

8-17-99

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

~~PC~~ 489

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
- [DD-Directional Drilling] [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 - Directional Drilling
- NSL NSP DD SD

AL 28

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

[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] **INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding**

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

PAUL C. THOMPSON
Print or Type Name

Paul C. Thompson
Signature

AGENT
Title

7/27/99
Date



WALSH ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting
Lease Management
Contract Pumping

7415 East Main
Farmington, New Mexico 87402
(505) 327-4892

July 26, 1999

Ms. Lori Wrotenbery
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

Re: Application for Surface Commingling
Richardson Operating Company
WF Federal 34-1
Aztec #4-35
Section 34 and 35, T30N, R14W
San Juan County, New Mexico
Harper Hill Fruitland Sand - Pictured Cliffs

Dear Ms. Wrotenbery,

This is a request on behalf of Richardson Operating Company for approval to surface commingle the gas production from the above mentioned wells.

1. Proposed System The wells are commingled upstream of a CPD meter so that they can reduce measurement costs. The WF Federal 34-1 well will have an allocation meter on location. The Aztec #4-35 production is the difference between the CPD meter and the allocation meter. The gas flows into El Paso Natural Gas' gathering system and they maintain the CPD meter. Neither well produces liquid hydrocarbons.

2. Location Map Exhibit 1 is a topo map showing the location of the two wells.

3. Wells, Locations, and Lease Numbers Exhibit 2 is an acreage dedication plat. Both wells are located on Federal lease NM 0206995. The SW quarter of Section 35, T30N, R15W has been dedicated to the Aztec #4-35, and the SE/4 of Section 34, T30N, R15W, has been dedicated to the WF Federal 34-1. Exhibit 3 is a list of the royalty, overriding royalty, and working interests in both wells.

4. Schematic Diagram Exhibit 4 is a schematic diagram of the facilities.

5. Fuel Gas Each well has a separator that uses approximately 0.5 MCFD of fuel gas. They will share a compressor that will use approximately 20 MCFD of fuel gas.



6. **Mechanical Integrity** The flow line from the WF Federal 34-1 to the Aztec #4-35 is 4", 7.24 #/ft. X-42 Grade B coated steel line pipe with a 0.156" wall thickness and a 1,750# burst rating. This line and all of the connections will be hydro-tested to 1000 psig. The MAOP of El Paso's gathering system is 500 psig.

7. **Production - Gravity/BTU** The Aztec #4-35 was fractured in late January 1999. The monthly production since then is attached as Exhibit 5. The WF Federal 34-1 has not been first delivered so no data is available.

8. **Allocation Formula** The WF Federal 34-1 well has an allocation meter. The production assigned to this well will be the integrated volume from the allocation meter, plus separator fuel gas, and one-half the compressor fuel. The volume of gas allocated to the Aztec #4-35 will be the total integrated volume from the CPD meter, minus the volume from the allocation meter on the WF Federal 34-1, plus separator fuel gas and one-half the compressor fuel.

9. **Line Purging** We do not anticipate purging the system very often, but if it is purged, the lost gas will be allocated equally to each of the two wells.

10. **Purged Fluids** Any fluids purged will be natural gas, and condensed water vapor.

11. **Meter Calibration Schedule** The allocation and CPD meters will be calibrated once each quarter. El Paso Field Services will maintain the CPD and Richardson will maintain the allocation meter.

12. **Gas Analysis Schedule** El Paso Field Service will analyze the gas from the commingled stream twice a year.

13. **Effective Date** The system will be placed in service as soon as this application is approved.

