

ABOVE THIS LINE FOR DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
 - Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505



OCT 06 2003  
**CONSERVATION DIVISION**

**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

**Application Acronyms:**

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]**
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]**
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]**
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]**
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]**
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]**

**[1] TYPE OF APPLICATION - Check Those Which Apply for [A]**

- [A] Location - Spacing Unit - Simultaneous Dedication  
 NSL  NSP  SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement  
 DHC  CTB  PLC  PC  OLS  OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
 WFX  PMX  SWD  IPI  EOR  PPR

[D] Other: Specify \_\_\_\_\_

**[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or  Does Not Apply**

- [A]  Working, Royalty or Overriding Royalty Interest Owners
- [B]  Offset Operators, Leaseholders or Surface Owner
- [C]  Application is One Which Requires Published Legal Notice
- [D]  Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E]  For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F]  Waivers are Attached

**[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

**[4] CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate and complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

**Note: Statement must be completed by an individual with managerial and/or supervisory capacity.**

Paul Lehrman		Landman	10/3/03
Print or Type Name	Signature	Title	Date
		plehrman@digii.net	
		e-mail Address	

**REQUEST FOR ADMINISTRATIVE APPROVAL FOR NON-STANDARD LOCATION  
FOR RICHARDSON OPERATING COMPANY  
FEDERAL 43-11 #3  
540' FSL & 2245 FEL, SECTION 11, TOWNSHIP 28 NORTH, RANGE 8 WEST, NMPM, SAN  
JUAN COUNTY, NEW MEXICO**

- 1) The referenced well is located on federal surface, federal minerals. The proposed location is non-standard because of proximity to large historically eligible archaeological sites in the area. According to NMOCD rules well locations depending on formation drilled must be 660' from the quarter section lines. The well location is 540' from the South Section line of Section 6. Therefore the Federal 43-11 #3 location is approximately 120' too far South. There is no physical location that would be legal because of Archaeology. Richardson controls the Fruitland Coal rights in the S/2 of Section 11.
- 2) A C-102 (Exhibit "A") is attached showing the well location and the proration unit for the proposed Fruitland Coal well. Application for Permit to Drill (APD) this well was submitted to the Bureau of Land Management, Farmington Field Office on September 24, 2003.
- 3) A map (Exhibit "B") is attached showing the adjoining spacing units and existing Fruitland Coal wells. Richardson controls the Fruitland Coal rights in the offsetting spacing units, with the exception of those controlled by Energen Resources Corp., ConocoPhillips Company and Kukui Operating, as shown on Exhibit "B".
- 4) Certified letters have been sent to offsetting operators to notify them of our intentions. Copies of the letters are attached to this application.
- 5) Existing land use concerns force a non-standard location exception for this action. It would not be feasible to build a legal location to drill this Fruitland Coal well.
- 6) Archaeology is the major issue with this well.
- 7) Directional drilling is not feasible for such a shallow completion.
- 8) A non-standard location is requested because of surface conditions, i. e., considerable archaeological sites in the area.
- 9) I hereby certify that notice was sent to the following offset operators, leaseholders or Surface Owners which adjoin the applicant's spacing unit.

Energen Resources Corp.  
ConocoPhillips Co.  
Kukui Operating Company

  
\_\_\_\_\_  
Paul Lehrman  
Richardson Operating Company  
October 3, 2003

State of New Mexico  
 Energy, Minerals & Mining Resources Department  
 OIL CONSERVATION DIVISION  
 2040 South Pacheco  
 Santa Fe, NM 87505

Form C - 102

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

APA Number 30-045-	Pool Code 71629	Pool Name Basin Fruitland Coal
Property Code	Property Name FEDERAL 43-II	Well Number 3
OGRD No. 19219	Operator Name RICHARDSON OPERATING COMPANY	Elevation 6267

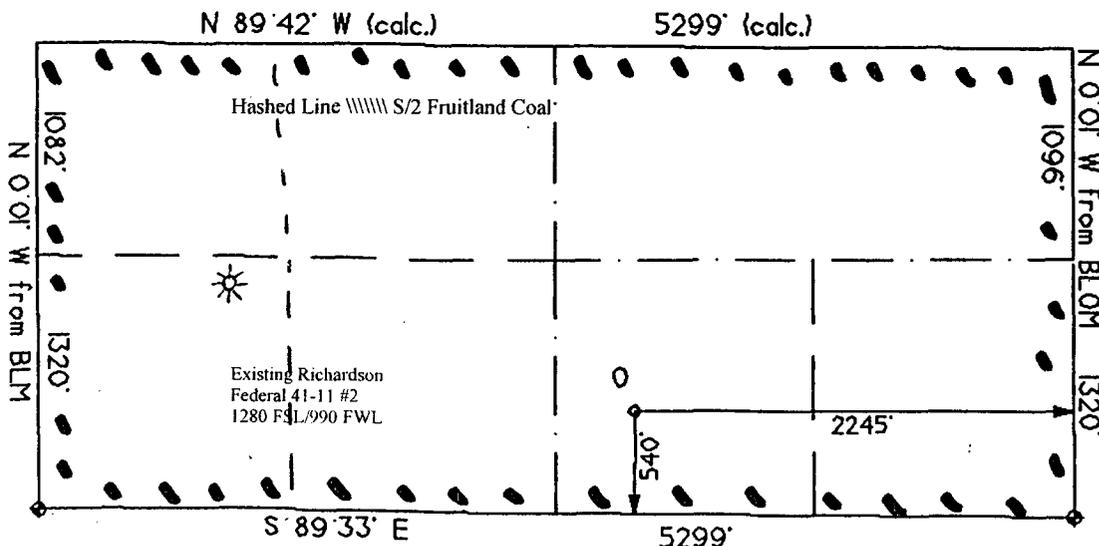
Surface Location									
UL or Lot	Sec.	Twp.	Rge.	Lot Id.	Feet from >	North/South	Feet from >	East/West	County
0	II	28 N.	8 W.		540'	SOUTH	2245'	EAST	SAN JUAN

Bottom Hole Location If Different From Surface									
UL or Lot	Sec.	Twp.	Rge.	Lot Id.	Feet from >	North/South	Feet from >	East/West	County

