



Richardson 02
NEW MEXICO ENERGY, MINERALS and
NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

Joanna Prukop
Cabinet Secretary
Acting Director
Oil Conservation Division

April 6, 2004

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

Attention: Paul Lehrman

Re: *Administrative application dated March 24, 2004 for a non-standard 90.57-acre Pictured Cliffs gas spacing unit comprising Lots 2, 7, 8, 9, 10, and 11 (NW/4 equivalent) of Irregular Section 19, Township 29 North, Range 13 West, NMPM, West Kutz-Pictured Cliffs (Non-Prorated Gas) Pool (79680) for Richardson Operating Company's proposed F-RPC 19 Well No. 2 to be drilled 715 feet from the North line and 1060 feet from the West line (Lot 7/Unit C) of Irregular Section 19.*

Dear Mr. Lehrman:

In accordance with Division Rule 104.C (3) the location of your proposed well is unorthodox in that it is approximately 430 feet from the eastern boundary line of the proposed spacing unit.

This application is therefore **denied** at this time; however, relocating this well to a standard location within the proposed non-standard spacing unit will allow me to reconsider the subject application.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington

DATE IN 3/25	SUSPENSE 4-14	ENGINEER MS	LOGGED IN MS	TYPE NSP	P.MESO - APP NO. 408630339
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



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

Print or Type Name

Signature

Landman

Title

3/24/04

Date

plehrman@digii.net
e-mail Address

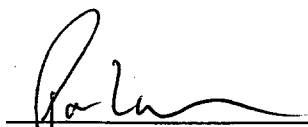
RECEIVED
 MAR 25 2004
 Oil Conservation Division
 1220 S. St. Francis Drive
 Santa Fe, NM 87505

**REQUEST FOR ADMINISTRATIVE APPROVAL FOR
NON-STANDARD GAS SPACING AND PRORATION UNIT
FOR RICHARDSON OPERATING COMPANY
F-RPC 19 #2**

**715' FNL & 1060' FWL, SECTION 19, TOWNSHIP 29 NORTH, RANGE 13 WEST, NMPM,
SAN JUAN COUNTY, NEW MEXICO
(WEST KUTZ -PICTURED CLIFFS GAS POOL 79680)**

- 1) The referenced well is located on Federal surface, Federal minerals. The proposed location is non-standard (proration unit) because of the variation in the legal subdivision of the U.S. Public Land Survey (GLO/Government Land Office) as attached as Exhibit "B. Section 19 has many lots according to the MTP (Master Title Plat) according to BLM records. Copy of MTP is attached as Exhibit "C". Also attached as Exhibit "E" is the LLD (legal land description) from the BLM (LR 2000) website showing the acreage in the lots in Section. 19. According to NMOC rules, acreage dedicated to a Pictured Cliffs well (West Kutz Pictured Cliffs) for this well) must be at least 70% of a standard proration unit (160.00 acres). Therefore the minimum for a Pictured Cliffs well would be 112 acres or 70% of 160. Acreage for the referenced well is 90.57 acres per GLO Survey.
- 2) A C-102 (Exhibit "A") is attached showing the well location and the proration unit for the proposed Pictured Cliffs well. Application for Permit to Drill (APD) (3160-3) for this well was submitted to the Bureau of Land Management (Farmington Field Office) on March 24, 2004. A copy is attached to this application. The West Kutz PC (Gas) will be a new completion in this pool. The N/2 Fruitland Coal completion will be a standard proration unit consisting of the N/2 of Section 19-T29N-R13W.
- 3) A map (Exhibit "D") is attached showing the adjoining spacing units and existing Pictured Cliffs wells. Richardson controls the operating PC rights in all of the offsetting spacing units, with the below interest owners having interest in the leasehold or surface. The only existing West Kutz PC production is the Richardson ROPCO 18 #3 well in the SW/4 of Section 18-T29N-R13W, which is approximately 1763' northerly of the referenced proposed well.
- 4) Certified letters have been sent to all applicable leasehold interest owners and surface owners to notify them of our intentions. Copies of the letters are attached to this application.
- 5) Existing land use concerns are not an issue with this well.
- 6) Archaeology is not an issue with this well.
- 7) Directional drilling is not an issue with this well.
- 8) A non-standard proration unit is requested because of the variation in the legal subdivision of the U.S. Public Land Survey (GLO). Existing GLO lots sizes constitute a proration unit of 90.57 Acres.
- 9) I hereby certify that notice was sent to the following leaseholders and surface owners which adjoin the applicant's desired spacing unit.
- 10) The proration unit size will be according to lot sizes as follows: Lot 2 (5.82 Acres), Lot 7 (39.51 Acres), Lot 8 (4.90 Acres), Lot 9 (.78 Acres), Lot 10 (19.79 Acres), Lot 11(19.77 Acres). Total is 90.57 Acres.

Burlington Resources Oil and Gas Company
Edwards Energy
Paramount Petroleum
Navajo Nation



Paul Lehrman
Richardson Operating Company
March 24, 2004

EXHIBIT "A"

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 79680	Pool Name West Kutz Pictured Cliffs Gas
Property Code	Property Name F - RPC 19	Well Number 2
OGRID No. 19219	Operator Name RICHARDSON OPERATING COMPANY	Elevation 5312'

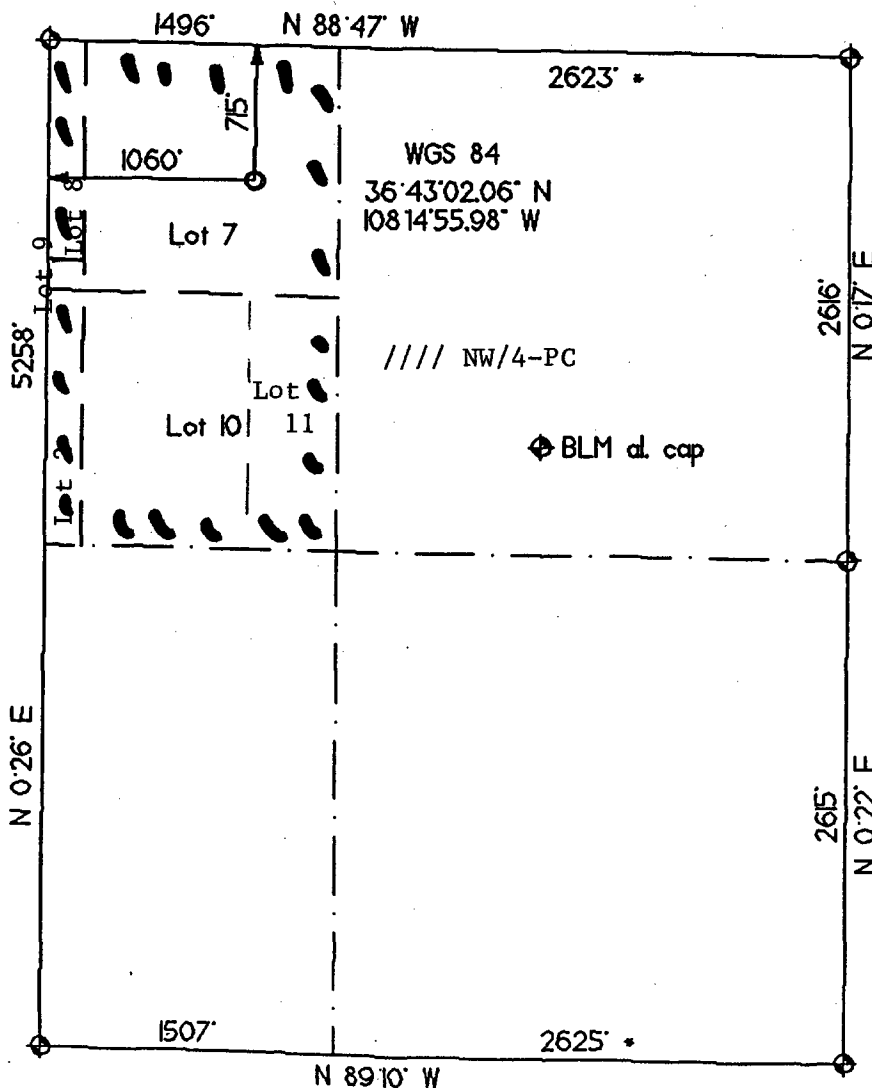
Surface Location									
UL or Lot C	Sec. 19	Twp. 29 N.	Rge. 13 W.	Lot Lh.	Feet from >	North/South NORTH	Feet from >	East/West WEST	County SAN JUAN

