

5/10/99	5/31/99	DC	KV	DHC
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ABOVE THIS LINE FOR DIVISION USE ONLY

## NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

### 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

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

MAY 10 1999

#### [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.

John C. Thompson  
 Print or Type Name

Signature

Agent/Engineer

Title

5/6/99

**WALSH**

ENGINEERING &amp; PRODUCTION CORP.

Petroleum Engineering Consulting  
Lease Management  
Contract Pumping7415 East Main  
Farmington, New Mexico 87402  
(505) 327-4892 • Fax: (505) 327-9834

**Ms. Lori Wrotenberry  
New Mexico Oil Conservation Division  
2040 S. Pacheco  
Santa Fe, New Mexico 87504**

**April 6, 1999**

***Re: Downhole Commingle Application  
Richardson Operating Company  
Ms. Nona #2  
920' FNL & 970' FEL, Section 15, T30N, R14W  
San Juan County, New Mexico  
Basin Fruitland Coal and Harper Hill Frt. Sand/ Pictured Cliffs Ext.***

Dear Ms. Wrotenberry,

This is a request for administrative approval for downhole commingling of the production from the Basin Fruitland Coal and the Harper Hill Fruitland Sand / Pictured Cliffs Ext.

I have attached for your review, an acreage plat outlining the dedicated acreage and offset operators. I have also included a proposed allocation formula with a short discussion of the history of the well.

The offset operators are being notified of this application by certified return receipt mail. Copies of these letters are enclosed.

Thank you for your consideration and approval of this application. If you have any questions or concerns please do not hesitate me anytime at (505) 327-4892.

Sincerely,

**John C. Thompson  
Engineer**

IT

Enclosures

## DISTRICT I

P.O. Box 1980, Hobbs, NM 88241-1980

## DISTRICT II

811 South First St., Artesia, NM 88210-2835

## DISTRICT III

1000 Rio Brazos Rd, Aztec, NM 87410-1693

State of New Mexico  
Energy, Minerals and Natural Resources Department

## OIL CONSERVATION DIVISION

2040 S. Pacheco  
Santa Fe, New Mexico 87505-6429Form C-107-A  
New 3-12-96

## APPROVAL PROCESS:

☐ Administrative ☐ Hearing

## EXISTING WELLBORE

☒ YES ☐ NO

## APPLICATION FOR DOWNHOLE COMMINGLING

RICHARDSON OPERATING COMPANY 1700 Lincoln, Suite 1700 Denver, CO 80203

Operator Address

Ms. Nona #2 15 30N 14W San Juan

Lease Well No. Unit Ltr. Sec. Twp. Rge County

OGRID NO. 019219 Property Code 24386 API NO. 30-045-22764 Spacing Unit Lease Types: (check 1 or more)  
Federal ☒ State ☐ (land/for) Fee ☐

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	71629 Basin Fruitland Coal		78160 Harper Hill Frt Sand/PC EX
2. Top and Bottom of Pay Section (Perforations)	1762-1772'		1776-1786'
3. Type of production (Oil or Gas)	Gas		Gas
4. Method of Production (Flowing or Artificial Lift)	Pumping		Pumping
5. Bottomhole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: <u>Estimated</u> Or Measured Original	a. (Current)  b. (Original) 200	a.  b.	a.  b. 200
6. Oil Gravity ( $^{\circ}$ API) or Gas BTU Content	1000		1000
7. Producing or Shut-In?			
Production Marginal? (yes or no)	Yes		Yes
* If Shut-In, give date and oil/gas/water rates of last production  Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data	Date: Rates:	Date: Rates:	Date: Rates:
* If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: Rates:	Date: Rates:	Date: Rates:
8. Fixed Percentage Allocation Formula - % for each zone	Oil: % Gas: %	Oil: % Gas: %	Oil: % Gas: %

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.

