NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

COMMINGLING ORDER PLC-257

Richardson Operating Company
c/o Neeley Consulting Service, LLC
3001 Northridge Drive
Los Amigos Building
Farmington, New Mexico 87401

Attention: Mr. Charles Neeley, PE

The above-named company is hereby authorized to surface commingle gas production from the Basin-Fruitland Coal (Gas - 71629) and West Kutz-Pictured Cliffs (Gas – 79680) Pools originating from the following-described spacing unit comprised of several fee leases located in San Juan County, New Mexico. This gas gathering system is designated the Richardson Operating Company (ROPCO) 15 Gas Gathering System.

Property Designation	**Acreage**
ROPCO "15"	E/2 of Section 15, T-29 North, R-13 West, NMPM

The following-described two (2) wells, which are not commonly owned, shall be produced into the ROPCO 15 Gas Gathering System:

ROPCO 15 GW A PC B FC Well No. 1
2171' FNL & 775' FEL, Unit H,
Section 15, T-29 North, R-13 West, NMPM,
West Kutz-Pictured Cliffs & Basin-Fruitland Coal Gas Pools (Downhole Commingled)
Acreage Dedication: West Kutz-Pictured Cliffs Gas Pool—NE/4 of Section 15
Basin-Fruitland Coal Gas Pool—E/2 of Section 15

ROPCO 15 GW PC Well No. 2
546' FSL & 1810' FEL, Unit O,
Section 15, T-29 North, R-13 West, NMPM,
West Kutz-Pictured Cliffs Gas Pool
Acreage Dedication: West Kutz-Pictured Cliffs Gas Pool—SE/4 of Section 15

Gas production shall be allocated to each well utilizing the method described on Exhibit "A" attached hereto.

Any condensate production shall be separated, measured and stored at individual well sites. No commingling of condensate production shall be allowed.

NOTE: The commingled gas production shall be delivered to a PNM CDP sales meter located on the ROPCO 15 GW PC Well No. 2 well location within the SW/4 SE/4 of Section 15, Township 29 North, Range 13 West, NMPM, San Juan County, New Mexico.

NOTE: This installation shall be installed and operated in accordance with the applicable Division rules governing the surface commingling of hydrocarbon production. It is the responsibility of the producer to notify the transporter of this commingling authority.

FURTHER: The operator shall notify the supervisor of the Aztec district office prior to initiating commingling operations.

Done at Santa Fe, New Mexico, on this 11th day of August, 2004.

Mark E. Fesmire, P.E.
Division Director

cc: Oil Conservation Division – Aztec

Exhibit "A"
Richardson Operating Company
ROPCO 15 Gas Gathering System
Division Order PLC-257

Base Data:

V = Individual Well BTU
W = Gas Volume (MCF) from allocation meters or 'Subtraction Method Measurement' at individual wells during allocation period.
X = Gas Volume (MCF) from CDP Sales Meter (PNM Meter No. 9208) during allocation period.
Y = BTU's from CDP Sales Meter during allocation period.

Allocation period is typically a calendar month and will be the same for all wells.

1. A. Individual Gas Well Production, MCF's = A + B + C + D + E

Where:

A = Allocated Sales Volume, MCF = (W/(Sum W)) x X
B = On-lease fuel usage, MCF. Determined from equipment specifications and operating conditions.
C = Purged and/or vented gas from well and/or lease equipment, MCF. Calculated using equipment specification and procedures.
D = Allocated fuel from gathering system equipment, MCF. The total fuel required to operate gathering system equipment will be allocated to the individual wells benefiting from the equipment using allocation factors determined by (W/(Sum W)) for the wells involved.
E = Allocated volume of gas lost and/or vented from the gathering system and/or gathering system equipment, MCF. The total volume will be determined using industry procedures for the conditions existing at the time of the loss. All volumes corresponding to liquid condensation within the gathering system will also be determined. The total volume lost and/or vented will be allocated to the individual wells affected using factors determined by (W/(Sum W)) for the wells involved.

Note: The gas volume, W for the ROPCO 15 GW PC No. 2 will be determined by the 'Subtraction Method' where:

$$W_{\text{ROPCO 15 No. 2}} = X - W_{\text{ROPCO 15 No. 1}}$$

B. Allocated Individual Well BTU's
1) Allocated Individual Well BTU's = ((W x V)/SUM (W x V)) x Y