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

Dedication NW/4 90.57	Joint ?	Consolidation	Order No.
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*NSP from OCD

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



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

Landman Paul Lehrman

Title

Landman

Date

2/24/04

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

3/03/04

Signature and Seal of Professional Surveyor

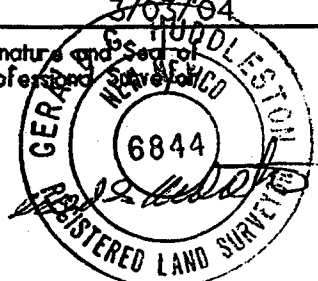
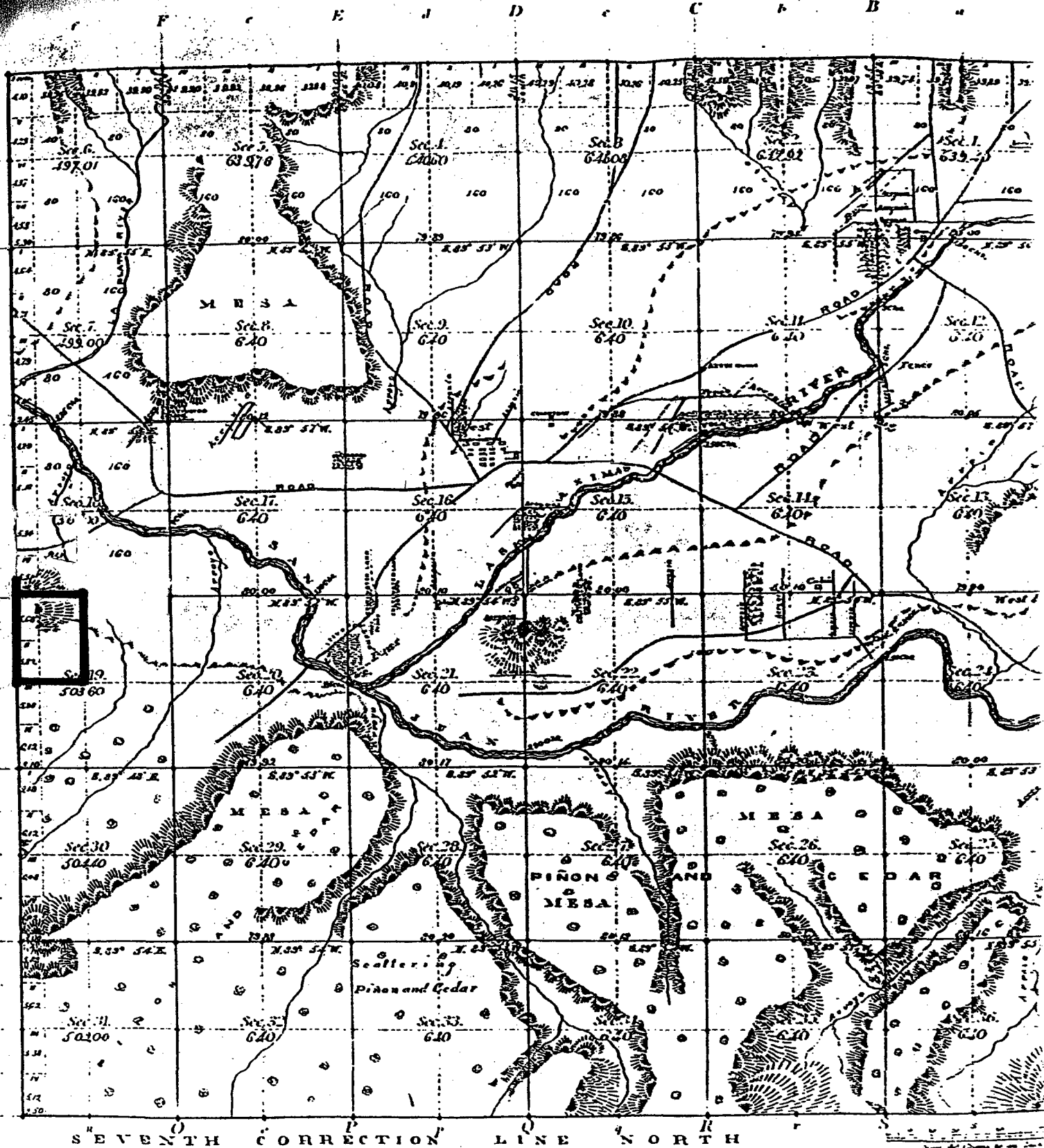


EXHIBIT "B"

TOWNSHIP N. 29 NORTH - RANGE N. 13 WEST - NEW MEXICO PRINCIPAL - MERIDIAN



Total number of Acres 22,510.77

Survey as Designated	By Whom Surveyed	Date of Contract	Amount of Acres	When Surveyed	Meridian Description
Township lines	Taylor and Bond	Sept. 11, 1820	M. 12, 125	Mar. 1828	15° 15' - 15° 22' E.
Subdivisions	Taylor and Bond	Sept. 11, 1820	50, 76, 90	Jan. 2-15, 1821	15° 15' - 15° 22' E.
Section lines	Charles M. Fitch	Aug. 2 - 1877		Oct. 2 - 1877	15° 22' E.

