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District IV

New Mexico
Energy Minerals and Natural Resources Department
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

Form C-140
Originated 11/1/95

Submit Original
Plus 2 Copies
to appropriate
District Office

APPLICATION FOR
QUALIFICATION OF WELL WORKOVER PROJECT
AND CERTIFICATION OF APPROVAL

THREE COPIES OF THIS APPLICATION AND ALL ATTACHMENTS MUST BE FILED WITH THE APPROPRIATE DISTRICT OFFICE OF THE OIL CONSERVATION DIVISION.

I. Operator: Roddy Production Co., Inc. OGRID #: 036845
Address: P.O. Box 2221, Farmington, New Mexico 87499

Contact Party: Ken Roddy Phone: (505) 325-5750

II. Name of Well: Lucerne Federal #2 API #: 30-045-29101
Location of Well: Unit Letter D, 1080 Feet from the North line and 790 feet from the West line,
Section 17, Township 28N, Range 11W, NMPM, San Juan County

III. Date Workover Procedures Commenced: DECEMBER 4, 1995
Date Workover Procedures were Completed: DECEMBER 30, 1995

IV. Attach a description of the Workover Procedures undertaken to increase the projection from the Well.

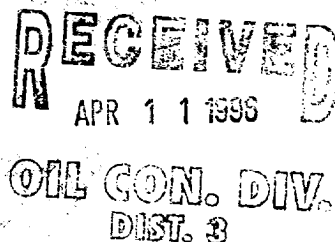
V. Attach an estimate of the production rate of the Well (a production decline curve or other acceptable method, and table showing monthly oil and/or gas Project Production) based on at least twelve (12) months of established production which shows the future rate of production based on well performance prior to performing Workover.

VI. Pool(s) on which Production Projection is based:

Fulcher Kutz Pictured Cliffs
West Kutz Pictured Cliffs

VII. AFFIDAVIT:

State of New Mexico)
County of San Juan) ss.



Kenneth E. Roddy, being first duly sworn, upon oath states:

1. I am the Operator or authorized representative of the Operator of the above referenced Well.
2. I have made, or caused to be made, a diligent search of the production records which are reasonably available and contain information relevant to the production history of this Well.
3. To the best of my knowledge, the data used to prepare the Production Projection for this Well is complete and accurate and this projection was prepared using sound petroleum engineering principles.

Kenneth E. Roddy
(Name)

President
(Title)

SUBSCRIBED AND SWORN TO before me this 9TH day of APRIL, 1996

Norma Joan Schlueter

Notary Public



OFFICIAL SEAL
Norma Joan Schlueter
NOTARY PUBLIC - NEW MEXICO
Notary Bond Filed with Secretary of State
My Commission Expires 10-29-97

My Commission expires: October 29, 1997

FOR OIL CONSERVATION DIVISION USE ONLY:

VIII. CERTIFICATION OF APPROVAL:

This Application for Qualification of Well Workover Project is hereby approved and the above referenced Well is designated as a Well Workover Project pursuant to the "Natural Gas and Crude Oil Production Incentive Act" (Laws 1995, Chapter 15, Sections 1 through 8). The Oil Conservation Division hereby verifies the Production Projection for the Well Workover Project attached to this application. By copy of this Application and Certification of Approval, the Division notifies the Secretary of the Taxation and Revenue Department of this Approval and certifies that this Well Workover Project has been completed as of 12/30, 1995

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District Supervisor, District 3
Oil Conservation Division

Date: 4/24/96

IX. DATE OF NOTIFICATION TO THE SECRETARY OF THE TAXATION AND REVENUE DEPARTMENT.

DATE: _____

APPLICATION FOR
QUALIFICATION OF WELL WORKOVER PROJECT
AND CERTIFICATION OF APPROVAL

Lucerne Federal #2
NW/4 Section 17, T28N-R11W
San Juan County, New Mexico
West Kutz Pictured Cliffs field

Part IV - Description of workover process.