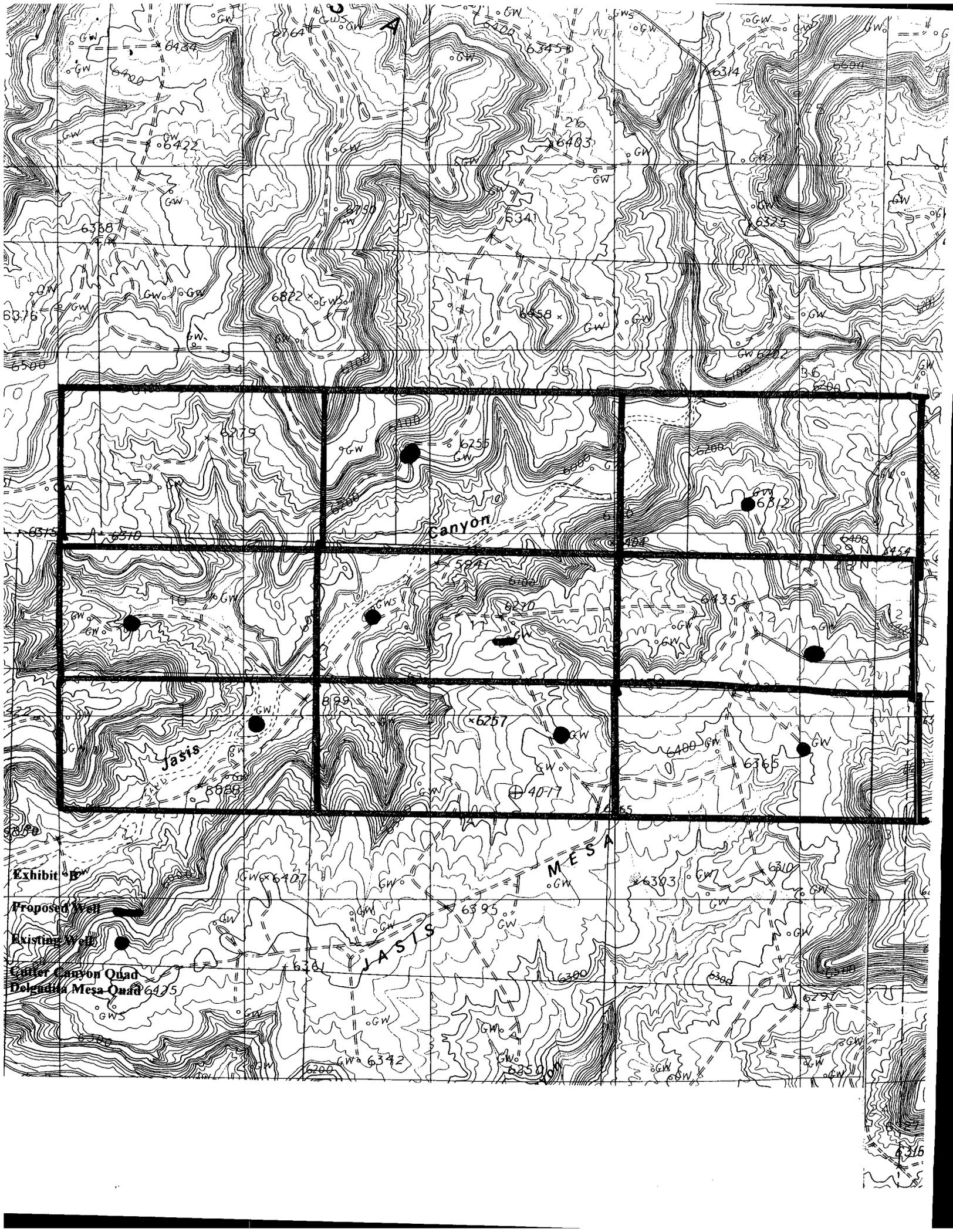
Dedication	Joint ?	Consolidation	Order No.
------------	---------	---------------	-----------

NO ALLOWABLE WILL ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
 OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

T.29 N.



<b>OPERATOR CERTIFICATION</b>	
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
Signature <i>Paul Lehrman</i>	
Printed Name Paul Lehrman	
Title Landman	
Date 9/24/03	
<b>SURVEYOR CERTIFICATION</b>	
I hereby certify that the well location on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.	
Date of Survey 8/20/03	
Signature <i>Gerardo S. Huddleston</i>	



**RICHARDSON PRODUCTION COMPANY**

**501 Airport Drive, Suite 119**

**Phone (505) 564-8115**

**FARMINGTON, NM 87401**

**FAX (505) 564-8334**

---

October 3, 2003

Certified Mail  
Return Receipt Requested  
Article No. 7002 3150 0002 0908 6876

Kukui Operating Company  
P.O. Box 737  
Ignacio, CO 81137

RE: Non-Standard Location Application  
Basin Fruitland Coal Well  
Richardson Operating Federal 43-11 #3  
Township 28 North, Range 8 West, NMPM  
540' FSL & 2245 FEL  
Section 11: SE/4  
San Juan County, New Mexico

Gentlemen:

As required by New Mexico Oil Conservation Division (NMOCD) Rules, this letter will serve to notify you of the following non-standard location application for a well. This letter is a notice only. No action is required on your part unless you have questions or objections. Any objections must be filed in writing within 20 days of receipt of the application by the NMOCD.

Richardson Operating Company is applying to the NMOCD for a non-standard location for its proposed Richardson Operating Federal 43-11 #3 well in the Fruitland Coal formation. The minimum distance from quarter section lines required by NMOCD rules is 660'. Due to existing surface conditions (Archaeology), the well is approximately 540' from the south line of Section 11.

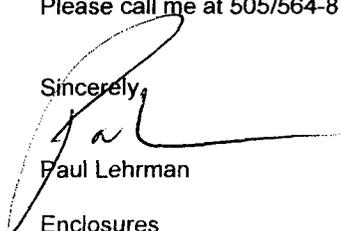
Well Name:	Federal 43-11 #3
Proposed Producing Zone:	Fruitland Coal
Acreage Dedication:	S/2 of Section 11, T28N, R8W, NMPM, San Juan Co., NM
Location:	540' FSL & 2245 FEL, Section 11, T28N, R8W, NMPM, San Juan Co., NM
Applicant's Name:	Richardson Operating Company
Applicant's Address:	3100 La Plata Highway, Farmington, New Mexico 87401
Applicant's Phone No.	505/564-8115

Submittal Information: Application for a non-standard location will be filed with the NMOCD. If they determine the application complies with the regulations, it will be approved. Any questions can be submitted to the New Mexico Oil Conservation Division, whose address is 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. Their phone number is 505/476-3440.

Thank you for your consideration in this matter.

Please call me at 505/564-8115 (Richardson's Land Office) if you have any questions.