The above map of Township N. 29 North, Range N. 13 West, New Mexico Principal Meridian is a true and correct copy of the survey thereof on file in this office.
 Surveyor General's Office
 Santa Fe, N. M.
 Sept. 29, 1884

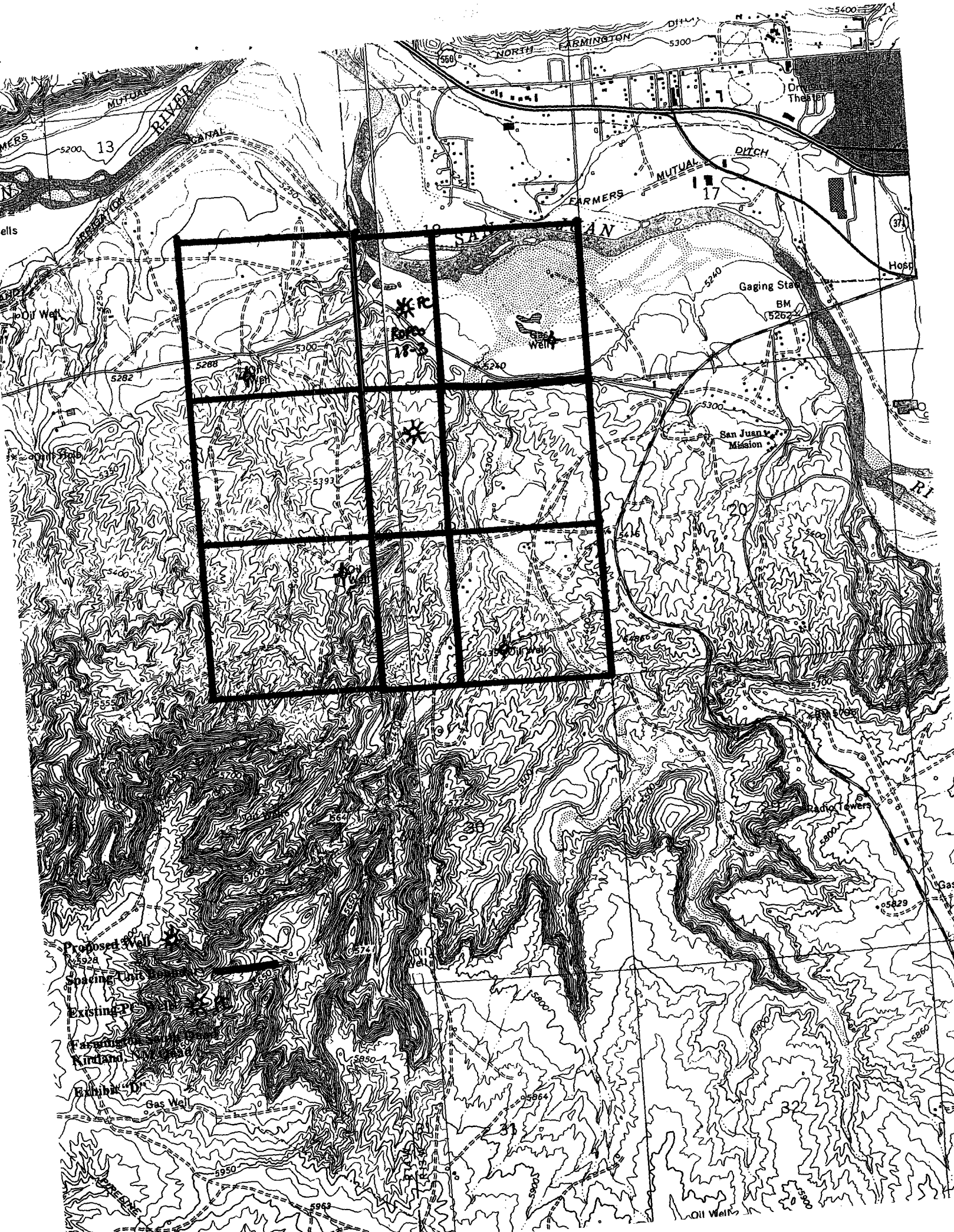


EXHIBIT "E"
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
LLD SUMMARY REPORT

IN TIME: 02:31 PM

Imin State: NM

0290N 0130W

ct	Type	Sur No	Suff	NE NW SW SE				Dup Sub	Geo	Cty	Cong Dist	District/Res Area	Adm Agency
				NNSS	NNSS	NNSS	NNSS						
				EWWE	EWWE	EWWE	EWWE	Note					
9	A	10		X--X	---	---	---	80.000	NM	NM045	NM03	FARMINGTON	21000000
9	L	11		---	---	X	---	19.790	NM	NM045	NM03	FARMINGTON	21000000
9	L	11		---	---	X	---	19.770	NM	NM045	NM03	FARMINGTON	21000000
9	L	12		X-	---	---	---	19.760	NM	NM045	NM03	FARMINGTON	21000000
9	L	13		X-	---	---	---	19.740	NM	NM045	NM03	FARMINGTON	21000000
9	L	14		---	---	---	X	39.420	NM	NM045	NM03	FARMINGTON	21000000
9	L	15		---	---	---	X-	19.730	NM	NM045	NM03	FARMINGTON	21000000
9	L	16		---	---	---	X-	19.750	NM	NM045	NM03	FARMINGTON	21000000
9	L	17		---	---	X	---	19.760	NM	NM045	NM03	FARMINGTON	21000000
9	L	18		---	---	X	---	19.780	NM	NM045	NM03	FARMINGTON	21000000
9	L	19		---	---	---	X	19.770	NM	NM045	NM03	FARMINGTON	21000000
9	L	20		---	X	---	---	5.820	NM	NM045	NM03	FARMINGTON	21000000
9	L	21		---	---	X	---	19.750	NM	NM045	NM03	FARMINGTON	21000000
9	L	22		---	---	---	X-	19.740	NM	NM045	NM03	FARMINGTON	21000000
9	L	23		---	---	---	X-	19.720	NM	NM045	NM03	FARMINGTON	21000000
9	L	24		---	---	---	---	39.400	NM	NM045	NM03	FARMINGTON	21000000
9	L	25		---	---	---	---	5.980	NM	NM045	NM03	FARMINGTON	21000000
9	L	26		---	---	X	---	6.120	NM	NM045	NM03	FARMINGTON	21000000
9	L	27		---	---	---	X	19.750	NM	NM045	NM03	FARMINGTON	21000000
9	L	28		X-	---	---	---	19.770	NM	NM045	NM03	FARMINGTON	21000000
9	L	29		X-	---	---	---	39.510	NM	NM045	NM03	FARMINGTON	21000000
9	L	30		---	X	---	---	4.900	NM	NM045	NM03	FARMINGTON	21000000
9	L	31		---	X	---	---	0.780	NM	NM045	NM03	FARMINGTON	21000000
9	L	32		---	XX	---	---		NM	NM045	NM03	FARMINGTON	21000000

total for MTR Excluding Survey Notes of C/D/R

498.510

Report Total Acreage Excluding
Survey Notes of C/D/R

498.510

○ Lots in NW/4 of Section 19--T29N--R13W

RICHARDSON PRODUCTION COMPANY

501 Airport Drive, Suite 119

Phone (505) 564-8115

FARMINGTON, NM 87401

FAX (505) 564-8334

March 25, 2004

Certified Mail

Return Receipt Requested

Article No. 7002 3150 0002 0908 7484

Mr. James R. J. Strickler, CPL
Burlington Resources Oil and Gas Corp.
P.O. Box 4289
Farmington, NM 87499

RE: Non-Standard Proration Unit Application
Proposed Fruitland/PC Well
Richardson F-RPC 19 #2
Township 29 North, Range 13 West, NMPM
715' FNL & 1060' FWL
Section 19: NW/4
San Juan County, New Mexico

Dear Mr. Strickler:

As required by New Mexico Oil Conservation Division (NMOCD) Rules, this letter will serve to notify you of the following non-standard proration 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.

- 1) Richardson Operating Company is applying to the NMOCD for a non-standard proration unit for its proposed Richardson Operating F-RPC 19 #2 well in the Pictured Cliffs formation. According to NMOCD rules, acreage dedicated to a Pictured Cliffs well (West Kutz PC for this well) must be at least 70% of a standard proration unit (160.00 acres). Therefore the minimum for a Pictured Cliffs well would be 112 acres or 70% of 160. Acreage for the referenced well is 90.57 acres because of the variation in the legal subdivision of the U.S. Public Land Survey (GLO).

