



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

July 22, 2003

Lori Wrotenbery
Director

Oil Conservation Division

Richardson Operating Company
501 Airport Drive – Suite 119
Farmington, New Mexico 87401

Attention: **Paul Lehrman**
plehrman@digii.net

Administrative Order NSL-4919-A

Dear Mr. Lehrman:

Reference is made to the following: (i) your application that was submitted to the New Mexico Oil Conservation Division (“Division”) on July 1, 2003 (*administrative application reference No. pLR0-318247672*); (ii) your telephone conversation with Michael E. Stogner, Division Engineer in Santa Fe, on Wednesday morning, July 16, 2003; and (iii) the Division’s records in Santa Fe and Aztec, including the file on Division Administrative Application NSL-4919, dated July 16, 2003: all concerning Richardson Operating Company’s (“Richardson”) request for an unorthodox gas well location in both the Twin Mounds-Fruitland Sand-Pictured Cliffs Pool (71629) and that portion of the Basin-Fruitland Coal (Gas) Pool (86620) designated a special infill area subject to Division Order No. R-11775, issued in Case No. 12734 on June 6, 2002, and New Mexico Oil Conservation Commission Order No. R-11775-B dated December 19, 2002, for the proposed WF Federal “6” Well No. 2 to now be drilled 1200 feet from the North line and 415 feet from the East line (Lot 1/Unit A) of Section 6, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico.

Gas production from the Basin-Fruitland Coal (Gas) Pool is to be included within an existing standard 319.85-acre stand-up gas spacing and proration unit comprising Lots 1 and 2, the S/2 NE/4, and the SE/4 (E/2 equivalent) of Section 6, which is currently dedicated to Richardson’s Bushman Federal “6” Well No. 1 (API No. 30-045-29459), located at a location now considered to be standard but unorthodox at the time it was drilled in 1997 (approved by Division Order No. R-10810, issued in Case No. 11772 on June 3, 1997) 1041 feet from the South line and 1136 feet from the East line (Unit P) of Section 6.

The proposed WF Federal “6” Well No. 2 is to be the dedicated well in the Fruitland Sand/Pictured Cliffs interval within a standard 159.85-acre gas spacing unit comprising Lots 1 and 2 and the S/2 NE/4 (NE/4 equivalent) of Section 6.

This application has been duly filed in accordance with and under the provisions of: (i) Rule 7 (b) of the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*"; (ii) Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission ("Commission") in Case No. 12119 on August 12, 1999; and (iii) Rule 1207.A (2), revised by Division Order No. R-11205, issued by the Commission in Case No. 12177 on June 17, 1999.

By the authority granted me under the provisions of Division Rule 104.F (2) and in accordance with Rule 8 of the special Basin-Fruitland Coal (Gas) Pool rules, the above-described unorthodox Fruitland coal infill and Fruitland Sand/Pictured Cliffs gas well location for Richardson's proposed WF Federal "6" Well No. 2 is hereby approved.

FURTHER, this order shall supersede the Division's previously issued Administrative Order NSL-4919, which granted Richardson authorization to drill the WF Federal "6" Well No. 2 at an unorthodox location 743 feet from the North line and 544 feet from the East line (Lot 1/Unit A) of Section 6.

Jurisdiction of this cause is retained for the entry of such further orders as the Division deems necessary.

Sincerely,



Lori Wrotenbery
Director

LW/mes

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington
W. Thomas Kellahin, Legal Counsel for Richardson Operating Company - Santa Fe
File: NSL-4919