Sincerely,



Paul Lehrman

Enclosures

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> <li>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>■ Print your name and address on the reverse so that we can return the card to you.</li> <li>■ Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	<p>A. Signature <span style="float: right;"><input type="checkbox"/> Agent <input type="checkbox"/> Addressee</span></p> <p><b>X</b></p> <p>B. Received by (Printed Name) <span style="float: right;">C. Date of Delivery</span></p>
<p>1. Article Addressed to:</p> <p style="text-align: center;">Kukui Operatory Co. Box 737 Ignacio, Co 81137</p>	<p>D. Is delivery address different from item 1? <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</span></p> <p>if YES, enter delivery address below:</p> <p>3. Service Type <span style="float: right;"><input type="checkbox"/> Express Mail</span></p> <p><input checked="" type="checkbox"/> Certified Mail <span style="float: right;"><input type="checkbox"/> Return Receipt for Merchandise</span></p> <p><input type="checkbox"/> Registered <span style="float: right;"><input type="checkbox"/> C.O.D.</span></p> <p><input type="checkbox"/> Insured Mail</p> <p>4. Restricted Delivery? (Extra Fee) <span style="float: right;"><input type="checkbox"/> Yes</span></p>
<p>2. Article Number (Transfer from service label) <span style="float: right;">7002 3150 0002 0908 6876</span></p>	
<p>PS Form 3811, August 2001 <span style="margin-left: 200px;">Domestic Return Receipt</span> <span style="float: right;">2ACPRI-03-Z-0985</span></p>	



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Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	

Sent To Kukui Operatory Co.

Street, Apt. No.,  
or PO Box No. Box 737

City, State, ZIP+4 Ignacio, Co 81137

PS Form 3800, June 2002 See Reverse for Instructions

7002 3150 0002 0908 6876  
7002 3150 0002 0908 6876

**RICHARDSON PRODUCTION COMPANY**

**501 Airport Drive, Suite 119**

**Phone (505) 564-8115**

**FARMINGTON, NM 87401**

**FAX (505) 564-8334**

---

October 3, 2003

Certified Mail  
Return Receipt Requested  
Article No. 7002 3150 0002 0908 6876

ConocoPhillips Company  
P.O. Box 2197  
Houston, TX 77252

RE: Non-Standard Location Application  
Basin Fruitland Coal Well  
Richardson Operating Federal 43-11 #3  
Township 28 North, Range 8 West, NMPM  
540' FSL & 2245 FEL  
Section 11: SE/4  
San Juan County, New Mexico

Gentlemen:

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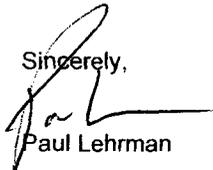
Well Name:	Federal 43-11 #3
Proposed Producing Zone:	Fruitland Coal
Acreage Dedication:	S/2 of Section 11, T28N, R8W, NMPM, San Juan Co., NM
Location:	540' FSL & 2245 FEL, Section 11, T28N, R8W, NMPM, San Juan Co., NM
Applicant's Name:	Richardson Operating Company
Applicant's Address:	3100 La Plata Highway, Farmington, New Mexico 87401
Applicant's Phone No.	505/564-8115

Submittal Information: Application for a non-standard location will be filed with the NMOCD. If they determine the application complies with the regulations, it will be approved. Any questions can be submitted to the New Mexico Oil Conservation Division, whose address is 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. Their phone number is 505/476-3440.

Thank you for your consideration in this matter.

Please call me at 505/564-8115 (Richardson's Land Office) if you have any questions.

Sincerely,



Paul Lehrman

Enclosures

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

*ConocoPhillips Co,  
Box 2197  
Houston, TX  
77252*

2. Article Number  
(Transfer from service label)

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  Agent  
**X**  Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1?  Yes  
if YES, enter delivery address below:  No

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes



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Postage	\$	Postmark Here
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	

Sent To *ConocoPhillips Co.*  
 Street, Apt. No.; or PO Box No. *Box 2197*  
 City, State, ZIP+4 *Houston, TX 77252*

PS Form 3800, June 2002 See Reverse for Instructions

**RICHARDSON PRODUCTION COMPANY**

**501 Airport Drive, Suite 119**

**Phone (505) 564-8115**

**FARMINGTON, NM 87401**

**FAX (505) 564-8334**

---

October 3, 2003

Certified Mail

Return Receipt Requested

Article No. 7002 3150 0002 0908 6869

Mr. Rich Corcoran  
Energen Resources Corp.  
2198 Bloomfield Highway  
Farmington, NM 87499

RE: Non-Standard Location Application  
Basin Fruitland Coal Well  
Richardson Operating Federal 43-11 #3  
Township 28 North, Range 8 West, NMPM  
540' FSL & 2245 FEL  
Section 11: SE/4  
San Juan County, New Mexico

Dear Mr. Corcoran:

As required by New Mexico Oil Conservation Division (NMOCD) Rules, this letter will serve to notify you of the following non-standard location application for a well. This letter is a notice only. No action is required on your part unless you have questions or objections. Any objections must be filed in writing within 20 days of receipt of the application by the NMOCD.

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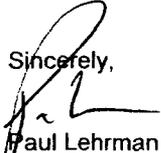
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Paul Lehrman

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<p>1. Article Addressed to:</p> <p style="text-align: center;"><i>Energex Resources Corp</i> <i>2198 Bloomfield Hwy</i> <i>Farm. NM 87401</i></p>	<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes if YES, enter delivery address below: <input type="checkbox"/> No</p>	
<p>2. Article Number (Transfer from service label)</p>	<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail    <input type="checkbox"/> Express Mail</p> <p><input type="checkbox"/> Registered    <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail    <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>	
<p>7002 3150 0002 0908 6869</p>		

PS Form 3811, August 2001

Domestic Return Receipt

2ACPRI-03-Z-0985



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Postage	\$	Postmark Here
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	

Sent To *Energex*

Street, Apt. No., or PO Box No. *2198 Bloomfield Hwy*

City, State, ZIP+4 *Farm. NM 87401*

PS Form 3800, June 2002 See Reverse for Instructions

7002 3150 0002 0908 6869  
 7002 3150 0002 0908 6869

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
**APPLICATION FOR PERMIT TO DRILL OR REENTER**

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMSF-078390
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name N/A
2. Name of Operator Richardson Operating Company		7. If Unit or CA Agreement, Name and No. N/A
3a. Address 3100 La Plata Hwy, Farm. NM	3b. Phone No. (include area code) 564-3100	8. Lease Name and Well No. Federal 43-11 #3
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 540' FSL & 2245' FEL At proposed prod. zone Same		9. API Well No. 30-045-
14. Distance in miles and direction from nearest town or post office* 12 miles SE of Blanco, NM		10. Field and Pool, or Exploratory Basin Fruitland Coal
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 540'		11. Sec., T., R., M., or Blk. and Survey or Area  Sec. 11-T28N-R8W, NMPM
16. No. of Acres in lease 1,851.96		12. County or Parish San Juan
17. Spacing Unit dedicated to this well S/2 291.96 Acres		13. State NM
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 475'		20. BLM/BIA Bond No. on file BLM Nationwide # 158293308
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6,267' GL		22. Approximate date work will start* Upon approval
		23. Estimated duration 2 Weeks