Roddy Production Company, Inc. and it's partners being concerned about the decrease in production on the subject well decided to install a plunger to unload the well and see if production increased. A plunger was installed December 4, 1995. The results were very good. We decided to complete our plan to lay a pipeline and install a compressor to further increase production from the Lucerne Federal #2, #3 and #5 wells. During the last two weeks of December 1995, pipelines were run from the #2 well to the #3 well and also from the #5 well to the #3 well. A compressor was then installed at the #3 location. The compressor was started December 30, 1995. The compressor compresses gas from the Lucerne Federal #1, #2, #3 and #5 wells. The plunger was removed after compression began.

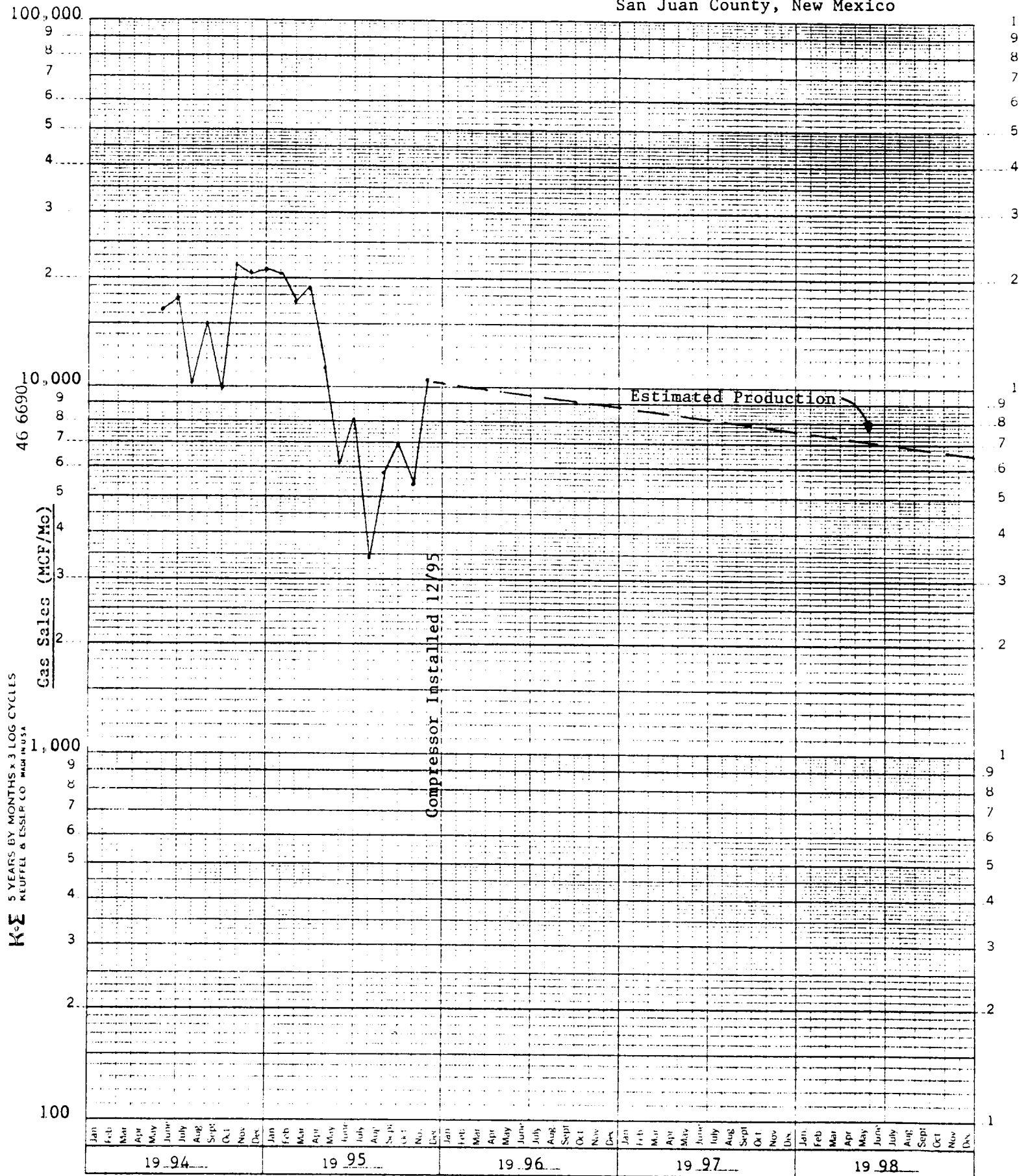
Part V - Production Rates

The Lucerne Federal #2 well was first produced May 9, 1994. It produced without the aid of a plunger or compression until December 1995. A production curve showing the actual sales prior to plunger lift and compression, and the estimated production without compression is attached. Also included is a tabulation that includes a column of actual gas sales prior to plunger lift and compression, and numerous columns of estimated production assuming plunger lift and compression had not been installed.

The estimated production is based on a constant percentage decline calculated from the 14 Pictured Cliffs wells on the E.H. Pipkin lease in sections 35 & 36 T28N-R11W and sections 1 & 12 T27N-R11W. The Pipkin lease is approximately 4 miles to the southeast of the Lucerne lease and is on the same producing trend. The Pipkin decline rate was calculated to be 1.285% per month. This decline was applied to the last full month of production prior to installation of the plunger and compressor.

