



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

Lori Wrotenberg

Director

Oil Conservation Division

January 28, 2004

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

Attention: Paul Lehrman
plehrman@digii.net

Administrative Order NSL-4987 (SD-Coal)

Dear Mr. Lehrman:

Reference is made to the following: (i) your application that was submitted to the New Mexico Oil Conservation Division ("Division") on January 8, 2004 (*administrative application reference No. pMES0-401056579*); and (ii) the Division's records in Santa Fe and Aztec: all concerning Richardson Operating Company's ("Richardson") request for an unorthodox gas well location in the Fruitland Sand and/or Pictured Cliffs formations and the Basin-Fruitland Coal (Gas) Pool (71629) for its proposed WF State "2" Well No. 4 to be drilled 2060 feet from the South line and 2095 feet from the East line (Unit J) of Section 2, Township 30 North, Range 14 West, NMPM, San Juan County, New Mexico.

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*," as promulgated by Division Order No. R-8768, as amended; (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.

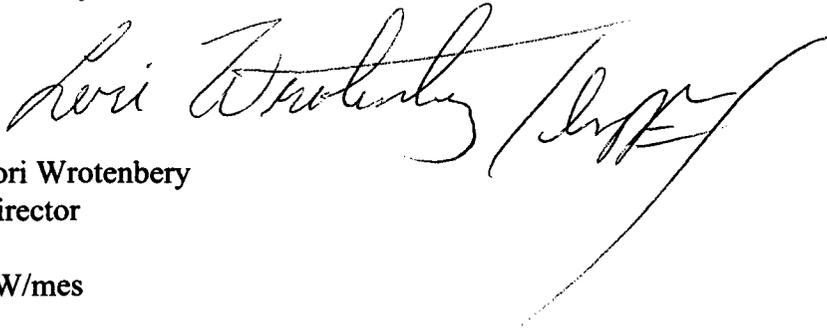
Gas production from the Basin-Fruitland Coal (Gas) Pool is to be included within an existing standard 320-acre lay-down gas spacing unit comprising the S/2 of Section 2, which is currently dedicated to Richardson's WF State "2" Well No. 3 (API No. 30-045-30759), recently drilled at a standard coal gas well location 1237 feet from the South line and 1790 feet from the West line (Unit N) of Section 2.

The proposed WF State "2" Well No. 4 is to be the dedicated well for Fruitland Sand and/or Pictured Cliffs gas production within the SE/4 of Section 2, being a standard 160-acre gas spacing unit for the Undesignated Conner-Fruitland Sand Pool (75030) and Undesignated Harper Hill Fruitland Sand-Pictured Cliffs Pool (78160).

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 State "2" Well No. 4 is hereby approved.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Lori Wrotenbery" followed by a stylized flourish.

Lori Wrotenbery
Director

LW/mes

cc: New Mexico Oil Conservation Division - Aztec
New Mexico State Land Office - Santa Fe