**24. Attachments**

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- |  |   |
|--|---|
| <ol style="list-style-type: none"> <li>1. Well plat certified by a registered surveyor.</li> <li>2. A Drilling Plan.</li> <li>3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).</li> </ol> | <ol style="list-style-type: none"> <li>4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).</li> <li>5. Operator certification.</li> <li>6. Such other site specific information and/or plans as may be required by the authorized officer.</li> </ol> |
|--|---|

25. Signature 	Name (Printed/Typed) Paul Lehrman	Date 4/29/03
Title Landman		
Approved by (Signature)	Name (Printed/Typed)	Date
Title	Office	

Application approval does not warrant or certify the the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.  
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

\*(Instructions on reverse)

**COPY**

State of New Mexico  
 Energy, Minerals & Mining Resources Department  
 OIL CONSERVATION DIVISION  
 2040 South Pacheco  
 Santa Fe, NM 87505

Form C - 102

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

APA Number 30-045-	Pool Code 71629	Pool Name Basin Fruitland Coal
Property Code	Property Name FEDERAL 43-11	Well Number 3
OGRD No. 19219	Operator Name RICHARDSON OPERATING COMPANY	Elevation 6267

Surface Location

Ul. or Lot	Sec.	Twp.	Rge.	Lot ldn.	Feet from >	North/South	Feet from >	East/West	County
0	11	28 N.	8 W.		540'	SOUTH	2245'	EAST	SAN JUAN

Bottom Hole Location If Different From Surface

Ul. or Lot	Sec.	Twp.	Rge.	Lot ldn.	Feet from >	North/South	Feet from >	East/West	County

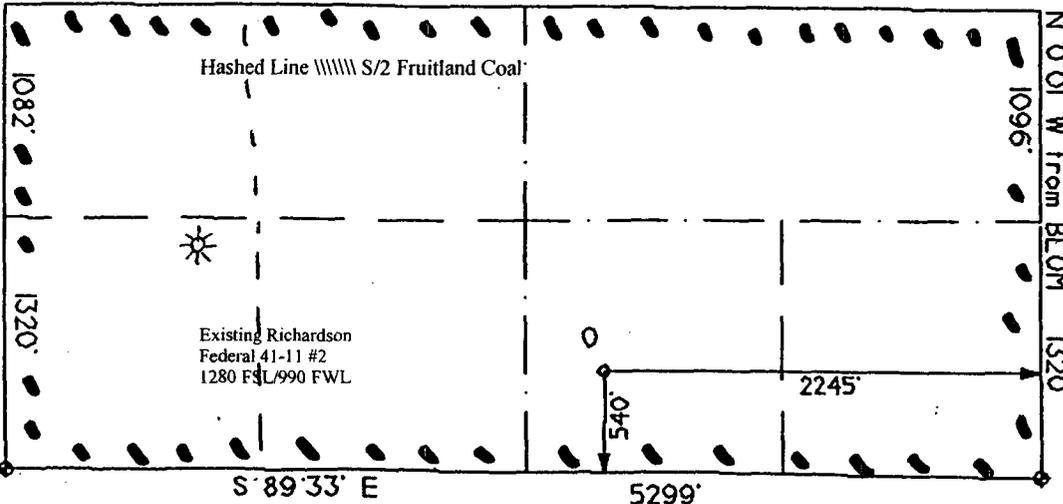
Dedication	Joint ?	Consolidation	Order No.

NO ALLOWABLE WILL ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
 OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

T.29 N.

N 89°42' W (calc.)

5299' (calc.)



**OPERATOR CERTIFICATION**

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature

*Paul Lehrman*

Printed Name

Paul Lehrman

Title

Landman

Date

9/24/03

**SURVEYOR CERTIFICATION**

I hereby certify that the well location on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey

8/20/03

Signature

Professional

*Gerard J. Huddleston*  
 REGISTERED LAND SURVEYOR  
 6844  
 NEW MEXICO

**Richardson Operating Company  
Federal 43-11 #3  
540' FSL & 2245' FEL  
Section 11, T28N, R8W, NMPM  
San Juan County, New Mexico**

**DRILLING PROGRAM**

**1. ESTIMATED FORMATION TOPS:**

<u>Formation</u>	<u>GL Depth</u>	<u>KB Depth</u>	<u>Subsea Elevation</u>
San Jose Fm	000'	5'	+6,267'
Nacimiento	350'	355'	+5,617'
Ojo Alamo Ss	1619'	1074'	+4,648'
Kirtland Shale	1962'	1454'	+4,305'
Fruitland Formation	2493'	2114'	+3,774'
Pictured Cliffs Ss	2751'	2350'	+3,516'
Total Depth (TD)*	2800'	2505'	+3,467'

\*All elevations reflect the ungraded ground level of 6,267'

**2. NOTABLE ZONES:**

<u>Gas Zones</u>	<u>Water Zones</u>	<u>Coal Zones</u>
Fruitland	Ojo Alamo	Fruitland Coal
Pictured Cliffs		

Water zones will be protected with casing, cement, and weighted mud. Fresh water encountered during drilling will be recorded by depth, cased, and cemented. Centralizers will be run through the Ojo Alamo. A turbulizing centralizer will be run at the base of the Ojo Alamo to ensure an adequate cement procedure. Oil and gas shows will be tested for commercial potential based on the well site representatives recommendations.

**3. PRESSURE CONTROL:**

The drilling contract has not yet been awarded, thus the exact BOP model to be used is unknown. (A typical 2,000 psi model has been attached to the end of the drilling program.) Double ram or annular system with a rotating head will be used. All ram preventers and related equipment will be hydraulically tested at nipple up and after any use under pressure to 1000 psi.

Blind rams will be hydraulically activated and checked for operational readiness each time pipe is pulled out of the hole. All checks of the BOP stack and equipment will be noted on the daily drilling report. BOP equipment will include a floor safety valve and choke manifold rated to 2000 psi. Maximum expected pressure is less than 1000 psi.

**Drilling Program  
Richardson Operating Company**

Page Two

**4. CASING AND CEMENTING PROGRAM:**

<u>Hole Size</u>	<u>O.D.</u>	<u>Weight (lb/ft)</u>	<u>Grade</u>	<u>Age</u>	<u>GL Setting Depth</u>
8 3/4"	7"	20	K-55	New	280'
6 1/4"	4 1/2"	10.5	K-55	New	2800'

Surface casing will be cemented to surface with  $\approx 100$  cu.ft. ( $\approx 85$  sx) Class B + 2% CaCl. Volume is based on 100% excess, yield of 1.18 cu.ft./sk, and slurry weight of 15.6 ppg. WOC = 12 hours. Pressure test surface casing to 600 psi for 30 minutes.