10. Are all working, overriding, and royalty interests identical in all commingled zones? ☒ Yes ☐ No  
If not, have all working, overriding, and royalty interests been notified by certified mail? ☒ Yes ☐ No  
Have all offset operators been given written notice of the proposed downhole commingling? ☒ Yes ☐ No
11. Will cross-flow occur? ☐ Yes ☒ No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. ☐ Yes ☐ No (If No, attach explanation)

12. Are all produced fluids from all commingled zones compatible with each other? ☒ Yes ☐ No13. Will the value of production be decreased by commingling? ☐ Yes ☒ No (If Yes, attach explanation)14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. ☒ Yes ☐ No

15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S). \_\_\_\_\_

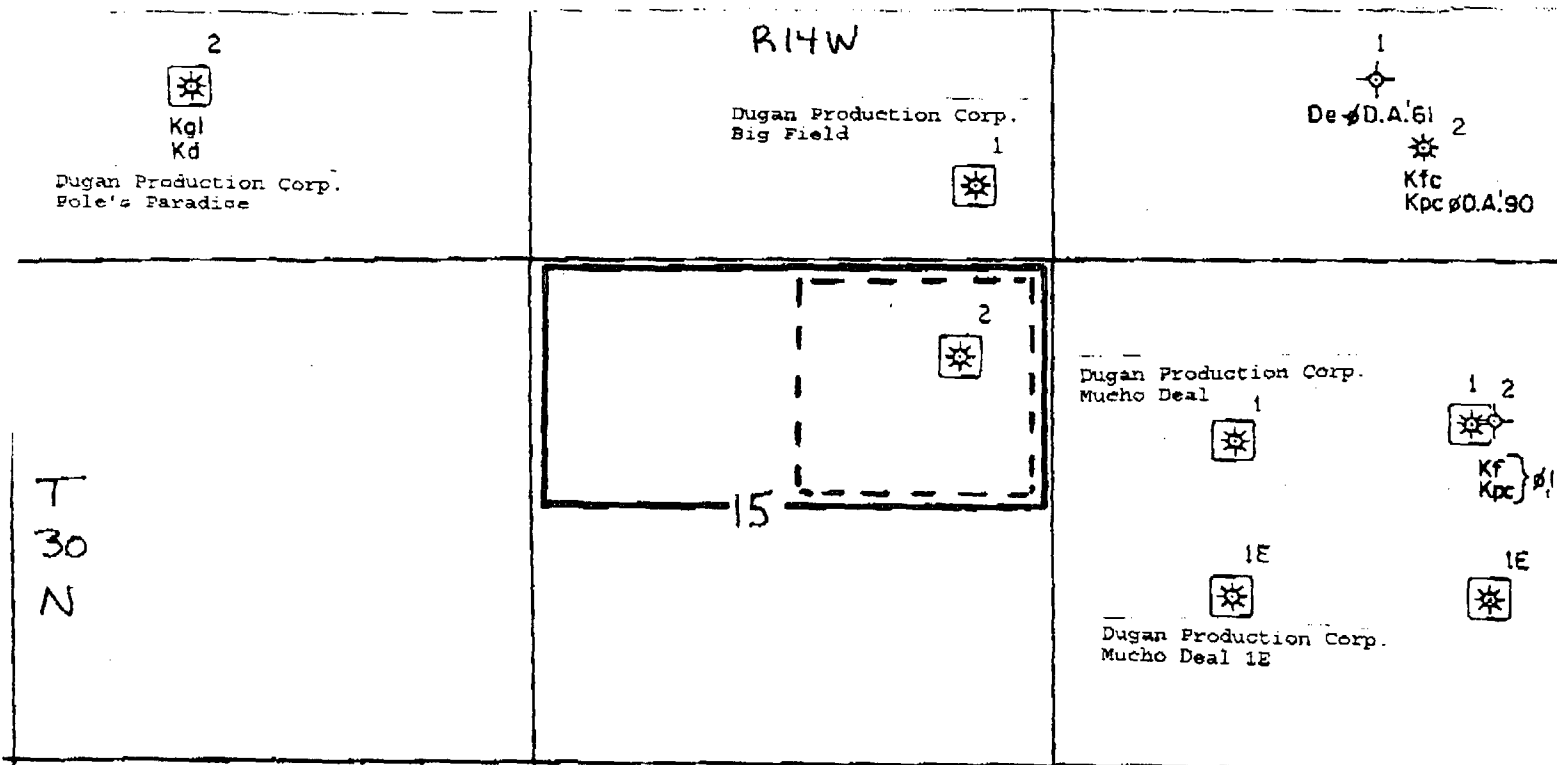
## 16. ATTACHMENTS:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of all offset operators.
- Notification list of working, overriding, and royalty interests for uncommon interest cases.
- Any additional statements, data, or documents required to support commingling.