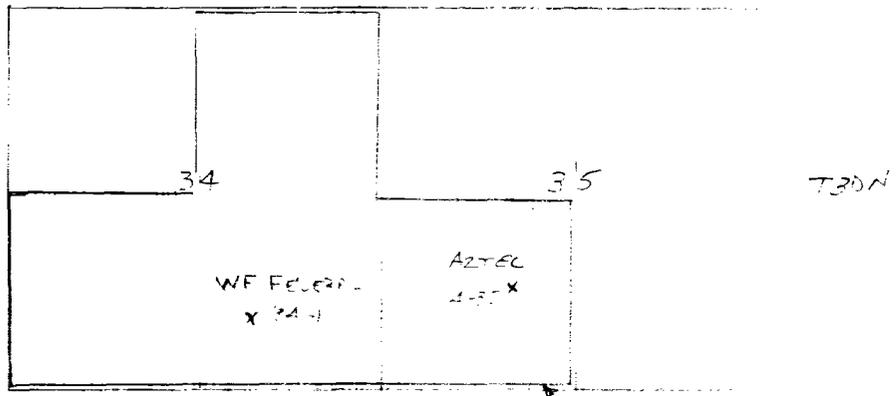
Sincerely,

A handwritten signature in black ink that reads "Paul C. Thompson".

Paul C. Thompson, P.E.

EXHIBIT II

R 15 W



LEASE NM 0256795 BOUNDARY

District I
 PO Box 1980, Hobbs, NM 88241-1980

District II
 PO Drawer 00, Artesia, NM 88211-0719

District III
 1000 Rio Brazos Rd., Aztec, NM 87410

District IV
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Energy, Minerals & Natural Resources Dept

OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

Form C-10;
 Revised February 21, 1999
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number		*Pool Code	*Pool Name
		86620	TWIN MOUNDS FRUITLAND SAND PICTURED CLIFF
*Property Code	*Property Name		*Well Number
	WF FEDERAL		34-1
*GRID No.	*Operator Name		*Elevation
019219	RICHARDSON OPERATING COMPANY		5488'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	34	30N	14W		895	SOUTH	1595	EAST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
172	N		

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

¹⁶

LOT 4 LOT 3 LOT 2 LOT 1

¹⁷ OPERATOR CERTIFICATION
 I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Paul C. Thompson
 Signature

Paul C. Thompson
 Printed Name

Agent
 Title

2/18/99
 Date

¹⁸ SURVEYOR CERTIFICATION
 I hereby certify that the well location shown 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.

FEBRUARY 12, 1999
 Date of Survey

Signature and Seal of Professional Surveyor

Certificate Number 6857

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-12
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