Production casing hole will first be cleaned of rock chips by circulating at least 150% of hole volume with drilling fluid to surface. Thirty barrels of fresh water will then be circulated. Lead with  $\approx 350$  cu.ft. ( $\approx 175$  sx) Class B with 2% metasilicate (yield = 2.06 cu.ft./sk, slurry weight = 12.5 ppg). Tail in with  $\approx 155$  cu.ft. ( $\approx 132$  sx) Class B with 2% CaCl (yield = 1.18 cu.ft./sk, weight = 15.6 ppg). Total cement volume is  $\approx 505$  cu.ft. based on 100% excess and circulating to surface.

Production casing will have 4 1/2" cement guide shoe and self fill float collar. Float will be placed one joint above the shoe. Six centralizers will be spaced every other joint starting above the shoe. Six turbolizers will be placed every other joint starting from the top of the well.

**5. MUD PROGRAM:**

Surface casing hole will be drilled with fresh water. Production casing hole will be drilled with a fresh water polymer mud. Weighting material will be drill solids or, if needed, barite. Maximum expected mud weight will be 8.7 ppg. Sufficient material to maintain mud properties, control lost circulation, and contain a blowout will be available at the well while drilling.

**6. CORING, TESTING, & LOGGING:**

No cores or DSTs are planned. A cased hole CNL/GR will be run from TD to surface.

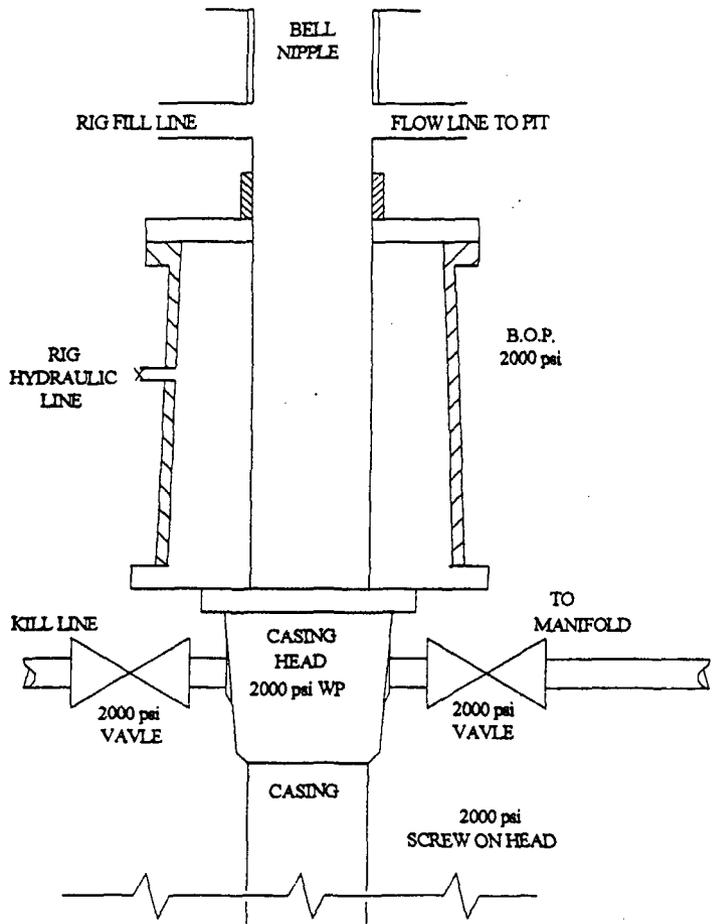
**7. DOWNHOLE CONDITIONS:**

No abnormal pressures, temperatures, nor hydrogen sulfide are expected. Maximum pressure will be approximately  $\approx 520$  psi.

**8. OTHER INFORMATION:**

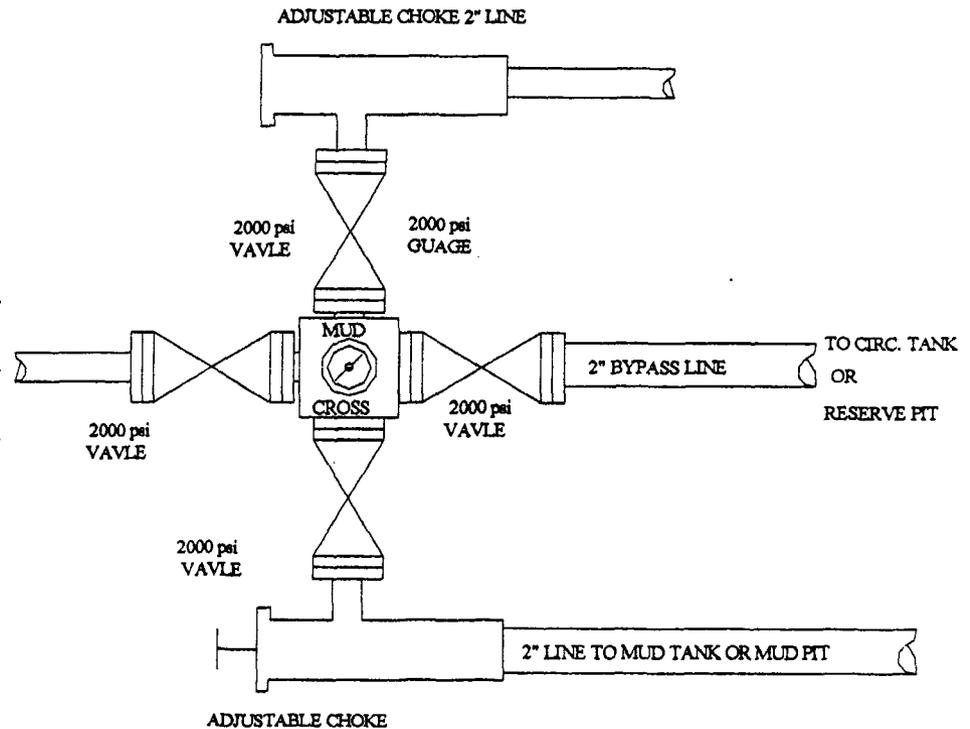
The anticipated spud date is November 1, 2003. It should take 5 days to drill and 1 week to complete the well.

# BLOW OUT PREVENTER (B.O.P.)



## Notes:

1. Length of Kelly does not allow enough room for a Kelly Cock.
2. All Fittings will be screw on fitting types. (Valves, Nipples, and T's)
3. All Fittings, this B.O.P., or equivalent, & Surface Casing will be pressure tested to 600 psi prior to drilling from surface pipe.