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

SIGNATURE John C. Thompson TITLE Agent/Engineer DATE 5/6/99

TYPE OR PRINT NAME John C. Thompson TELEPHONE NO. ( 505 ) 327-4892



RICHARDSON OPERATING COMPANY

Ms. Nona #2  
Commingling Application

The Ms. Nona #2 has been plugged back from the Dakota and is currently producing from the Pictured Cliffs formation. This is the only Pictured Cliffs well in this section and the surrounding eight section area. There are currently no Fruitland Coal completions in this nine-section area.

Based on recent Richardson Operating wells in the southwest quarter of this township, it is anticipated that both zones will have similar bottom hole pressures of approximately 200 psi. Both zones produce some water and no liquid hydrocarbons. Neither zone is fluid sensitive and fluids from the two zones are compatible.

Since neither zone has enough data to prepare a reliable production forecast, or predict the ultimate reserves, Richardson Operating proposes to allocate the production based on a ratio of the initial production rates. The Pictured Cliffs zone has already been completed and is currently selling gas. This production will establish the baseline for the Pictured Cliffs production. The Fruitland Coal formation will be completed separately but it will have to be produced with the Pictured Cliffs. The Fruitland Coal production will be the total measured production minus the Pictured Cliffs baseline rate.

Assuming a 7% decline rate from the Pictured Cliffs the allocation formula is as follows:

**Pictured Cliffs Production** = Pictured Cliffs base rate  $\times e^{-Dt}$ , where  $D = 7\%/yr$  and  $t =$  time in years since first production.

**Fruitland Coal Production** = Total Production – Pictured Cliffs production.

# Richardson Operating Company

Ms. Nona #2  
920' FNL & 970' FEL, Section 15, T30N, R14W  
San Juan County, New Mexico  
Basin Fruitland Coal and Harper Hill Frt. Sand/ Pictured Cliffs Ext.

The following offset Operators have received written notice of the proposed downhole commingling application:

*Dugan Production Company*

The following royalty and overriding royalty interest owners have received written notice of the proposed downhole commingling application:

*Key Production Company  
Dorothy R. Brown Mineral Trust  
Diana H. Cook  
Amoco Production Company*


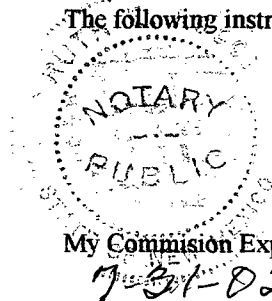
*William H. Brown Trust  
Celsius Energy Company  
Robert S. Tatum  
Yates Petroleum Corporation*

I certify that copies of the Application for Downhole Commingling has been mailed to the above operators and interest owners.



SAN JUAN COUNTY       )  
                                  ) ss  
STATE OF NEW MEXICO )

The following instrument was acknowledged before me this 6 day of May, 1999 by John C. Thompson

  
Notary Public

## NOTIFICATION LIST

Bureau of Land Management  
Farmington District Office  
1235 La Plata Highway  
Farmington, NM 87401

Key Production Company, Inc.  
707 17th Street, Suite 3300  
Denver, CO 80202

William H. Brown Trust  
c/o Norwest Bank WY, Casper, Trustee  
P.O. Box 2799  
Casper, WY 82602

Dorothy R. Brown Mineral Trust  
c/o Norwest Bank WY, Casper, Trustee  
P.O. Box 2799  
Casper, WY 82602