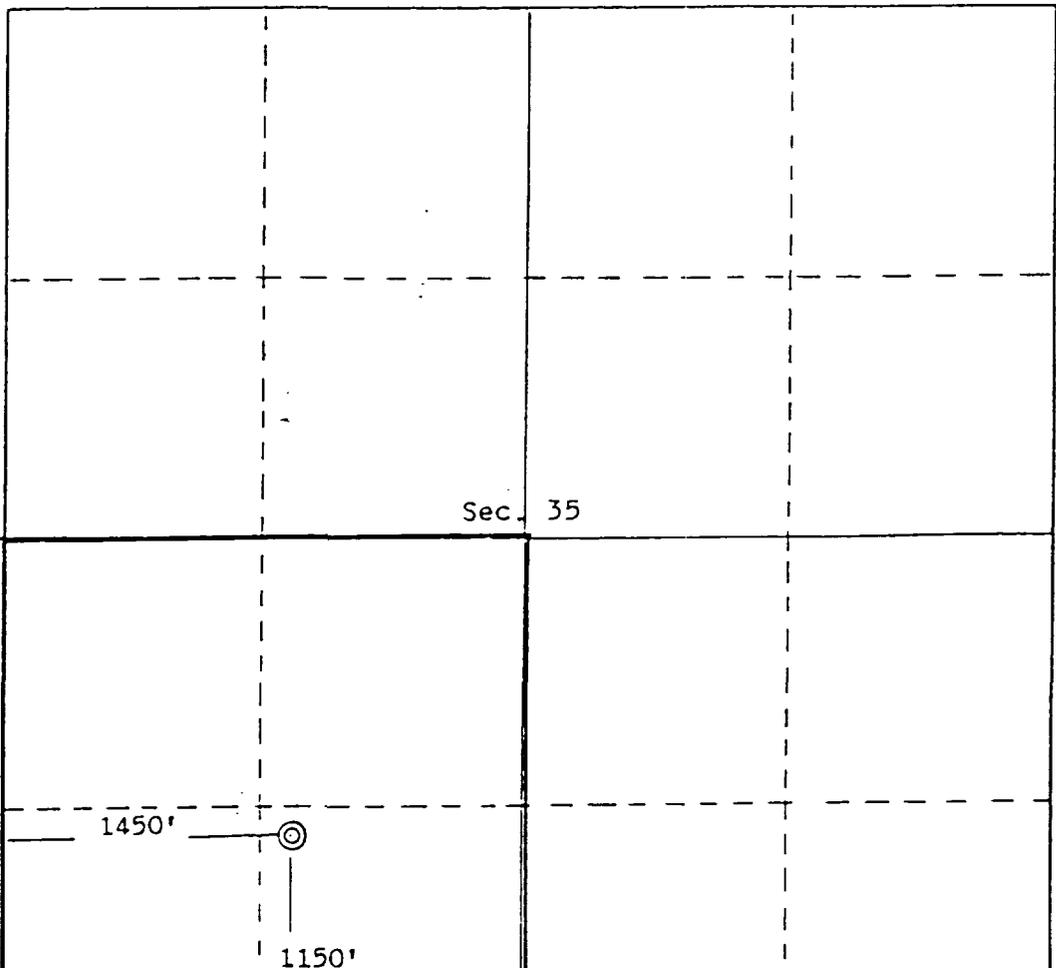
Operator Ladd Petroleum		Lease Aztec			Well No. 4-35
Unit Letter N	Section 35	Township 30 North	Range 14 West	County San Juan	
Actual Footage Location of Well:					
1150 feet from the South line and		1450 feet from the West line			
Ground Level Elev. 5525	Producing Formation Fruitland Pictured Cliffs	Pool Harper Hill		Dedicated Acreage: 160 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.): _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

J. A. Wagon
Name

Agent

Position
Ladd Petroleum Corp.

Company
8-7-79

Date

I hereby certify that the well location shown 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 knowledge and belief.

Date Surveyed
August 6, 1979

Registered Professional Engineer and/or Land Surveyor

EXHIBIT # 3

WF Federal #34-1 well
 Pictured Cliffs
 SE/4-Section 34-T30N-R14W
 San Juan County, NM

NMNM-0206995

Working Interest: Richardson Production Company	Working Interest: 100%	Net Revenue: 72.5%
Royalty: USA, c/o MMS		12.5%
Overriding Royalty: Linda Orwitz Palley, Trustee Burlington Resources Oil & Gas Company		2.5% <u>12.5%</u> 100%

Aztec #4-35 well
 Pictured Cliffs
 SW4-Section 35T30N-R14W
 San Juan County, NM

NMNM-0206995

Working Interest: Richardson Production Company	Working Interest: 100%	Net Revenue: 71.9336%
Royalty: USA, c/o MMS		12.5000%
Overriding Royalty: Linda Orwitz Palley, Trustee Burlington Resources Oil & Gas Company Ocean Energy Resources, Inc.		2.5000% 12.5000% <u>0.5664%</u> 100%



WALSH ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting
Lease Management
Contract Pumping

7415 East Main
Farmington, New Mexico 87402
(505) 327-4892

July 27, 1999

Minerals Management Service
P.O. Box 5810
Denver, CO 80217

Re: Application for Surface Commingling
Richardson Operating Company
WF Federal 34-1
Aztec #4-35
Section 34 and 35, T30N, R14W
San Juan County, New Mexico
Harper Hill Fruitland Sand - Pictured Cliffs

Dear MMS,

Richardson Operating has requested approval from the NMOCD to surface commingle the gas production from the above mentioned wells. As an interest owner in these wells you are being notified of this application pursuant to NMOCD rules.