\*\* 2000 psi Rubber hose will be used from Well Head to Manifold

& from Well Head to Kill Line.

**Richardson Operating Company  
Federal 43-11 #3  
540' FEL & 2245' FSL  
Section 11, T28N, R8W, NMPM  
San Juan County, New Mexico**

**SURFACE USE PLAN**

**1. DIRECTIONS & EXISTING ROADS:** (See attached)

From the junction of US 64 and CR 4450 (Largo Canyon Road), East of Blanco, New Mexico, Go 3.7 miles South on CR 4450,  
Then bear left and go approximately 4.6 miles southeasterly toward Carrizo Canyon,  
Then turn left down Jasis Canyon road,  
Drive approximately 2.75 miles, then turn right at Y and drive approximately .6 miles up hill to South, turn right and drive .1 mile.  
And new location is just off existing field road to West approximately 370'.

Roads will be maintained to a standard at least equal to their present condition.

**2. ROADS TO BE UPGRADED OR BUILT:**

370' of new access road will be built. A 24" Culvert will be placed as necessary to prevent erosion and prevent the access road from washing out.

**3. EXISTING WELLS:**

According to NM Oil Conservation Division records in Santa Fe and the State Engineers office in Aztec, New Mexico, there are twenty seven gas wells and one plugged and abandoned wells are within a mile radius, no water and no oil or injection wells within a mile. The gas wells and plugged and abandoned wells are depicted on the plat on page 12.

**4. PROPOSED PRODUCTION FACILITIES:**

A meter run and separator are planned on the pad. A pump will be installed. Surface equipment will be painted a flat juniper green color.

The well tie pipeline will be taken Easterly down the access road (approximately 370') to tie into an existing El Paso Field Services gas pipeline. See page 10 for pipeline route and plat.

**5. WATER SUPPLY**

Water will trucked from a private water source in Bloomfield or Blanco, New Mexico.

**Surface Use Plan  
Richardson Operating Company**

Page 2

**6. CONSTRUCTION MATERIALS & METHODS:**

NM One Call (1-800-321-ALERT) will be notified prior to any new construction. A minimum 12 mil plastic liner will be installed in the reserve pit.

**7. WASTE DISPOSAL:**

All trash will be placed in a portable trash cage. It will be hauled to the county landfill. There will be no trash burning. Once dry, the contents of the reserve pit will be buried in place. Human waste will be disposed of in chemical toilets and hauled to an approved dump station.

**8. ANCILLARY FACILITIES:**

There will be no airstrips or camps. Camper trailers may be on location for the company man, tool pusher, or mud logger.

**9. WELL SITE LAYOUT:**

See attached for depictions of the well pad, cross section, cut and fill diagram, reserve pit, trash cage, access onto the location, parking and living facilities, and rig orientation.

**10. RECLAMATION:**

Reclamation starts once the reserve pit is dry. It usually takes a year for a reserve pit to fully evaporate, at which point it will be backfilled. The pad and backfilled pit will be recontoured to a natural appearance, soil spread evenly over disturbed areas, and disturbed areas ripped or harrowed. BLM's seed mix #2 will be drilled between July 1 and September 15. If broadcast, the rate will be doubled. A harrow or cable will be dragged over the area to assure seed cover.

If the well is a producer, then the reserve pit and any other areas not needed for workovers will be reclaimed as previously described.

**11. SURFACE OWNER:**

Well site, road and pipeline are all on lease. All facilities are all on Bureau of Land Management surface.

**Surface Use Plan  
Richardson Operating Company**

Page 3

**12. OTHER INFORMATION:**

The nearest hospital is a 1 ½ hour drive away in southwest Farmington.

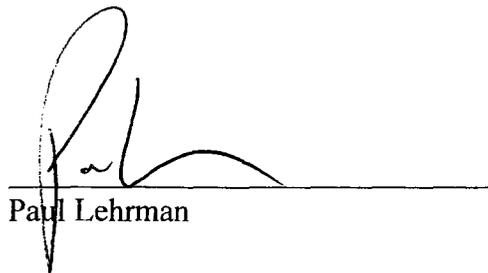
**13. REPRESENTATION:**

Anyone having questions concerning the APD should call the field representative:

Drew Carnes, Operations Manager  
Richardson Operating Company  
3100 La Plata Highway  
Farmington, NM 87401  
(505) 564-3100      FAX (505) 564-3109

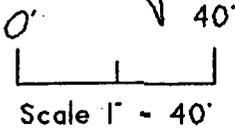
Richardson Operating Company has the necessary consents from the proper lease owners to conduct lease operations in conjunction with this well. Bond coverage is pursuant to 43 CFR 3104 for lease activities and operations are being provided by Richardson Operating Company.

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with operations proposed herein will be performed by Richardson Operating Company and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to provisions of 18 USC 1001 for the filing of a false statement.