Well Name:	F-RPC 19 #2
Proposed Producing Zone:	Fruitland Coal/Pictured Cliffs
Acreage Dedication:	NW/4 of Section 19, T29N, R13W, NMPM, San Juan Co., NM
Location:	715' FNL & 1060' FWL, Section 19, T29N, R13W, 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 proration unit 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 Lehman

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:

James R. J. Strickler
Burlington Resources Oil & Gas
P.O. Box 4289
Farm. NM 87499

2. Article Number

(Transfer from service label)

7002 3150 0002 0908 7484

PS Form 3811, August 2001

Domestic Return Receipt

2ACPRI-03-Z-0985

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent

☐ 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

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS. FOLD AT DOTTED LINE

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7002 3150 0002 0908 7484

U.S. Postal Service™

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Return Receipt Fee
(Endorsement Required)

Restricted Delivery Fee
(Endorsement Required)

Total Postage & Fees

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Sent To

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

City, State, ZIP+4

Burlington Res. Oil & Gas
P.O. Box 4289
Farm. NM 87499

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

March 25, 2004

Certified Mail
Return Receipt Requested
Article No. 7002 3150 0002 0907 0554

Edwards Energy Corp.
1401 17th St., Suite 1400
Denver, CO 80202

RE: Non-Standard Proration Unit Application
Proposed Fruitland/PC Well
Richardson F-RPC 19 #2
Township 29 North, Range 13 West, NMPM
715' FNL & 1060' FWL
Section 19: NW/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 proration 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.

- 1) Richardson Operating Company is applying to the NMOCD for a non-standard proration unit for its proposed Richardson Operating F-RPC 19 #2 well in the Pictured Cliffs formation. According to NMOCD rules, acreage dedicated to a Pictured Cliffs well (West Kutz PC for this well) must be at least 70% of a standard proration unit (160.00 acres). Therefore the minimum for a Pictured Cliffs well would be 112 acres or 70% of 160. Acreage for the referenced well is 90.57 acres because of the variation in the legal subdivision of the U.S. Public Land Survey (GLO).

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Applicant's Name:	Richardson Operating Company
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Applicant's Phone No.	505/564-8115

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Sincerely,

Paul Lehman

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:

Edwards Energy Corp.
1401 17th St, Ste 1400
Denver, CO 80202

2. Article Number
(Transfer from service label)

7002 3150 0002 0907 0554

PS Form 3811, August 2001

Domestic Return Receipt

2ACPRI-03-Z-0985

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent
☐ 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

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT
OF THE RETURN ADDRESS. FOLD AT DOTTED LINE

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7002 3150 0002 0907 0554

U.S. Postal ServiceTM

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Certified Fee

Return Receipt Fee
(Endorsement Required)

Restricted Delivery Fee
(Endorsement Required)

Total Postage & Fees \$

Postmark
Here

Sent To

Edwards Energy Corp.
1401 17th St, Ste 1400
Denver, CO 80202

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

March 25, 2004

Certified Mail
Return Receipt Requested
Article No. 7002 3150 0002 0907 0561

Navajo Nation Minerals Dept.
Box 1910
Window Rock, AZ 86515

RE: Non-Standard Proration Unit Application
Proposed Fruitland/PC Well
Richardson F-RPC 19 #2
Township 29 North, Range 13 West, NMPM
715' FNL & 1060' FWL
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San Juan County, New Mexico

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Sincerely,

Paul Lehman

Enclosures

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> ■ 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. 		A. Signature X <div style="text-align: right;"> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee </div>	
1. Article Addressed to: Navajo Natl Minerals Dept. Box 1910 Window Rock, AZ 86515		B. Received by (Printed Name)	C. Date of Delivery
2. Article Number (Transfer from service label)		D. Is delivery address different from item 1? <input type="checkbox"/> Yes if YES, enter delivery address below: <input type="checkbox"/> No	
3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	
PS Form 3811, August 2001		Domestic Return Receipt	

U.S. Postal Service™	
CERTIFIED MAIL™ RECEIPT (Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
OFFICIAL USE	
Postage \$	Certified Fee
Return Receipt Fee (Endorsement Required)	Restricted Delivery Fee (Endorsement Required)
Total Postage & Fees \$	Sent To Navajo Natl Minerals Dept. Box 1910 Window Rock, AZ 86515
Postmark Here	City, State, ZIP+4 Window Rock, AZ 86515

CERTIFIED MAIL™
PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT
OF THE RETURN ADDRESS, FOLD AT DOTTED LINE

7002 3150 0002 0907 0561

RICHARDSON PRODUCTION COMPANY

501 Airport Drive, Suite 119

Phone (505) 564-8115

FARMINGTON, NM 87401

FAX (505) 564-8334

March 25, 2004

Certified Mail
Return Receipt Requested
Article No. 7002 3150 0002 0907 0578

Paramount Petroleum
P.O. Box 22763
Houston, TX 77027

RE: Non-Standard Proration Unit Application
Proposed Fruitland/PC Well
Richardson F-RPC 19 #2
Township 29 North, Range 13 West, NMPM
715' FNL & 1060' FWL
Section 19: NW/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 proration 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.

- 1) Richardson Operating Company is applying to the NMOCD for a non-standard proration unit for its proposed Richardson Operating F-RPC 19 #2 well in the Pictured Cliffs formation. According to NMOCD rules, acreage dedicated to a Pictured Cliffs well (West Kutz PC for this well) must be at least 70% of a standard proration unit (160.00 acres). Therefore the minimum for a Pictured Cliffs well would be 112 acres or 70% of 160. Acreage for the referenced well is 90.57 acres because of the variation in the legal subdivision of the U.S. Public Land Survey (GLO).

Well Name:	F-RPC 19 #2
Proposed Producing Zone:	Fruitland Coal/Pictured Cliffs
Acreage Dedication:	NW/4 of Section 19, T29N, R13W, NMPM, San Juan Co., NM
Location:	715' FNL & 1060' FWL, Section 19, T29N, R13W, 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 proration unit 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 Lehman

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:

Paramount Petroleum
P.O. Box 22763
Houston, TX 77027

2. Article Number
(Transfer from service label)

7002 3150 0002 0907 0578

PS Form 3811, August 2001

Domestic Return Receipt

2ACPRI-03-Z-0985

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent

☐ 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

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS. FOLD AT DOTTED LINE.
CERTIFIED MAIL™

U.S. Postal Service™

CERTIFIED MAIL™ RECEIPT

(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com®

OFFICIAL USE

Postage \$

Certified Fee

Return Receipt Fee
(Endorsement Required)

Restricted Delivery Fee
(Endorsement Required)