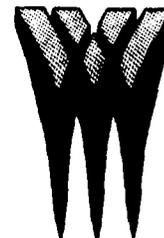
Richardson has installed an allocation meter on the WF Federal 34-1 well. The Aztec #4-35 production is the difference between the CPD meter and the allocation meter, with adjustments for separator and compressor fuel.

If you have no objection to this application, no action is required on your part. If you do object to the surface commingling application, please direct your comments to Ms. Lori Wrotenbery, New Mexico Oil Conservation Division, 2040 South Pacheco, Santa Fe, NM 87505, within 20 days of receipt of this notice. A copy of any correspondence you have with the NMOCD would be appreciated.

Please call me at (505) 327-4892, if you need any additional information.

Sincerely,

Paul C. Thompson, P.E.



WALSH ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting
Lease Management
Contract Pumping

7415 East Main
Farmington, New Mexico 87402
(505) 327-4892

July 27, 1999

Burlington Resources Oil and Gas
801 Cherry Street
Houston, TX 76102

Re: Application for Surface Commingling
Richardson Operating Company
WF Federal 34-1
Aztec #4-35
Section 34 and 35, T30N, R14W
San Juan County, New Mexico
Harper Hill Fruitland Sand - Pictured Cliffs

Dear Burlington Resources,

Richardson Operating has requested approval from the NMOCD to surface commingle the gas production from the above mentioned wells. As an interest owner in these wells you are being notified of this application pursuant to NMOCD rules.

Richardson has installed an allocation meter on the WF Federal 34-1 well. The Aztec #4-35 production is the difference between the CPD meter and the allocation meter, with adjustments for separator and compressor fuel.

If you have no objection to this application, no action is required on your part. If you do object to the surface commingling application, please direct your comments to Ms. Lori Wrotenbery, New Mexico Oil Conservation Division, 2040 South Pacheco, Santa Fe, NM 87505, within 20 days of receipt of this notice. A copy of any correspondence you have with the NMOCD would be appreciated.

Please call me at (505) 327-4892, if you need any additional information.

Sincerely,

Paul C. Thompson, P.E.



WALSH ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting
Lease Management
Contract Pumping

7415 East Main
Farmington, New Mexico 87402
(505) 327-4892

July 27, 1999

Ms. Linda Orwitz Palley, Trustee
Estate of Samuel D. Orwitz
103 Providence Mine Rd. STE 204
Nevada City, CA 95959

Re: Application for Surface Commingling
Richardson Operating Company
WF Federal 34-1
Aztec #4-35
Section 34 and 35, T30N, R14W
San Juan County, New Mexico
Harper Hill Fruitland Sand - Pictured Cliffs

Dear Ms. Palley,

Richardson Operating has requested approval from the NMOCD to surface commingle the gas production from the above mentioned wells. As an interest owner in these wells you are being notified of this application pursuant to NMOCD rules.

Richardson has installed an allocation meter on the WF Federal 34-1 well. The Aztec #4-35 production is the difference between the CPD meter and the allocation meter, with adjustments for separator and compressor fuel.

If you have no objection to this application, no action is required on your part. If you do object to the surface commingling application, please direct your comments to Ms. Lori Wrotenbery, New Mexico Oil Conservation Division, 2040 South Pacheco, Santa Fe, NM 87505, within 20 days of receipt of this notice. A copy of any correspondence you have with the NMOCD would be appreciated.

Please call me at (505) 327-4892, if you need any additional information.

Sincerely,

Paul C. Thompson, P.E.



WALSH ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting
Lease Management
Contract Pumping

7415 East Main
Farmington, New Mexico 87402
(505) 327-4892

July 27, 1999

Ocean Energy Resources, Inc.
P. O. Box 4600
Houston, TX 77210

Re: Application for Surface Commingling
Richardson Operating Company
WF Federal 34-1
Aztec #4-35
Section 34 and 35, T30N, R14W
San Juan County, New Mexico
Harper Hill Fruitland Sand - Pictured Cliffs

Dear Land Manager,

Richardson Operating has requested approval from the NMOCD to surface commingle the gas production from the above mentioned wells. As an interest owner in these wells you are being notified of this application pursuant to NMOCD rules.