It should be noted that the estimated ultimate recovery based on this decline is 1.04 BCF over a 28 year period. We feel that this is representative of this area since some drainage has occurred from the offset PC wells.

Lucerne Federal #2
 NW/4 Section 17, T28N-R11W
 San Juan County, New Mexico



Lucerne Federal #2
NW/4 Section 17, T28N-R11W

Actual Production Prior to compression		Estimated production withoi	
MCFM			
May-94	15,544	Dec-95	10,340
Jun-94	17,867	Jan-96	10,208
Jul-94	10,241	Feb-96	10,076
Aug-94	14,759	Mar-96	9,947
Sep-94	9,924	Apr-96	9,819
Oct-94	21,736	May-96	9,593
Nov-94	20,723	Jun-96	9,568
Dec-94	21,019	Jul-96	9,445
Jan-95	20,615	Aug-96	9,324
Feb-95	17,140	Sep-96	9,204
Mar-95	18,838	Oct-96	9,086
Apr-95	11,325	Nov-96	8,969
May-95	6,259	Dec-96	8,854
Jun-95	8,091	Jan-97	8,740
Jul-95	3,484	Feb-97	8,628
Aug-95	5,804	Mar-97	8,517
Sep-95	6,910	Apr-97	8,408
Oct-95	5,399	May-97	8,299
Nov-95	10,475	Jun-97	8,192
		Jul-97	8,088
		Aug-97	7,984
		Sep-97	7,881
		Oct-97	7,780
		Nov-97	7,680
		Dec-97	7,581
		Jan-98	7,484
		Feb-98	7,388
		Mar-98	7,293
		Apr-98	7,199
		May-98	7,106
		Jun-98	7,015
		Jul-98	6,925
		Aug-98	6,836
		Sep-98	6,748
		Oct-98	6,661
		Nov-98	6,576
		Dec-98	6,491
		Jan-99	6,408
		Feb-99	6,326
		Mar-99	6,244
		Apr-99	6,164
		May-99	6,085
		Jun-99	6,007
		Jul-99	5,929
		Aug-99	5,853
		Sep-99	5,778
		Oct-99	5,704
		Nov-99	5,630
		Dec-99	5,558
		Jan-2000	5,487
		Feb-2000	5,416
		Mar-2000	5,347
		Apr-2000	5,278
		May-2000	5,210
		Jun-2000	5,143
		Jul-2000	5,077
		Aug-2000	5,012
		Sep-2000	4,947
		Oct-2000	4,884
		Nov-2000	4,821
		Dec-2000	4,759
		Jan-2001	4,698
		Feb-2001	4,638
		Mar-2001	4,578
		Apr-2001	4,519
		May-2001	4,461
		Jun-2001	4,404
		Jul-2001	4,347
		Aug-2001	4,291
		Sep-2001	4,236
		Oct-2001	4,182
		Nov-2001	4,129
		Dec-2001	4,075