Total Postage & Fees \$

Postmark
Here

Sent To

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

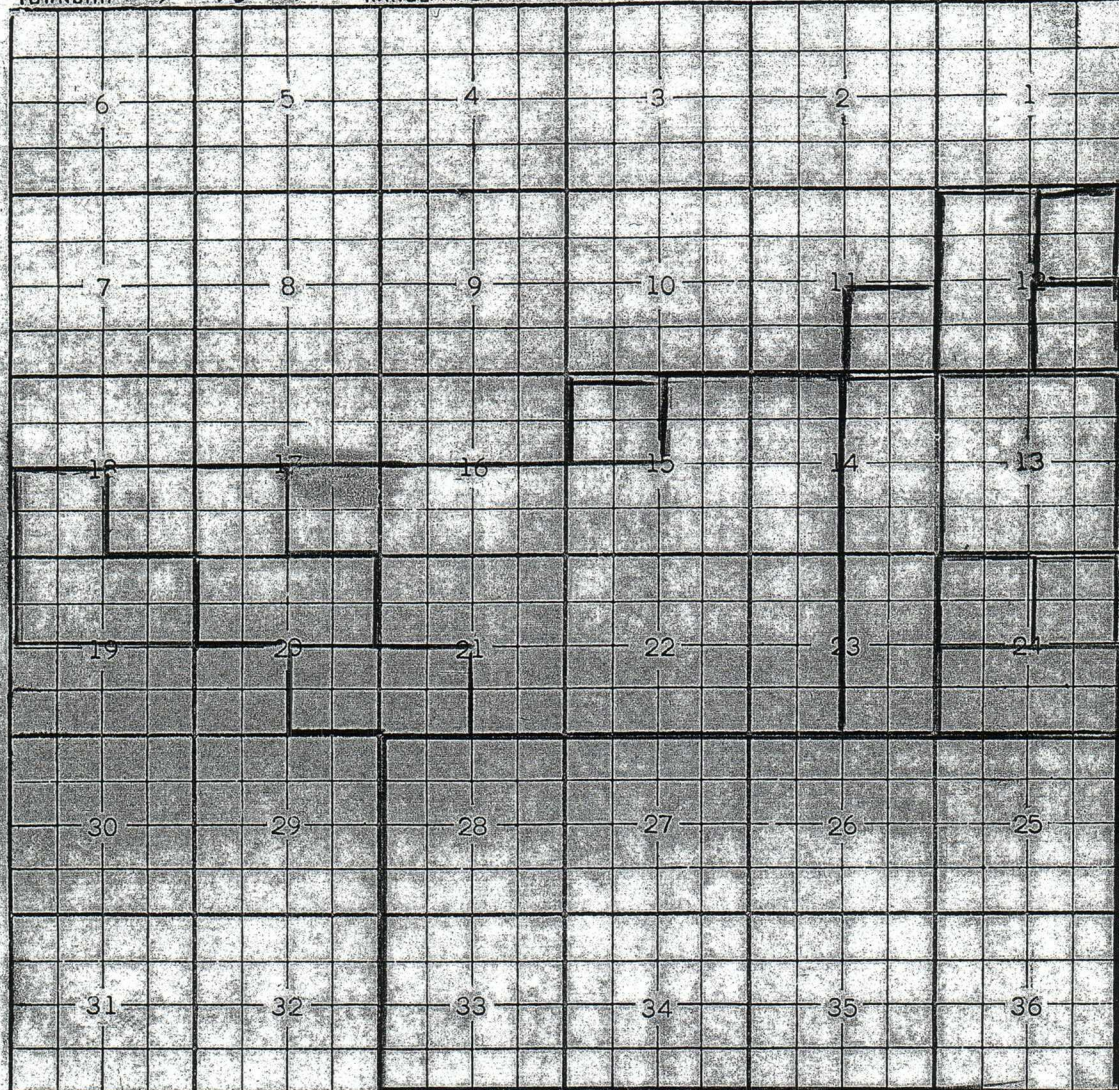
City, State, ZIP+4

PS Form 3800, June 2002

See Reverse for Instructions

County San Juan Pool West Kutz - Pictured Cliffs

TOWNSHIP 29 North RANGE 13 West NEW MEXICO PRINCIPAL MERIDIAN



Description: All Sec. 25 thru 28; All Sec. 33 thru 36 (R. 566, 12-23-54)
Ext: $\frac{SE}{4}$ Sec. 20; $\frac{SW}{4}$ Sec. 21 (R-1284, 12-1-58) - $\frac{SW}{4}$ Sec. 17;
 $\frac{SE}{4}$ Sec. 18; $\frac{N}{2}$ Sec. 20 (R-1798, 11-1-60) Ext: $\frac{3}{4}$ Sec. 24 (R-6327 5-1-80)
Ext: $\frac{SW}{4}$ sec 18, $\frac{N}{2}$ sec 19 (R-6886, 1-22-82)
Ext: $\frac{NE}{4}$ Sec. 24 (R-7495, 4-5-84) Ext: $\frac{NW}{4}$ Sec. 24 (R-8180, 3-14-86)
Ext: All Sec. 13 (R-9573, 8-23-91) Ext: $\frac{SE}{4}$ Sec. 12 (R-10194, 9-19-94)
Ext: $\frac{NE}{4}$ Sec. 12 (R-10357, 5-2-95) Ext: $\frac{W}{2}$ Sec. 12, $\frac{E}{2}$ Sec. 14, $\frac{E}{2}$ Sec. 23 (R-10610, 6-18-96)
Ext: $\frac{SE}{4}$ Sec. 11 (R-10626, 10-1-96) Ext: $\frac{W}{2}$ Sec. 14, $\frac{1}{2}$ and $\frac{NE}{4}$ Sec. 15, $\frac{1}{2}$ Sec. 16,
 $\frac{SE}{4}$ Sec. 17, $\frac{N}{2}$ and $\frac{SE}{4}$ Sec. 21, All Sec. 22, $\frac{W}{2}$ Sec. 23 (R-10902, 10-17-97)
Ext: $\frac{NW}{4}$ Sec. 15 (R-11173, 5-5-99)

Sec : 19 Twp : 29N Rng : 13W Section Type : NORMAL

8	9	7	9	5	6	A
4.90	0.78	39.51	0.78	19.75	19.77	40.00
Federal owned			Federal owned			CS
						E03149 0011
						FOUR STAR OIL & G
						R 12/10/59
						A
2		10	11	12	13	H
5.82		19.79	19.77	19.76	19.74	40.00
Federal owned			Federal owned			CS
						V06637 0000
						RICHARDSON OPERAT
						R 06/01/07
						A
3		17	18	15	16	14
5.98		19.76	19.78	19.73	19.75	39.42
Federal owned			Federal owned			Federal owned
						A
4		19	20	21	22	23
6.12		19.77	19.75	19.74	19.72	39.40
Federal owned			Federal owned			Federal owned
						A

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

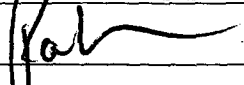

FORM APPROVED
OMB No. 1004-0136
Expires January 31, 2004

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMSF-079065
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" 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.
3a. Address 3100 La Plata Hwy, Farm., NM 87401		8. Lease Name and Well No. F-RPC 19 #2
3b. Phone No. (include area code) 564-3100		9. API Well No. 30-045-
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 715' FNL & 1060' FWL At proposed prod. zone Same		10. Field and Pool, or Exploratory West Kutz PC/ Basin Fr. Coal
11. Sec., T., R., M., or Blk. and Survey or Area Sec. 19-T29N-R13W, NMPM		
14. Distance in miles and direction from nearest town or post office* 1 miles SW of Farmington, NM		12. County or Parish San Juan
13. State NM		
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 715'	16. No. of Acres in lease 1,470.81	17. Spacing Unit dedicated to this well N/2-249.59 FC NW/4- 90.57 PC
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1740'	19. Proposed Depth 1200'	20. BLM/BIA Bond No. on file BLM Nationwide #158293308
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5312' 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:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification. |
| 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). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature 	Name (Printed/Typed) Paul Lehrman	Date 3/24/04
Title Landman		
Approved by (Signature) 	Name (Printed/Typed)	Date
Title	Office	