Celsius Energy Company  
1331 17th Street, Suite 800  
Denver, CO 80202

Diana H. Cook  
1740 S. Schooner Creek Road  
Lincoln City, OR 97367

Robert S. Tatum  
P.O. Box 2113  
South Padre Island, TX 78597

Amoco Production Company  
P.O. Box 3092  
Houston, TX 77253-3092

Dugan Production Corp.  
P.O. Box 420  
Farmington, NM 87401

Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210

Pictured Cliffs  
NE/4-Section 15-T30N-R14W  
San Juan County, NM

Working Interest:  
Richardson Production Company

Working Interest:  
100%

Net Reveune:  
90.5%

Royalty:  
USA, c/o MMS

12.5%

Overriding Royalty:  
Key Production Company, Inc.  
Norwest Bank Wyoming, Casper  
Wyoming, N.A., Trustee of the  
William H. Brown Trust  
Norwest Bank Wyoming, Casper  
Wyoming, N.A., Trustee of the  
Dorothy R. Brown Trust  
Celsius Energy Company

3.125%  
 $2/3 \times 3.125\%$

$1/3 \times 3.125\%$

$\frac{1.25\% \times 60\%}{100\%}$

Fruitland Coal  
N/2-Section 15-30N-R14W  
San Juan County, NM

Working Interest:  
Richardson Production Company

Working Interest:  
100%

Net Revenue:  
80.25%

Royalty:  
USA, c/o MMS

12.5%

Overriding Royalty:  
Key Production Company, Inc.  
Norwest Bank Wyoming, Casper  
Wyoming, N.A., Trustee of the  
William H. Brown Trust  
Norwest Bank Wyoming, Casper  
Wyoming, N.A., Trustee of the  
Dorothy R. Brown Trust  
Diana H. Cook  
Robert S. Tatum  
Amoco Production Company  
Celsius Energy Company

2.34375%  
1.56250%

0.78125%

0.50000%  
0.62500%  
0.78125%  
 $\frac{0.68625\%}{100\%}$



**WALSH**

ENGINEERING &amp; PRODUCTION CORP.

Petroleum Engineering Consulting  
Lease Management  
Contract Pumping7415 East Main  
Farmington, New Mexico 87402  
(505) 327-4892 • Fax: (505) 327-9834

**Dugan Production Company  
Attn. Land Department  
P.O. Box 420  
Farmington, New Mexico 87401**

**April 6, 1999**

***Re: Downhole Commingle Application  
Richardson Operating Company  
Ms. Nona #2  
920' FNL & 970' FEL, Section 15, T30N, R14W  
San Juan County, New Mexico  
Basin Fruitland Coal and Harper Hill Frt. Sand/ Pictured Cliffs Ext.***

To Whom It May Concern,

Enclosed you will find a copy of the above referred to application that has been submitted to the New Mexico Oil Conservation Division for administrative approval. As an offset operator you are being notified of this application pursuant to NMOCD rules.

If you desire to submit remarks concerning the application, please send them to Ms. Lori Wrotenberry, Director, New Mexico Oil Conservation Division, Santa Fe, New Mexico with in 20 days from the receipt of the notice. If you have no objection the proposal, no action is required on your part.

Thank you for your consideration in this matter and if you have any questions or concerns, please do not hesitate to contact me at 505-327-4892.

Sincerely,

John C. Thompson  
Engineer

rr

Enclosure

**WALSH**

ENGINEERING &amp; PRODUCTION CORP.

Petroleum Engineering Consulting  
Lease Management  
Contract Pumping7415 East Main  
Farmington, New Mexico 87402  
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**Bureau of Land Management  
Farmington District Office  
1235 La Plata Highway  
Farmington, New Mexico 87401**

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San Juan County, New Mexico  
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To Whom It May Concern,

Enclosed you will find a copy of the above referred to application that has been submitted to the New Mexico Oil Conservation Division for administrative approval. Because the location is on Federal lands the BLM is being notified of this application pursuant to NMOCD rules.

If you desire to submit remarks concerning the application, please send them to Ms. Lori Wrotenberry, Director, New Mexico Oil Conservation Division, Santa Fe, New Mexico with in 20 days from the receipt of the notice. If you have no objection the proposal, no action is required on your part.

Thank you for your consideration in this matter and if you have any questions or concerns, please do not hesitate to contact me at 505-327-4892.