  
Paul Lehrman

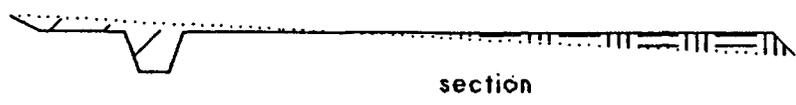
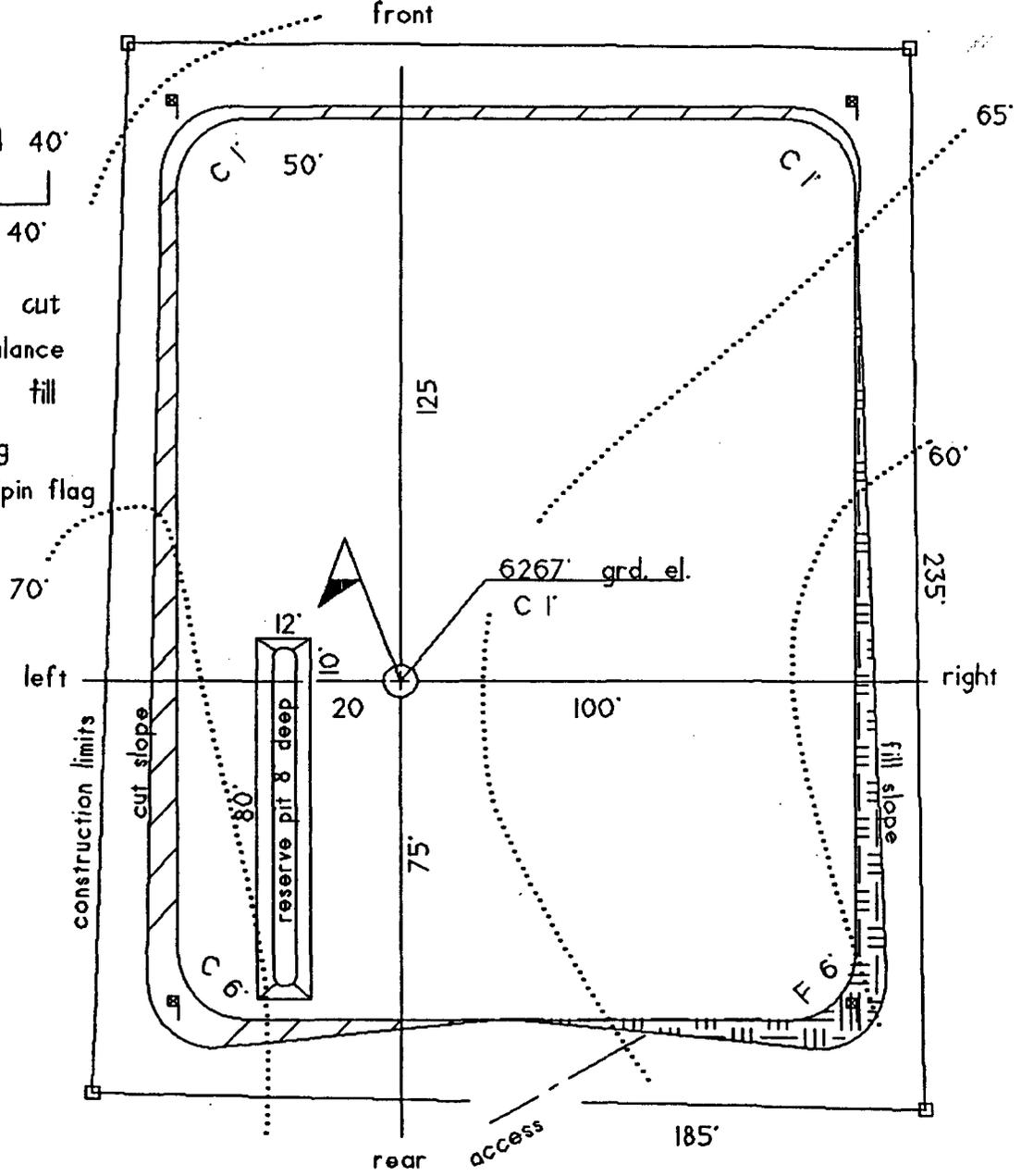
September 29, 2003

S 18° W

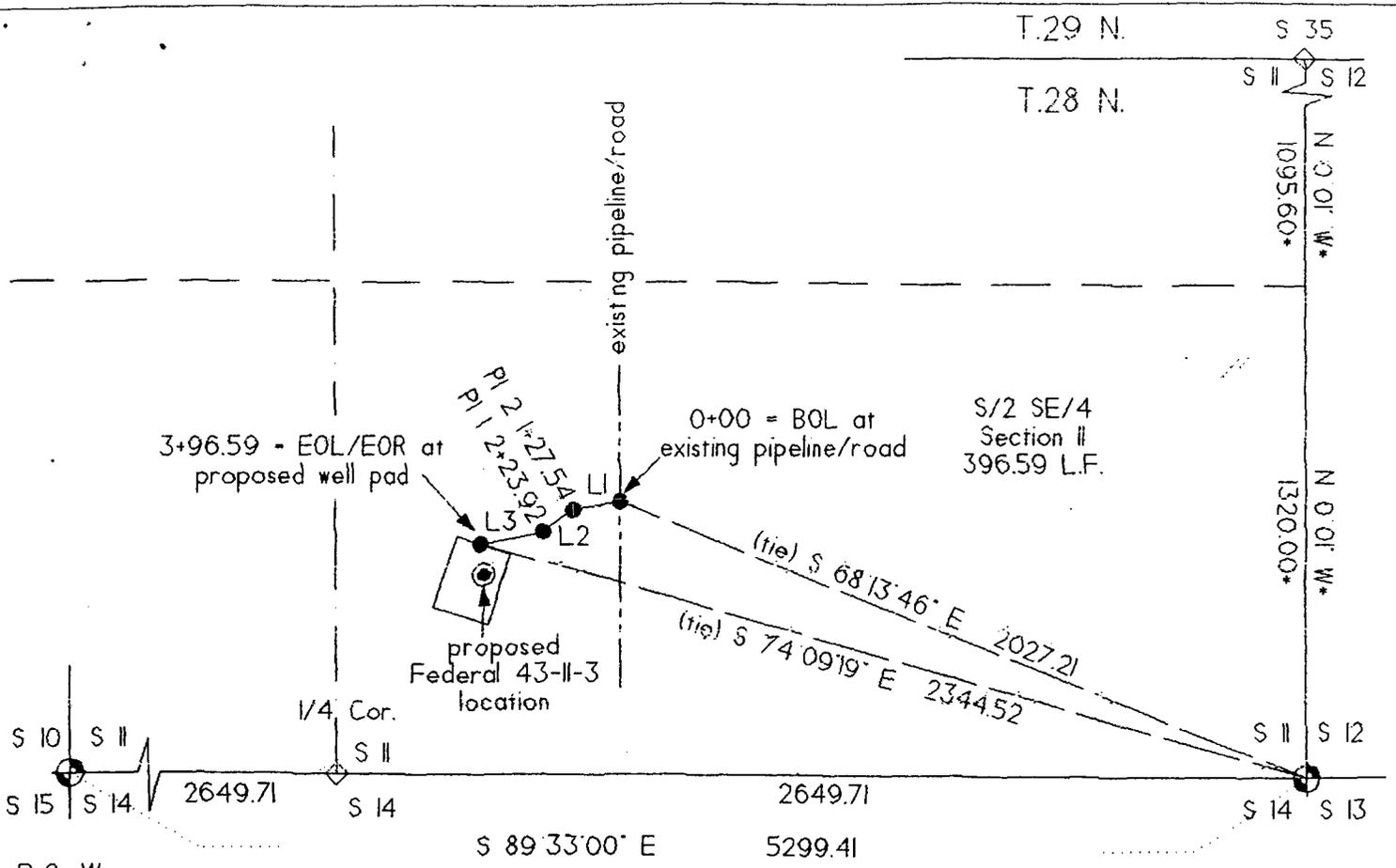


 cut  
 grade to balance  
 fill

 set pin flag  
 set stake/pin flag



section



LINE DESCRIPTION TABLE

LINE NO.	DIRECTION	LENGTH
1	S 80°04'01\" W	127.54
2	S 53°39'01\" W	96.38
3	S 79°06'32\" W	172.67

Basis of Bearing:  
GPS state plane coordinates  
rotated.