COPY

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)

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

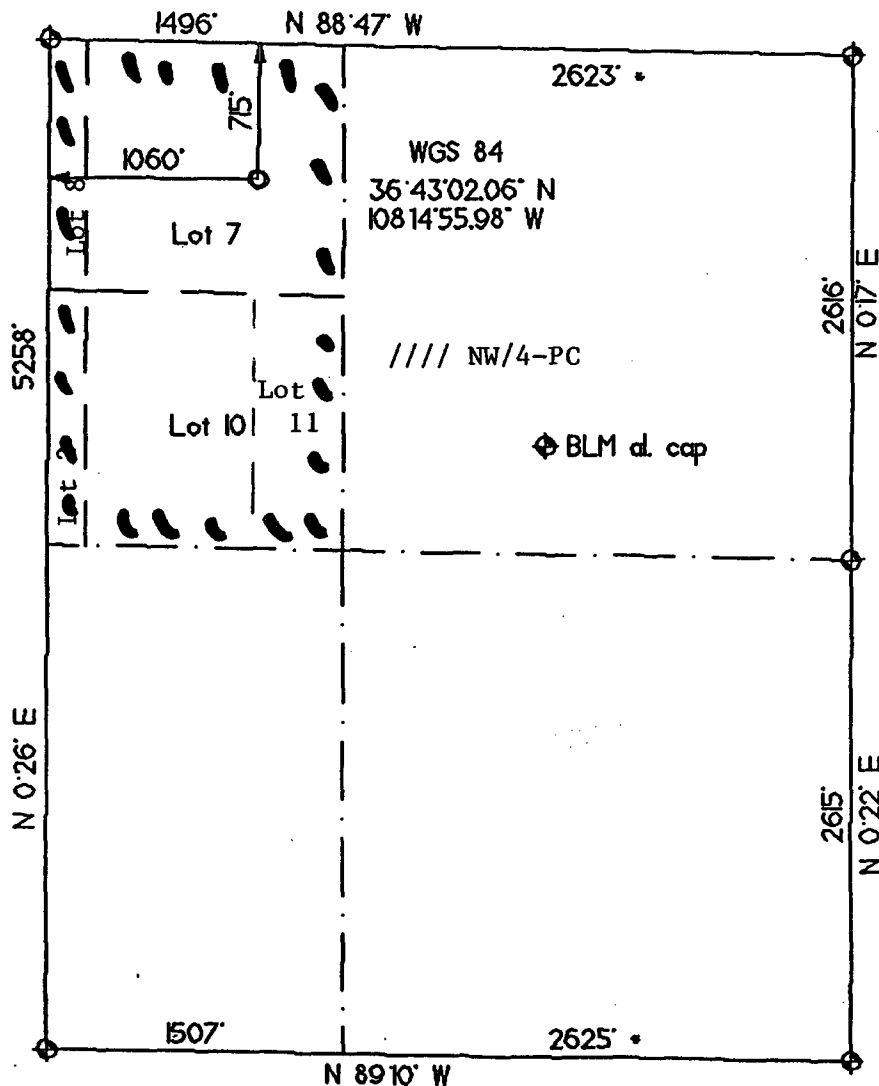
APA Number 30-045-	Pool Code 79680	Pool Name West Kutz Pictured Cliffs Gas
Property Code	Property Name F - RPC 19	Well Number 2
OGRID No. 19219	Operator Name RICHARDSON OPERATING COMPANY	Elevation 5312'

Surface Location									
UL or Lot C	Sec. 19	Twp. 29 N	Rge. 13 W.	Lot Id.	Feet from	North/South NORTH	Feet from	East/West WEST	County 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 NW/4 90.57	Joint ?	Consolidation	Order No.
-----------------------------	---------	---------------	-----------

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



OPERATOR CERTIFICATION 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: 3/24/04	
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: 3/03/04 Signature and Seal of Professional Surveyor: <i>GERALD HODDLESTON</i> Registered Land Surveyor No. 6844	

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

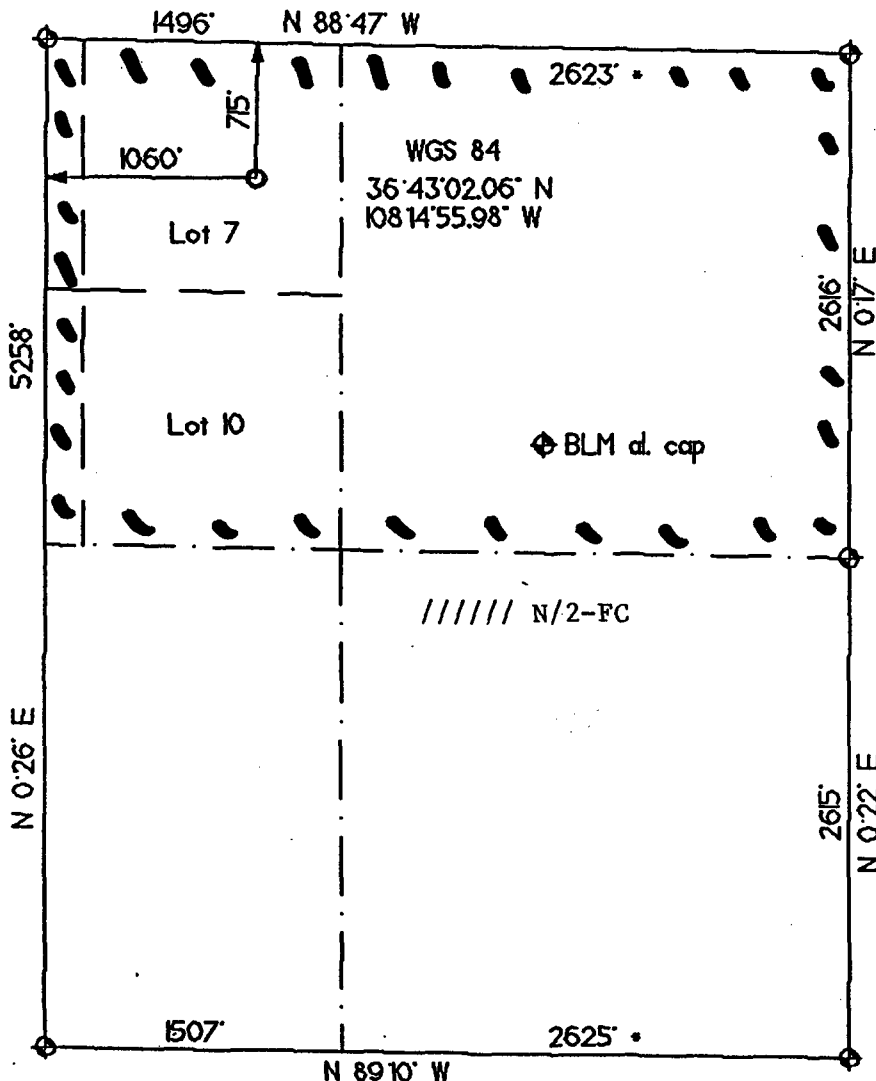
APA Number 30-045-	Pool Code 71629	Pool Name Basin Fruitland Coal
Property Code	Property Name F - RPC 19	Well Number 2
OGRID No. 19219	Operator Name RICHARDSON OPERATING COMPANY	Elevation 5312'

