	61,777	46,665	0	46,665	-81,921	36,960	-95,305
2005	8,979	14,196	32,422	55,597	42,001	0	42,001	-39,920	30,245	-65,060
2006	8,081	12,776	29,537	50,395	37,443	0	37,443	-2,477	24,513	-40,547
2007	7,273	11,499	27,230	46,002	33,052	0	33,052	30,575	19,673	-20,874
2008	6,546	10,349	25,384	42,279	28,870	0	28,870	59,445	15,623	-5,251
2009	5,891	9,314	23,907	39,112	24,921	0	24,921	84,367	12,261	7,010
2010	5,302	8,383	22,726	36,410	21,220	0	21,220	105,587	9,492	16,503
2011	4,772	7,544	21,781	34,097	17,771	0	17,771	123,357	7,228	23,731
2012	4,295	6,790	21,024	32,109	14,572	0	14,572	137,929	5,389	29,119
2013	3,865	6,111	20,420	30,396	11,617	0	11,617	149,546	3,907	33,026
2014	3,479	5,500	19,936	28,914	8,897	0	8,897	158,443	2,721	35,747
2015	3,131	4,950	19,549	27,629	6,401	0	6,401	164,844	1,781	37,528
2016	2,818	4,455	19,239	26,511	4,116	0	4,116	168,960	1,042	38,570
2018	3,896	6,160	29,975	40,032	2,321	0	2,321	171,281	531	39,101
TOT	96,354	157,410	427,716	681,480	365,849	194,568	171,281	171,281	39,101	39,101

PCNT DSCNT	$ VALUE
0.00	171,281
5.00	92,208
10.00	39,101
12.00	22,702
15.00	1,904
18.00	-15,264
20.00	-25,092
25.00	-45,282
30.00	-60,768
35.00	-72,903
40.00	-82,586

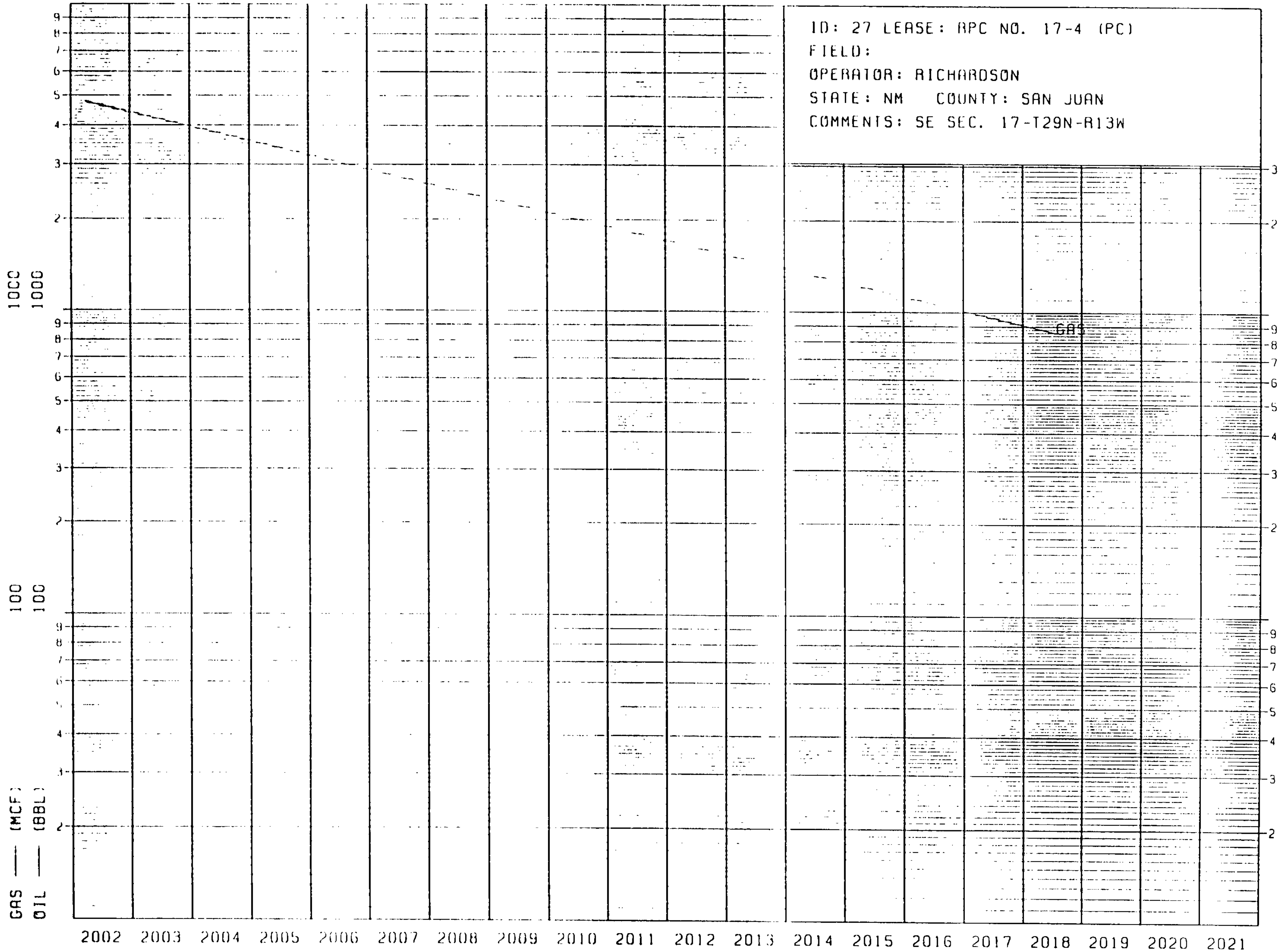
ROR: 15.33 IROI: 0.88
PAYOUT: 5.00 EROI: 1.88
SE SEC. 17-T29N-R13W

	BBL OIL	MCF GAS
ULTIMATE GROSS	0	449,742
CUM PROD GROSS	0	0
FUTURE RES GROSS	0	449,742
FUTURE RES NET	0	393,524
GROSS WELL COUNT	0.000	0.000
NET WELL COUNT	0.000	0.000

INTERESTS

YR	MO	OILINT	GASINT	WORKINT	TANGINT	INTANGINT
2	2	0.875000	0.875000	1.000000	1.000000	1.000000

EFFECTIVE DATE: FEBRUARY 1, 2002
LEASE ID: 27
LEASE NAME: RPC NO. 17-4 (PC)
WELL NAME:
STATE: NEW MEXICO
COUNTY: SAN JUAN
FIELD:
OPERATOR: RICHARDSON
RES CAT: PROVED UNDEVELOPED NONPRODUCING
ECON LIMIT: 1807
RESERVOIR: PICTURED CLIFFS


ID: 27 LEASE: RPC NO. 17-4 (PC)
FIELD:
OPERATOR: RICHARDSON
STATE: NM COUNTY: SAN JUAN
COMMENTS: SE SEC. 17-T29N-R13W
GAS
1000
1000
100
100
GAS —— (MCF)
OIL —— (BBL)
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021