Sincerely,

John C. Thompson  
Engineer

rr

Enclosure

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Farmington, New Mexico 87402  
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**Yates Petroleum Corporation  
Attn. Land Department  
105 South Fourth Street  
Artesia, New Mexico 88210**

**April 6, 1999**

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Richardson Operating Company  
Ms. Nona #2  
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San Juan County, New Mexico  
Basin Fruitland Coal and Harper Hill Frt. Sand/ Pictured Cliffs Ext.***

Dear To Whom It May Concern,

Enclosed you will find a copy of the above referred to application that has been submitted to the New Mexico Oil Conservation Division for administrative approval. As royalty or overriding royalty interest owner you are being notified of this application pursuant to NMOCD rules.

If you desire to submit remarks concerning the application, please send them to Ms. Lori Wrotenberry, Director, New Mexico Oil Conservation Division, Santa Fe, New Mexico with in 20 days from the receipt of the notice. If you have no objection the proposal, no action is required on your part.

Thank you for your consideration in this matter and if you have any questions or concerns, please do not hesitate to contact me at 505-327-4892.

Sincerely,

John C. Thompson  
Engineer

rr

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Petroleum Engineering Consulting  
Lease Management  
Contract Pumping7415 East Main  
Farmington, New Mexico 87402  
(505) 327-4892 • Fax: (505) 327-9834

**Amoco Production Company  
Attn. Land Department  
P.O. Box 3092  
Houston, Texas 77253-3092**

**April 6, 1999**

*Re: Downhole Commingle Application  
Richardson Operating Company  
Ms. Nona #2  
920' FNL & 970' FEL, Section 15, T30N, R14W  
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Thank you for your consideration in this matter and if you have any questions or concerns, please do not hesitate to contact me at 505-327-4892.

Sincerely,

John C. Thompson  
Engineer

rr

Enclosure

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Lease Management  
Contract Pumping7415 East Main  
Farmington, New Mexico 87402  
(505) 327-4892 • Fax: (505) 327-9834

**Robert S. Tatum  
P.O. Box 2113  
South Padre Island, Texas 78597**

**April 6, 1999**

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Richardson Operating Company  
Ms. Nona #2  
920' FNL & 970' FEL, Section 15, T30N, R14W  
San Juan County, New Mexico  
Basin Fruitland Coal and Harper Hill Frt. Sand/ Pictured Cliffs Ext.***

Dear Mr. Tatum,

Enclosed you will find a copy of the above referred to application that has been submitted to the New Mexico Oil Conservation Division for administrative approval. As royalty or overriding royalty interest owner you are being notified of this application pursuant to NMOCD rules.

If you desire to submit remarks concerning the application, please send them to Ms. Lori Wrotenberry, Director, New Mexico Oil Conservation Division, Santa Fe, New Mexico with in 20 days from the receipt of the notice. If you have no objection the proposal, no action is required on your part.

Thank you for your consideration in this matter and if you have any questions or concerns, please do not hesitate to contact me at 505-327-4892.

Sincerely,

John C. Thompson  
Engineer

rr

Enclosure

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Farmington, New Mexico 87402  
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**Diana H. Cook**  
**1740 S. Schooner Creek Road**  
**Lincoln City, OR 97367**

**April 6, 1999**

***Re: Downhole Commingle Application***  
***Richardson Operating Company***  
***Ms. Nona #2***  
***920' FNL & 970' FEL, Section 15, T30N, R14W***  
***San Juan County, New Mexico***  
***Basin Fruitland Coal and Harper Hill Frt. Sand/ Pictured Cliffs Ext.***

Dear Ms. Cook,

Enclosed you will find a copy of the above referred to application that has been submitted to the New Mexico Oil Conservation Division for administrative approval. As royalty or overriding royalty interest owner you are being notified of this application pursuant to NMOCD rules.

If you desire to submit remarks concerning the application, please send them to Ms. Lori Wrotenberry, Director, New Mexico Oil Conservation Division, Santa Fe, New Mexico with in 20 days from the receipt of the notice. If you have no objection the proposal, no action is required on your part.

Thank you for your consideration in this matter and if you have any questions or concerns, please do not hesitate to contact me at 505-327-4892.