Surface Location									
UL or Lot C	Sec. 19	Twp. 29 N	Rge. 13 W.	Lot Ldn.	Feet from 715'	North/South NORTH	Feet from 1060'	East/West WEST	County 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 N/2 249.59	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



OPERATOR CERTIFICATION	
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
Signature	
Printed Name	Paul Lehrman
Title	Landman
Date	3/24/04
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	
3/03/04	
Signature and Seal of Professional Surveyor	

**Richardson Operating Company
F-RPC #2
715' FNL & 1060' FWL
Section 19, T29N, R13W, 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>
Kirtland Shale	000'	005'	+5,312
Fruitland Fm	660'	665'	+4,652'
Fruitland Coal	890'	895'	+4,422'
Pictured Cliffs Ss	990'	995'	+4,322'
Total Depth (TD)*	1200'	1205'	+4,112'

*All elevations reflect the ungraded ground level of 5,312'

2. NOTABLE ZONES:

<u>Gas Zones</u>	<u>Water Zones</u>	<u>Coal Zones</u>
Fruitland	Fruitland Coal	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 usable water zones to ensure that the casing is centralized through these zones. Number of centralizers will be based on API standards. A turbulizing centralizer will be run to ensure an adequate cement procedure just below the base of the lowest usable water zone. 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	120'
6 1/4"	4 1/2"	10.5	K-55	New	1200'

Surface casing will be cemented to surface with ≈ 36 cu.ft. (≈ 65 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 ≈ 140 cu.ft. (≈ 55 sx) Class B with 2% metasilicate (yield = 2.06 cu.ft./sk, slurry weight = 12.5 ppg). Tail in with ≈ 100 cu.ft. (≈ 120 sx) Class B with 2% CaCl (yield = 1.18 cu.ft./sk, weight = 15.6 ppg). Total cement volume is ≈ 240 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 ≈ 520 psi.

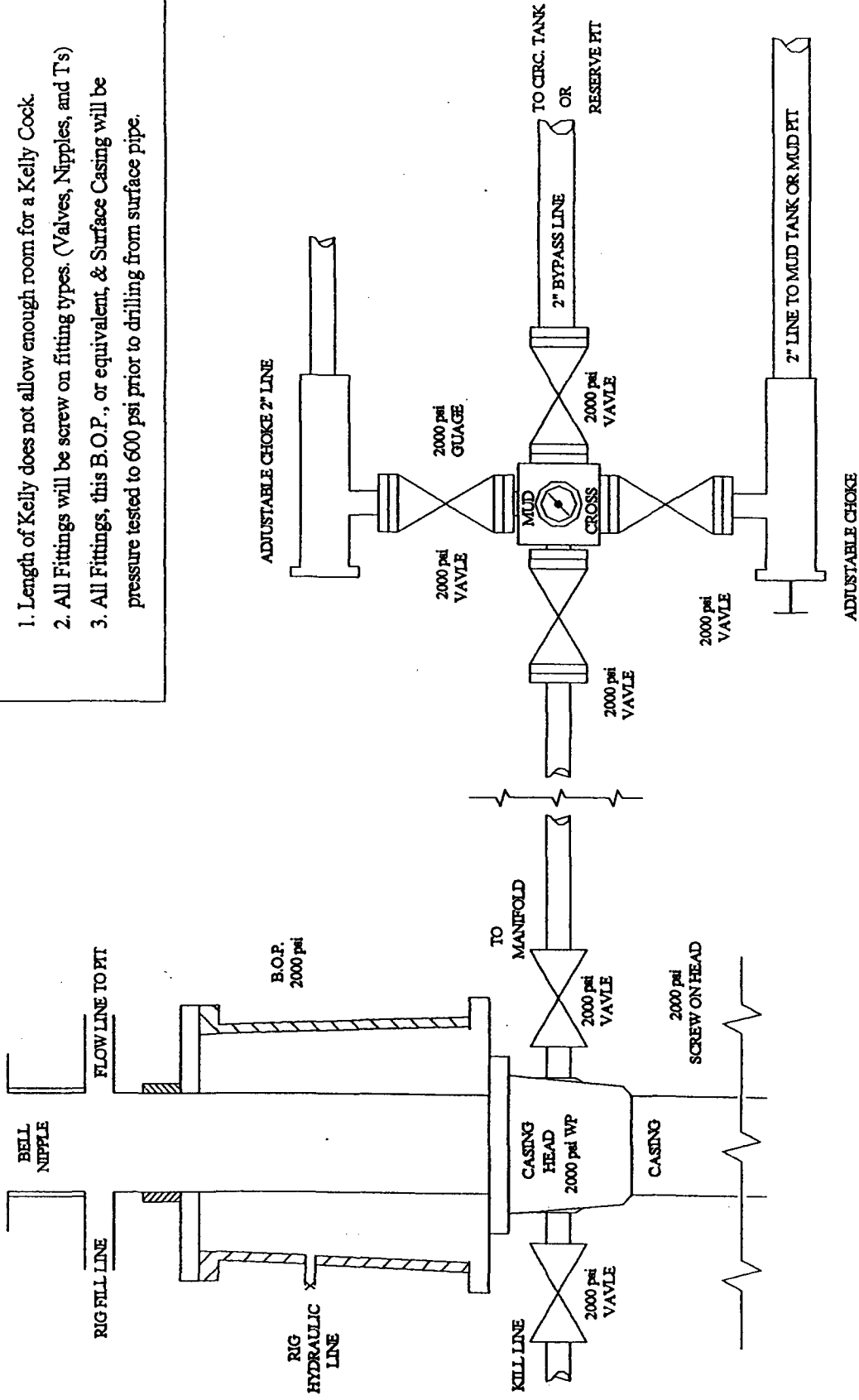
8. OTHER INFORMATION:

The anticipated spud date is June 1, 2004. It should take 5 days to drill and one (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 Cook.
2. All Fittings will be screw on fitting types. (Valves, Nipples, and Ts)
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
F-RPC 19 #2
715' FNL & 1060' FWL
Section 19, T29N, R13W, NMPM
San Juan County, New Mexico**

SURFACE USE PLAN

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

From the junction of NM 371 and Pinon Street in Farmington, New Mexico,
Go .82 miles South on NM 371,
Turn right and go approximately .65 miles westerly on BIA road N-36 (Upper Fruitland Highway),
Then turn left and enter existing Consolidated Constructor's gravel yard. Drive .25 miles on main
roadway, bearing right and continue .4 miles to staked location.

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

2. ROADS TO BE UPGRADED OR BUILT:

No new access road will be built. Culverts will be placed as necessary.

3. EXISTING WELLS:

According to NM Oil Conservation Division records in Santa Fe and the State Engineers office in Aztec, New Mexico, there are four gas wells and six plugged and abandoned wells within a mile radius, four 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 13.

4. PROPOSED PRODUCTION FACILITIES:

A separator is planned on the pad. A pump jack will be installed to remove water from the wellbore. Surface equipment will be painted a flat juniper green color. Gas/Water will be taken via pipelines (laid in same trench) and taken approximately 693' northerly from the well pad to a proposed Richardson facility previously approved and permitted by the BLM (Richardson F-RPC 19 #1 Well tie pipeline). See page 11 for pipeline route and plat.

