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1000 Rio Brazos Road  
Aztec, NM 87410  
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

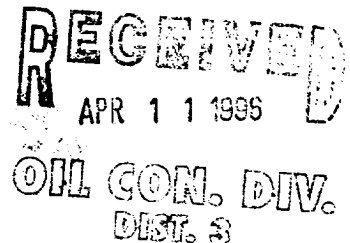
Form C-140  
Originated 11/1/95

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 #3 API #: 30-045-29161  
Location of Well: Unit Letter K, 1820 Feet from the South line and 1470 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 production 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 Jean Schluter  
Notary Public

My Commission expires: October 29, 1997

OFFICIAL SEAL  
Norma Jean Schluter  
NOTARY PUBLIC - NEW MEXICO  
Notary Public Filed with Secretary of State  
My Commission Expires 10-29-97

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

F.S. J  
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 #3  
SW/4 Section 17, T28N-R11W  
San Juan County, New Mexico  
West Kutz Pictured Cliffs field

Part IV - Description of workover process.

Poddy 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.

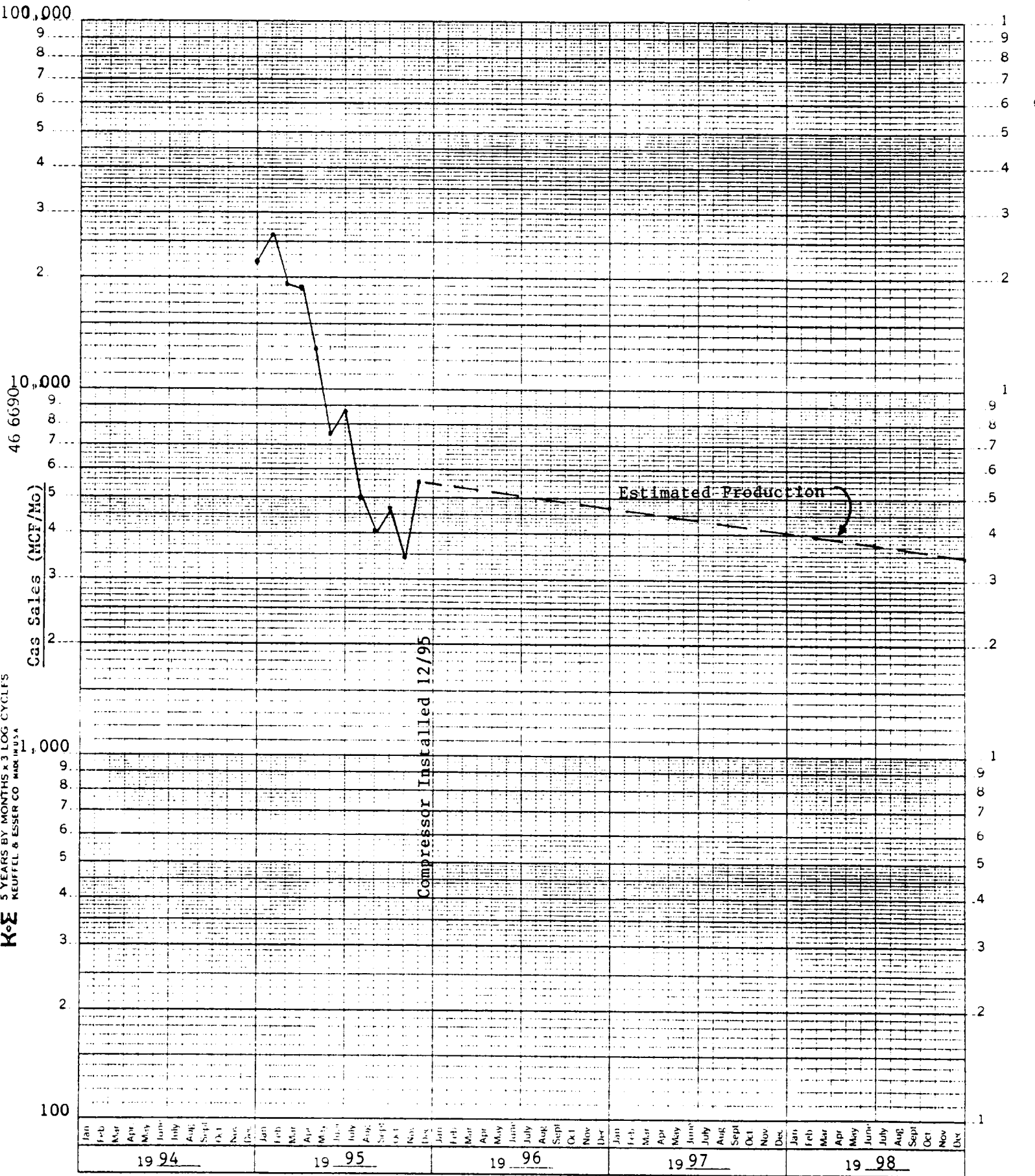
Part V - Production Rates

The Lucerne Federal #3 well was first produced in December 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 554 MMCF over a 24 year period. We feel that this is representative of this area since some drainage has occurred from the offset PC wells.

Lucerne Federal #3  
 SW/4 Section 17, T28N-R11W  
 San Juan County, New Mexico



K&S 5 YEARS BY MONTHS x 3 LOG CYCLES  
 KEUFFEL & ESSER CO. MADE IN U.S.A.