Sincerely,

John C. Thompson  
Engineer

rr

Enclosure

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Farmington, New Mexico 87402  
(505) 327-4892 • Fax: (505) 327-9834

**Celsius Energy Company  
Attn. Land Department  
1331 17th Street, Suite 800  
Denver, Colorado 80202**

**April 6, 1999**

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Richardson Operating Company  
Ms. Nona #2  
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Sincerely,

John C. Thompson  
Engineer

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Contract Pumping7415 East Main  
Farmington, New Mexico 87402  
(505) 327-4892 • Fax: (505) 327-9834

**Dorothy R. Brown Mineral Trust  
c/o Norwest Bank WY, Casper, Trustee  
Attn. Land Department  
P.O. Box 2799  
Casper, WY 82602**

**April 6, 1999**

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Richardson Operating Company  
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Sincerely,

John C. Thompson  
Engineer

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Contract Pumping7415 East Main  
Farmington, New Mexico 87402  
(505) 327-4892 • Fax: (505) 327-9834

**William H. Brown Trust**  
**c/o Norwest Bank WY, Casper, Trustee**  
**Attn. Land Department**  
**P.O. Box 2799**  
**Casper, WY 82602**

**April 6, 1999**

*Re: Downhole Commingle Application*  
*Richardson Operating Company*  
*Ms. Nona #2*  
*920' FNL & 970' FEL, Section 15, T30N, R14W*  
*San Juan County, New Mexico*  
*Basin Fruitland Coal and Harper Hill Frt. Sand/ Pictured Cliffs Ext.*

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Sincerely,

John C. Thompson  
Engineer

IT

Enclosure

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ENGINEERING &amp; PRODUCTION CORP.

Petroleum Engineering Consulting  
Lease Management  
Contract Pumping7415 East Main  
Farmington, New Mexico 87402  
(505) 327-4892 • Fax: (505) 327-9834

**Key Production Company  
Attn. Land Department  
707 17th Street, Suite 3300  
Denver, Colorado 80202**

**April 6, 1999**

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Richardson Operating Company  
Ms. Nona #2  
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Sincerely,

John C. Thompson  
Engineer

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Enclosure



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

June 2, 1999

Walsh Engineering & Production Corp.  
7415 E. Main  
Farmington, New Mexico 87402

Attention: Mr. John C. Thompson

Re: DHC Application  
Ms. Nona No. 2  
Unit A, Section 15, T-30N, R-14W,  
San Juan County, New Mexico

JUN 2 1 1999

Dear Mr. Thompson:

With regards to the subject Form C-107-A dated 5/16/99, please provide a tabulation of production data from the Pictured Cliffs formation. Your application will be processed upon receipt of the requested production data.

Thank you for your assistance.

Sincerely,

A handwritten signature in cursive script, reading "David Catanach".

David Catanach  
Engineer

Xc: OCD-Aztec

**Richardson Operating****Ms. Nona #2****Daily Gas Production**

<b>Date</b>	<b>MCF/D</b>
May-30	48
Apr-1	30
Apr-2	32
Apr-3	32
Apr-4	47
Apr-5	31
Apr-5	24
Apr-7	26
Apr-8	off
Apr-9	off
Apr-10	off
Apr-11	off
Apr-12	off
Apr-13	off
Apr-14	off
Apr-15	off
Apr-16	off
Apr-17	off
Apr-18	off
Apr-19	off
Apr-20	off
Apr-21	off
Apr-21	off
Apr-22	off
Apr-23	off
Apr-24	off
Apr-25	off
Apr-26	off
Apr-27	off
Apr-28	42
Apr-29	50
Apr-30	49
May-1	49
May-2	49
May-3	51
May-4	53
May-5	52
May-6	52

**42 mcf/d average for 17 days production****Off days for mechanical problems (pump, compressor, etc.)**



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

June 2, 1999

Walsh Engineering & Production Corp.  
7415 E. Main  
Farmington, New Mexico 87402

Attention: Mr. John C. Thompson

Re: DHC Application  
Ms. Nona No. 2  
Unit A, Section 15, T-30N, R-14W,  
San Juan County, New Mexico

Dear Mr. Thompson:

With regards to the subject Form C-107-A dated 5/16/99, please provide a tabulation of production data from the Pictured Cliffs formation. Your application will be processed upon receipt of the requested production data.

Thank you for your assistance.

Sincerely,

David Catanach  
Engineer

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