Lucerne Federal #2
NW/4 Section 17, T28N-R11W

Estimated production without compression (Mcf)

Jan-2008	1,585	Jan-2011	695	Jan-2014	625	Jan-2017	
Feb-2008	1,565	Feb-2011	782	Feb-2014	617	Feb-2017	
Mar-2008	1,545	Mar-2011	670	Mar-2014	609	Mar-2017	
Apr-2008	1,525	Apr-2011	657	Apr-2014	601	Apr-2017	
May-2008	1,505	May-2011	645	May-2014	593	May-2017	
Jun-2008	1,486	Jun-2011	733	Jun-2014	586	Jun-2017	
Jul-2008	1,467	Jul-2011	721	Jul-2014	578	Jul-2017	
Aug-2008	1,448	Aug-2011	709	Aug-2014	571	Aug-2017	
Sep-2008	1,429	Sep-2011	597	Sep-2014	563	Sep-2017	
Oct-2008	1,411	Oct-2011	685	Oct-2014	555	Oct-2017	
Nov-2008	1,393	Nov-2011	874	Nov-2014	549	Nov-2017	
Dec-2008	1,375	Dec-2011	963	Dec-2014	542	Dec-2017	
Jan-2009	1,557	Jan-2012	652	Jan-2015	535	Jan-2018	
Feb-2009	1,340	Feb-2012	541	Feb-2015	528	Feb-2018	
Mar-2009	1,323	Mar-2012	930	Mar-2015	521	Mar-2018	
Apr-2009	1,306	Apr-2012	820	Apr-2015	515	Apr-2018	
May-2009	1,289	May-2012	809	May-2015	508	May-2018	
Jun-2009	1,272	Jun-2012	799	Jun-2015	501	Jun-2018	
Jul-2009	1,256	Jul-2012	788	Jul-2015	495	Jul-2018	
Aug-2009	1,240	Aug-2012	778	Aug-2015	489	Aug-2018	
Sep-2009	1,224	Sep-2012	763	Sep-2015	482	Sep-2018	
Oct-2009	1,208	Oct-2012	753	Oct-2015	476	Oct-2018	
Nov-2009	1,193	Nov-2012	749	Nov-2015	470	Nov-2018	
Dec-2009	1,177	Dec-2012	739	Dec-2015	464	Dec-2018	
Jan-2010	1,162	Jan-2013	730	Jan-2016	458	Jan-2019	
Feb-2010	1,147	Feb-2013	720	Feb-2016	452	Feb-2019	
Mar-2010	1,133	Mar-2013	711	Mar-2016	446	Mar-2019	
Apr-2010	1,118	Apr-2013	702	Apr-2016	441	Apr-2019	
May-2010	1,104	May-2013	693	May-2016	435	May-2019	
Jun-2010	1,089	Jun-2013	684	Jun-2016	429	Jun-2019	
Jul-2010	1,075	Jul-2013	675	Jul-2016	424	Jul-2019	
Aug-2010	1,062	Aug-2013	666	Aug-2016	418	Aug-2019	
Sep-2010	1,048	Sep-2013	658	Sep-2016	413	Sep-2019	
Oct-2010	1,035	Oct-2013	649	Oct-2016	408	Oct-2019	
Nov-2010	1,021	Nov-2013	641	Nov-2016	402	Nov-2019	
Dec-2010	1,008	Dec-2013	633	Dec-2016	397	Dec-2019	