-ucerne Federal #3  
 Sub Section 17. T28N-R

Actual Production  
 prior to compression

----- MCFM -----	
Dec-94	23,073
Jan-95	26,130
Feb-95	19,100
Mar-95	18,855
Apr-95	12,973
May-95	7,507
Jun-95	8,673
Jul-95	5,004
Aug-95	4,092
Sep-95	4,700
Oct-95	3,449
Nov-95	5,559

Estimated production w/

Dec-95	3,438	Jan-99	3,401
Jan-96	5,717	Feb-99	2,357
Feb-96	5,347	Mar-99	2,314
Mar-96	5,279	Apr-99	3,271
Apr-96	5,211	May-99	3,229
May-96	5,144	Jun-99	3,188
Jun-96	5,079	Jul-99	3,147
Jul-96	5,013	Aug-99	3,106
Aug-96	4,948	Sep-99	3,066
Sep-96	4,885	Oct-99	3,027
Oct-96	4,822	Nov-99	2,988
Nov-96	4,760	Dec-99	2,950
Dec-96	4,699	Jan-2000	2,912
Jan-97	4,638	Feb-2000	2,874
Feb-97	4,579	Mar-2000	2,837
Mar-97	4,520	Apr-2000	2,801
Apr-97	4,462	May-2000	2,765
May-97	4,404	Jun-2000	2,729
Jun-97	4,348	Jul-2000	2,694
Jul-97	4,292	Aug-2000	2,660
Aug-97	4,237	Sep-2000	2,626
Sep-97	4,182	Oct-2000	2,592
Oct-97	4,129	Nov-2000	2,559
Nov-97	4,076	Dec-2000	2,526
Dec-97	4,023	Jan-2001	2,493
Jan-98	3,972	Feb-2001	2,461
Feb-98	3,921	Mar-2001	2,430
Mar-98	3,870	Apr-2001	2,398
Apr-98	3,820	May-2001	2,367
May-98	3,771	Jun-2001	2,337
Jun-98	3,723	Jul-2001	2,307
Jul-98	3,675	Aug-2001	2,277
Aug-98	3,628	Sep-2001	2,248
Sep-98	3,581	Oct-2001	2,219
Oct-98	3,535	Nov-2001	2,191
Nov-98	3,490	Dec-2001	2,163
Dec-98	3,445		

Lucerne Federal #3  
 GW/4 Section 17. T28N-R11W

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 Estimated production without compression  
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Jan-2008	841	Jan-2011	529	Jan-2014	332	Jan-2017
Feb-2008	930	Feb-2011	521	Feb-2014	327	Feb-2017
Mar-2008	820	Mar-2011	515	Mar-2014	323	Mar-2017
Apr-2008	809	Apr-2011	508	Apr-2014	319	Apr-2017
May-2008	799	May-2011	501	May-2014	315	May-2017
Jun-2008	789	Jun-2011	495	Jun-2014	311	Jun-2017
Jul-2008	778	Jul-2011	489	Jul-2014	307	Jul-2017
Aug-2008	768	Aug-2011	482	Aug-2014	303	Aug-2017
Sep-2008	759	Sep-2011	476	Sep-2014	299	Sep-2017
Oct-2008	749	Oct-2011	470	Oct-2014	295	Oct-2017
Nov-2008	739	Nov-2011	464	Nov-2014	291	Nov-2017
Dec-2008	730	Dec-2011	458	Dec-2014	288	Dec-2017
Jan-2009	720	Jan-2012	452	Jan-2015	284	Jan-2018
Feb-2009	711	Feb-2012	446	Feb-2015	280	Feb-2018
Mar-2009	702	Mar-2012	441	Mar-2015	277	Mar-2018
Apr-2009	693	Apr-2012	435	Apr-2015	273	Apr-2018
May-2009	684	May-2012	429	May-2015	270	May-2018
Jun-2009	675	Jun-2012	424	Jun-2015	266	Jun-2018
Jul-2009	667	Jul-2012	418	Jul-2015	263	Jul-2018
Aug-2009	658	Aug-2012	413	Aug-2015	259	Aug-2018
Sep-2009	650	Sep-2012	408	Sep-2015	256	Sep-2018
Oct-2009	641	Oct-2012	403	Oct-2015	253	Oct-2018
Nov-2009	633	Nov-2012	397	Nov-2015	249	Nov-2018
Dec-2009	625	Dec-2012	392	Dec-2015	246	Dec-2018
Jan-2010	617	Jan-2013	387	Jan-2016	243	Jan-2019
Feb-2010	609	Feb-2013	382	Feb-2016	240	Feb-2019
Mar-2010	601	Mar-2013	377	Mar-2016	237	
Apr-2010	593	Apr-2013	372	Apr-2016	234	
May-2010	586	May-2013	368	May-2016	231	
Jun-2010	578	Jun-2013	363	Jun-2016	228	
Jul-2010	571	Jul-2013	358	Jul-2016	225	
Aug-2010	563	Aug-2013	354	Aug-2016	222	
Sep-2010	556	Sep-2013	349	Sep-2016	219	
Oct-2010	549	Oct-2013	345	Oct-2016	216	
Nov-2010	542	Nov-2013	340	Nov-2016	214	
Dec-2010	535	Dec-2013	336	Dec-2016	211	