5. WATER SUPPLY

Water will trucked from a private water source in Farmington, 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. PERMIT FOR PIT AND RECLAMATION PROCEDURES:

Within this APD, this is also an application for an individual well pit permit pursuant NMOCD 19.15.2.50. Once closed, the pit will be backfilled with soil and the pit and the well pad will be recontoured to a natural appearance, soil spread evenly over disturbed areas, and disturbed areas ripped or harrowed. BLM's seed mix approved for the area 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, existing 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 10 minute drive away in southwest Farmington.

13. REPRESENTATION:

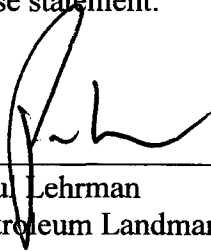
Anyone having questions concerning the APD should call Paul Lehrman and/or the field representative:

Paul Lehrman
Richardson Operating Company Land Department 505/564-8115
Fax 505/564-8334

Tom Bergin, Operations Manager
Richardson Operating Company
3100 La Plata Highway
Farmington, NM 87401
(505) 564-3100 FAX (505) 564-3109
(505) 486-2580 CELL

Richardson Operating Company has the necessary consents from the proper lease owner 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
Petroleum Landman

March 24, 2004

F - RPC 19#2

well pad and section



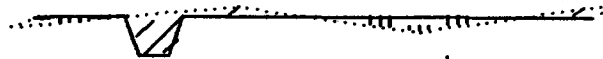
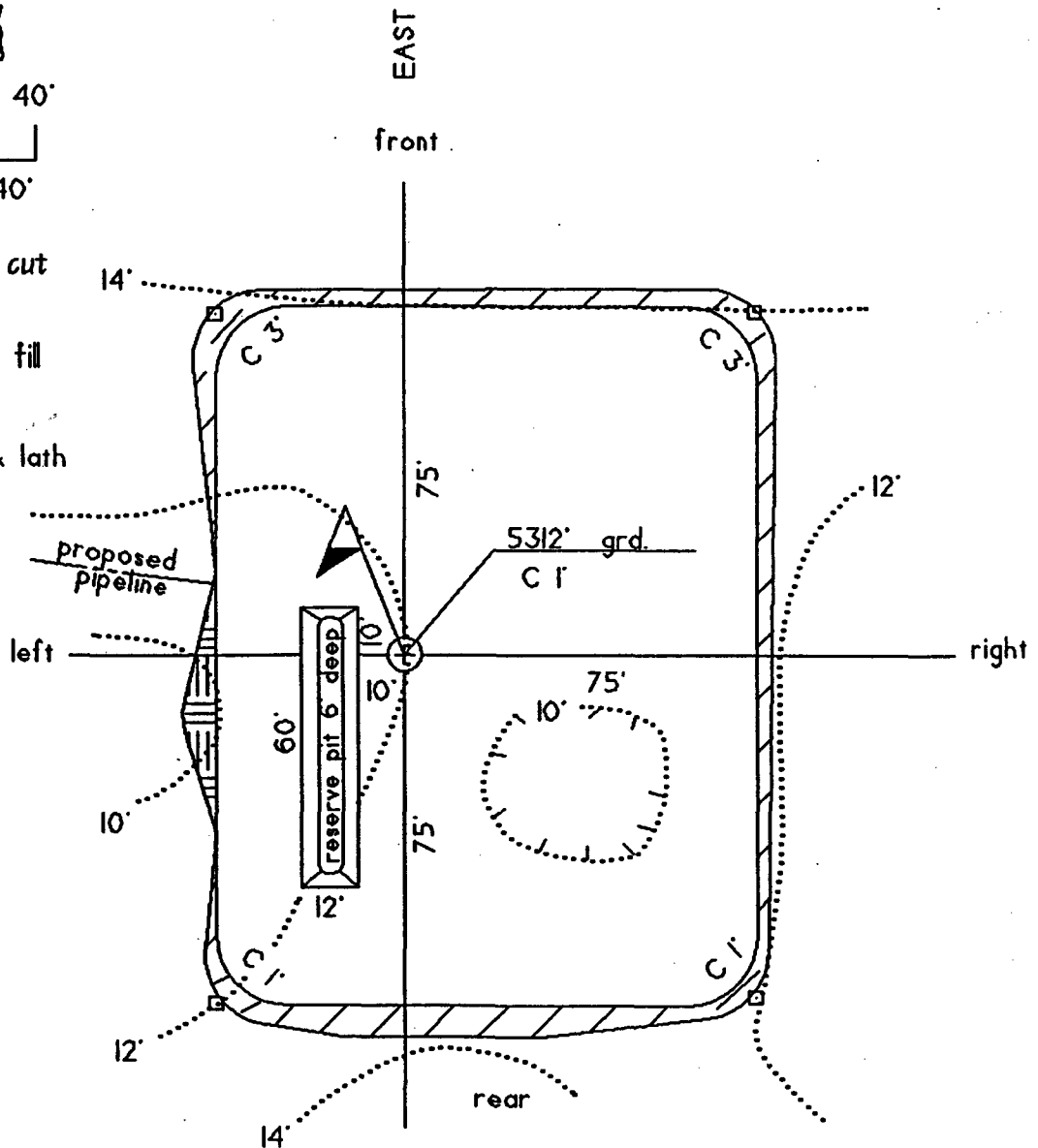
0' 40'

Scale 1" = 40'

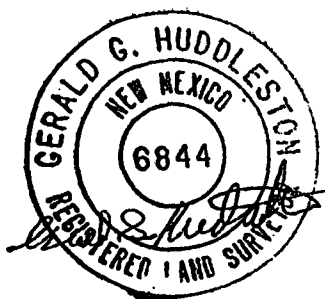
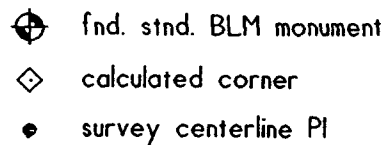
cut

fill

□ set stake & lath



section



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

PAGE 12

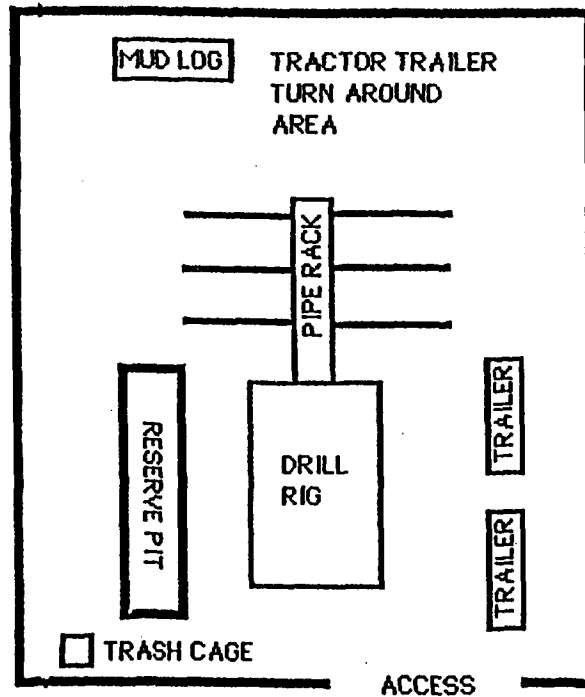
WELL SITE LAYOUT

RICHARDSON OPERATING COMPANY

F-RPC 19 #2

715' FNL & 1060' FWL

**SECTION 19, TOWNSHIP 29 NORTH, RANGE 13 WEST, NMPM
SAN JUAN COUNTY, NEW MEXICO**



NORTH

