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NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

January 22, 2002

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OIL CONSERVATION DIV

HAND DELIVERED

Ms. Lori Wrotenbery, Director
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

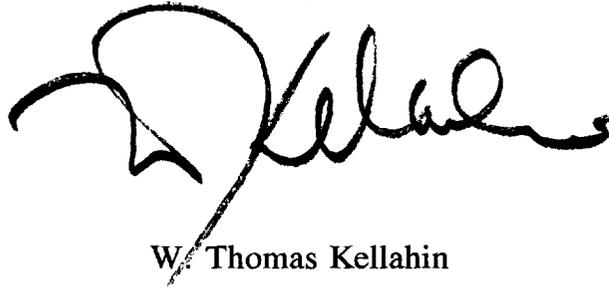
**Re: ROPCO "7" Well No. 1
(E/2 Fruitland) (NE/4 PC)
Section 7, T29N, R14W
Application of Richardson Production
Company for compulsory pooling
San Juan County, New Mexico**

Case 12813

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 February 21, 2002. Also enclosed is our proposed advertisement of this case for that docket.

Very truly yours,



W. Thomas Kellahin

cc: Richardson Production Company
Attn: Rebecca E. Van Blaricom

PROPOSED ADVERTISEMENT FOR NMOCD DOCKET

CASE 12813: Application of Richardson Production Company for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests in the Pictured Cliffs formation underlying the NE/4 and all mineral interests in the Basin Fruitland Coal Gas Pool underlying the E/2 of Section 7, T29N, R14W, NMPM, San Juan County, New Mexico, forming standard 160-acre and 320-acre spacing and proration units, respectively. These units are to be dedicated to its ROPCO "7" Well No. 1 which is to be located in Unit B of Section 7 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 the 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. The well is located approximately 1 mile Northeast from Kirtland, New Mexico.

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

**IN THE MATTER OF THE APPLICATION
OF RICHARDSON PRODUCTION COMPANY
FOR COMPULSORY POOLING
SAN JUAN COUNTY, NEW MEXICO.**

CASE NO. 12813

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 NE/4 and all mineral interests in the Basin Fruitland Coal Gas Pool underlying the E/2 of Section 7, T29N, R14W, NMPM, San Juan County, New Mexico, forming standard 160-acre and 320-acre spacing and proration units, respectively. These units are to be dedicated to its ROPCO "7" Well No. 1 which is to be located in Unit B of Section 7 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 the 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 NE/4 and the E/2 of Section 7, T29N, R14W, NMPM, San Juan County, New Mexico.
2. Richardson has proposed to the other interest owners 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 E/2 of Section 7 and to a 160-acre gas spacing and proration unit consisting of the NE/4 of this 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 those owners 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 February 21, 2002.

WHEREFORE, Richardson, as applicant, requests that this application be set for hearing on February 21, 2002 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:

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written in a cursive style.

W. THOMAS KELLAHIN
KELLAHIN & KELLAHIN
P. O. Box 2265
Santa Fe, New Mexico 87501
(505) 982-4285

**ROPCO 7-1
E/2 Section 7-T29N-R14W
San Juan County, New Mexico**

Unleased Mineral Owners

Elaine R. Bertholf, Trustee of the
Bertholf Family Trust U/T/A dated 07/14/98
532 Teton Drive
Farmington, NM 87401

Crown Central Petroleum Corp.
P O Box 1168
Baltimore, MD 21203

Anthony R Silva & Deborah Lee Silva
P O Box 777
Kirtland, NM 87417

David Vigil, Jr.
#9 CR 6299
Kirtland, NM 87417

R Sam Sewell
1405 Camina Sol
Farmington, NM 87401

Terry Sewell
1405 Camino Sol
Farmington, NM 87401

Todd Thunell
4269 Hwy 64
Kirtland, NM 87417

Harry Jim & Karen Jim
P O Box 275
Fruitland, NM 87416

Chad E Greenwade & Cherree D Greenwade
#8 Rd 6427
Kirtland, NM 87417

Wallace Yazzie
P O Box 531
Kirtland, NM 87401



James D Spade Sr. & Rita Ann Spade
#13 CR 6427
Kirtland, NM 87417

Antonio P Herrera & Rose Jean Herrera
#15 CR 6427
Kirtland, NM 87417

James M Sheridan & Andrea M Sheridan
P O Box 435
Sheridan, NM 87417

Orland C Joe, Sr. & Charlotte Joe
#25 CR 6427
Kirtland, NM 87417

Troy L Guillory & Margie G Guillory
Box 903
Kirtland, NM 87417

Ernest B Lamone
414 CR 6100
Kirtland, NM 87417

Jose Valenzuela & Rhonda Medina
P O Box 995
Fruitland, NM 87416 (Returned – “Attempted-Not Known” – am trying to locate a good address)

Randy J Manning & Denise Manning
P O Box 25
Kirtland, NM 87417

Vernon J Manning & Joe Ann Manning
(At the present time – no known address – attempting to locate)

Todd R Thurnell
4269 Hwy 64
Kirtland, NM 87417

Jeff S Manning & Tammie G Manning
P O Box 1353
Kirtland, NM 87417