0' 500'  
Scale 1" = 500'



RICHARDSON OPERATING COMPANY

Proposed Federal 43-II-3 access road and  
pipeline right-of-way -

S/2 SE/4 of Section II,  
T.28 N., R.8 W., NMPM,  
San Juan County, New Mexico

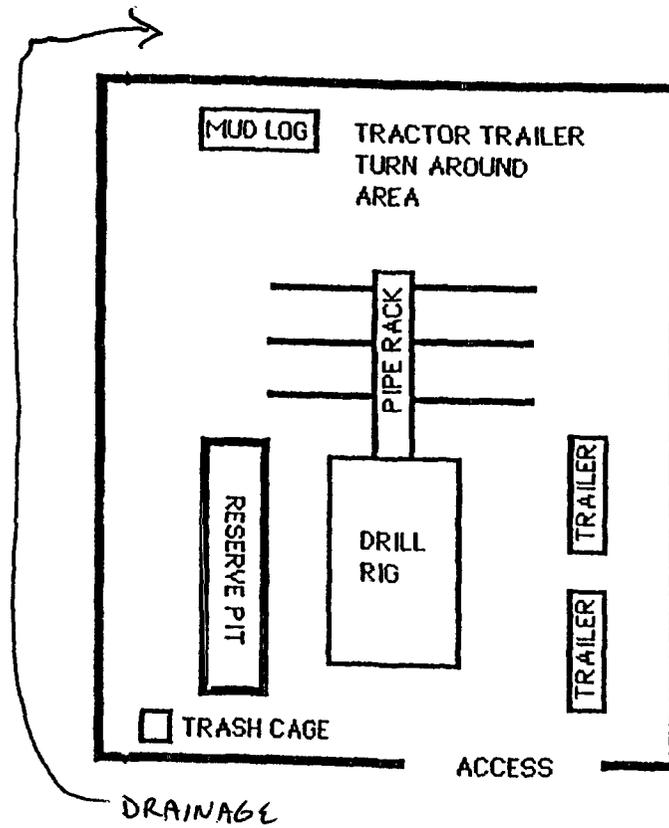
August 2003

HUDDLESTON LAND SURVEYING  
P.O. DRAWER KK / CORTEZ, CO 81321 / 970-565-3330

- ⊕ fnd. stnd. GLO monument
- ◇ calculated corner
- from GLO plat of record
- survey centerline PI

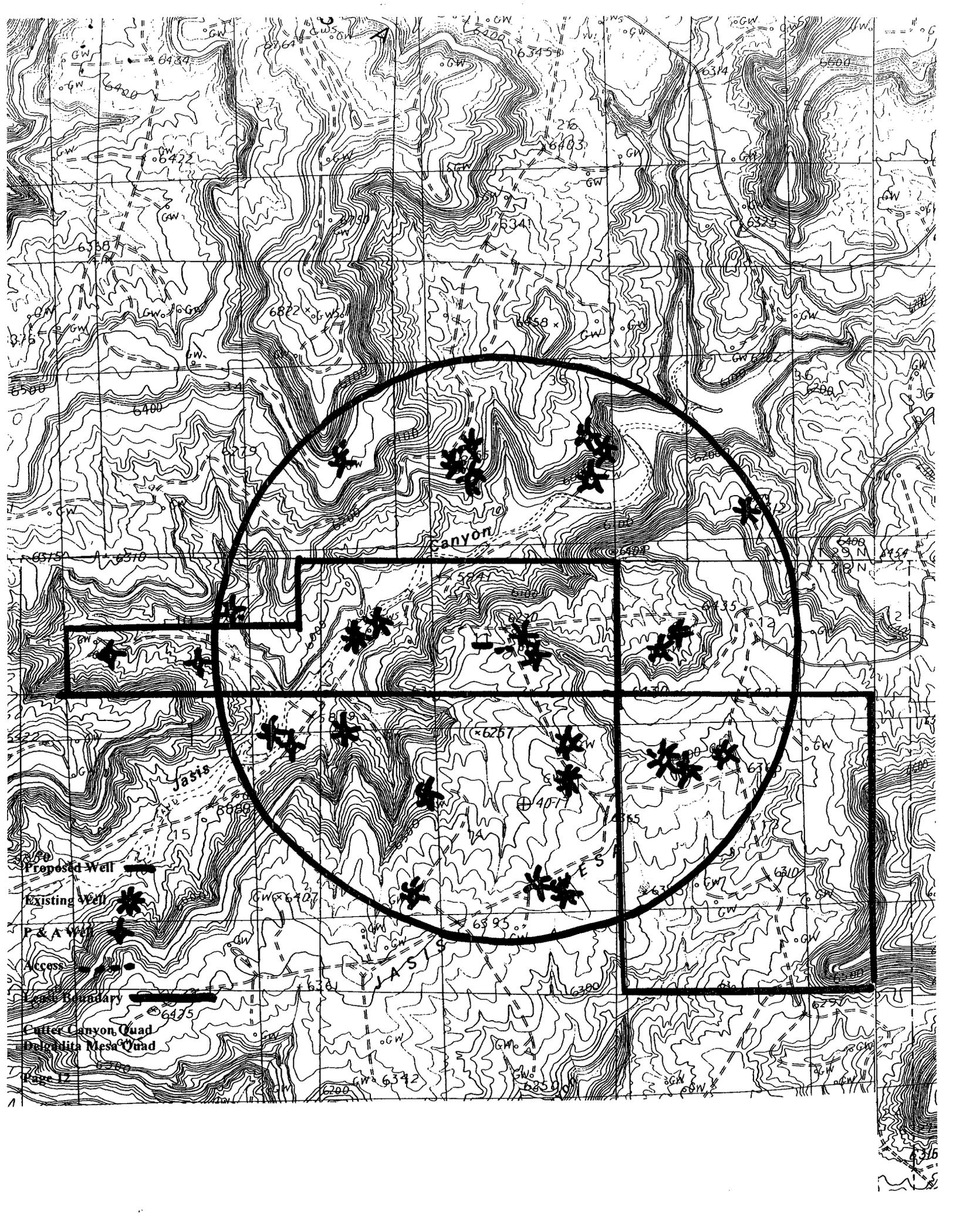
WELL SITE LAYOUT  
RICHARDSON OPERATING COMPANY  
FEDERAL 43-11 #3  
540' FSL & 2245' FEL  
SECTION 11, TOWNSHIP 28 NORTH, RANGE 8 WEST, NMPM  
SAN JUAN COUNTY, NEW MEXICO

PAGE 11  
PAGE 11



NORTH





- Proposed Well
- Existing Well
- P & A Well
- Access
- Contour Boundary

Cutter Canyon Quad  
Orlandita Mesa Quad