Richardson has installed an allocation meter on the WF Federal 34-1 well. The Aztec #4-35 production is the difference between the CPD meter and the allocation meter, with adjustments for separator and compressor fuel.

If you have no objection to this application, no action is required on your part. If you do object to the surface commingling application, please direct your comments to Ms. Lori Wrotenbery, New Mexico Oil Conservation Division, 2040 South Pacheco, Santa Fe, NM 87505, within 20 days of receipt of this notice. A copy of any correspondence you have with the NMOCD would be appreciated.

Please call me at (505) 327-4892, if you need any additional information.

Sincerely,

Paul C. Thompson, P.E.

EXHIBIT #4

SURFACE COMINGLING

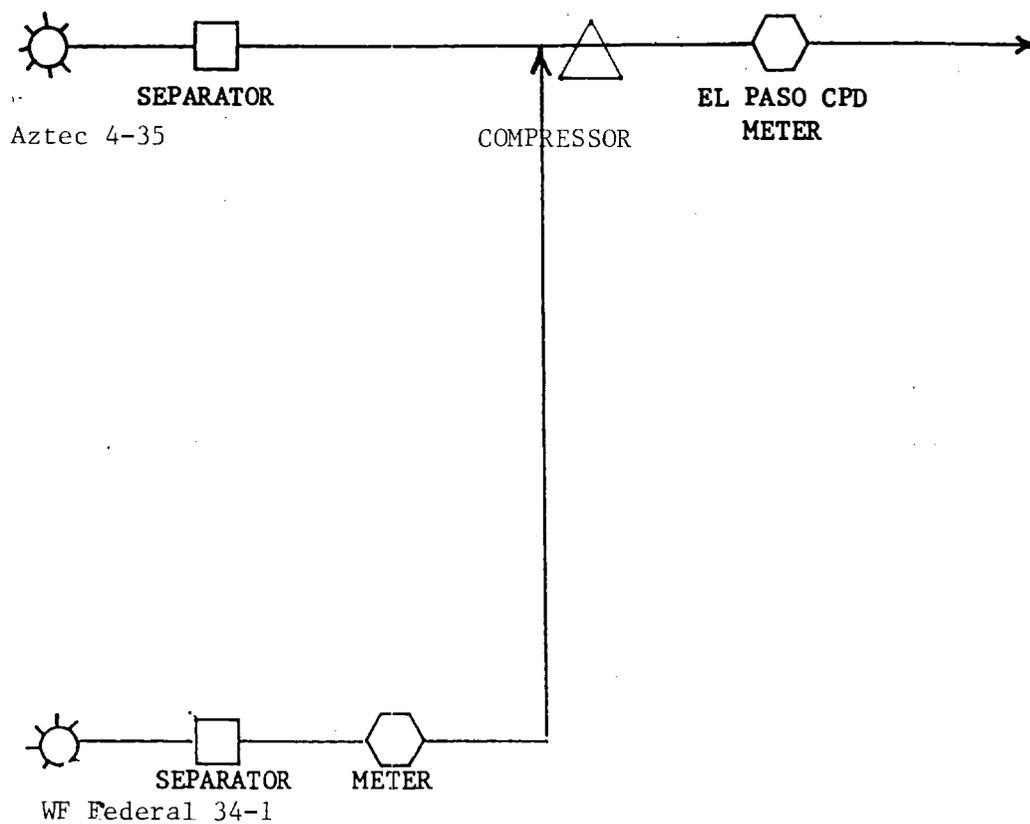


Exhibit 5

Aztec 4-35 Production

Febuary	5474
March	7293
April	12073
May	7317
June	14076