

8/2/99 8/23/99 DC MN DHC

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

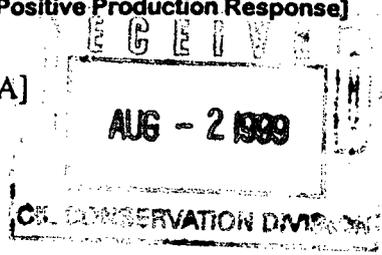
2435

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

[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  Agent/Engineer 7/29/99
 Print or Type Name Signature Title Date



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

July 29, 1999

***Re: Downhole Commingle Application
Richardson Operating Company
WF Federal 28 #1
985' FNL & 855' FEL, Section 28, T30N, R14W
San Juan County, New Mexico
Basin Fruitland Coal and Twin Mounds 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 Twin Mounds 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 to contact me anytime at (505) 327-4892.

Sincerely,

John C. Thompson
Engineer

rr

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, Artesia, NM 87410-1893

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 87505-6429

Form 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: WF Federal 28 #1 Address: A 28-30N-14W San Juan County

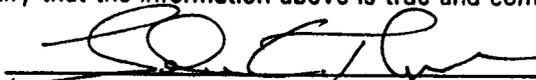
Lease Well No. Unit Ltr. - Sec - Twp - Rge County

OGRID NO. 019219 Property Code API NO. 30-045-39880 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 Frt. Coal		Twin Mounds FR Sand PC
2. Top and Bottom of Pay Section (Perforations)	1106-1118'		1124-1138'
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)	a.	a.
	b. (Original) 200	b.	b. 200
6. Oil Gravity (°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 • If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: Rates:	Date: Rates:	Date: Rates:
	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 No
13. 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  TITLE Agent/Engineer DATE 7/29/99

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

R14W

1-20
Kgl D.A.'63

1
Kgl D.A.'62

1
Bayless
Hoover #1
Coolidge Com #1
Kf
Kpc
Kd D.A.'85



Bayless



Richardson
Amoco

Richardson
WF Federal 21-1R

1
Kd P.A.'93

T
30
N

1
Kpc P.A.'32
Km NP'77
Richardson
WF Federal 28-1

Richardson

Yates

28

1-28
Kpc D.A.'54

Yates

Richardson
Amoco

1
Kd P.A.'92
Kf } NP'79
Kpc }

2 1-32
T.A. 1000' Kpc D.A.'54

Richardson

1
Kd P.A.'85

Yates

45
Kf
Kpc

Dugan
Cline #1

Richardson

2
P.A.'93



2-34
3 Kpc D.A.'79

Kd D.A.'56

1-34
Kd D.A.'61

Richardson Operating Company
WF Federal 28 #1
Commingling Application

Twin
Mounds Frt. Sand Pictured Cliffs

The WF Federal 28-1 is a newly drilled Basin Fruitland Coal / Ext. well. This is part of Richardson's development program in their WF (West Farmington) field. This is the only Pictured Cliffs well in this section. There are also no other Fruitland Coal wells in this section. The closest Fruitland Coal off set is Richardson's WF Federal 20 #1 (located in section 20, 30N, R14W) which has already been approved for down hole commingling.

Based on recent Richardson Operating wells in this township and the Ms. Nona #2 (which is located in section 15, 30N R14W), 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 the initial production rates from the Pictured Cliffs. The well was perforated and stimulated in the Pictured Cliffs formation. The stimulation was then cleaned up and the well was then flow tested. The production based on the flow test 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.

WF Federal 28-1

Gas Production

The well was perforated and stimulated in the Pictured Cliffs. The well was allowed to flow back immediately after the stimulation. The well was then cleaned up and allowed to flow for 24 hrs. The well produced 39 MCF in the 24 hour test period. Richardson Operating proposes to use 39 mcf/d for the initial production from the Pictured Cliffs.

Richardson Operating Company

**WF Federal 28 #1
985' FNL & 855' FEL, Section 28, T30N, R14W
San Juan County, New Mexico
Basin Fruitland Coal and Twili Ft. Sand/ Pictured Cliffs Ext.
Mounds**

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

*Dugan Production Company
Yates Petroleum Corporation
Amoco Production Company
Robert L. Bayless*

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

*Bureau of Land Management
Yates Drilling Company
Abo Petroleum Corporation
Myco Industries, Inc.*

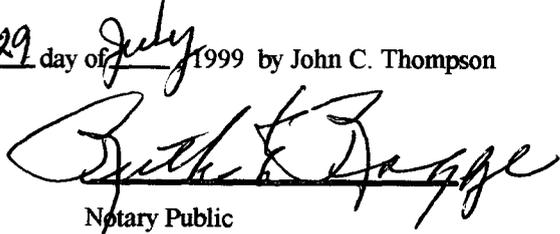
Yates Petroleum Corporation

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

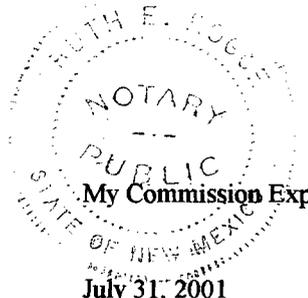


SAN JUAN COUNTY)
) ss
STATE OF NEW MEXICO)

The following instrument was acknowledged before me this 29 day of July 1999 by John C. Thompson



Notary Public



Richardson Operating Company
WF Federal #28-1

NOTIFICATION LIST

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

Yates Petroleum Corporation
Yates Drilling Company
Abo Petroleum Corporation
Myco Industries, Inc.
105 South Fourth Street
Artesia, New Mexico 88210

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

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

Robert L. Bayless
P.O. Box 168
Farmington, NM 87499

Richardson Operating Company
WF Federal #28-1

Pictured Cliffs formation:

Township 30 North, Range 14 West, NMPM
Section 28: NE/4
Containing 160.00 acres, more or less
San Juan County, NM

Fruitland Coal formation:

Township 30 North, Range 14 West, NMPM
Section 28: E/2
Containing 320.00 acres, more or less
San Juan County, NM

Ownership in the E/2 of Section 28-T30N-R14W is uniform.

Working Interest:
Richardson Production Company

Royalty Interest:
USA NMNM-97843

Overriding Royalty Interest:
Yates Petroleum Corporation
Yates Drilling Company
Abo Petroleum Corporation
Myco Industries, Inc.

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 Dep.

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

Form C-10
Revised February 21, 1995
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

99 MAR 19 PM 12:31

AMENDED REPORT

070 FARMINGTON, NM

WELL LOCATION AND ACREAGE DEDICATION PLAT

'API Number		'Pool Code 86620		'Pool Name TWIN MOUNDS FRUITLAND SAND PICTURED CLIFF	
'Property Code		'Property Name WF FEDERAL			'Well Number 28-1
'OGRID No. 019219		'Operator Name RICHARDSON OPERATING COMPANY			'Elevation 5593'

10 Surface Location

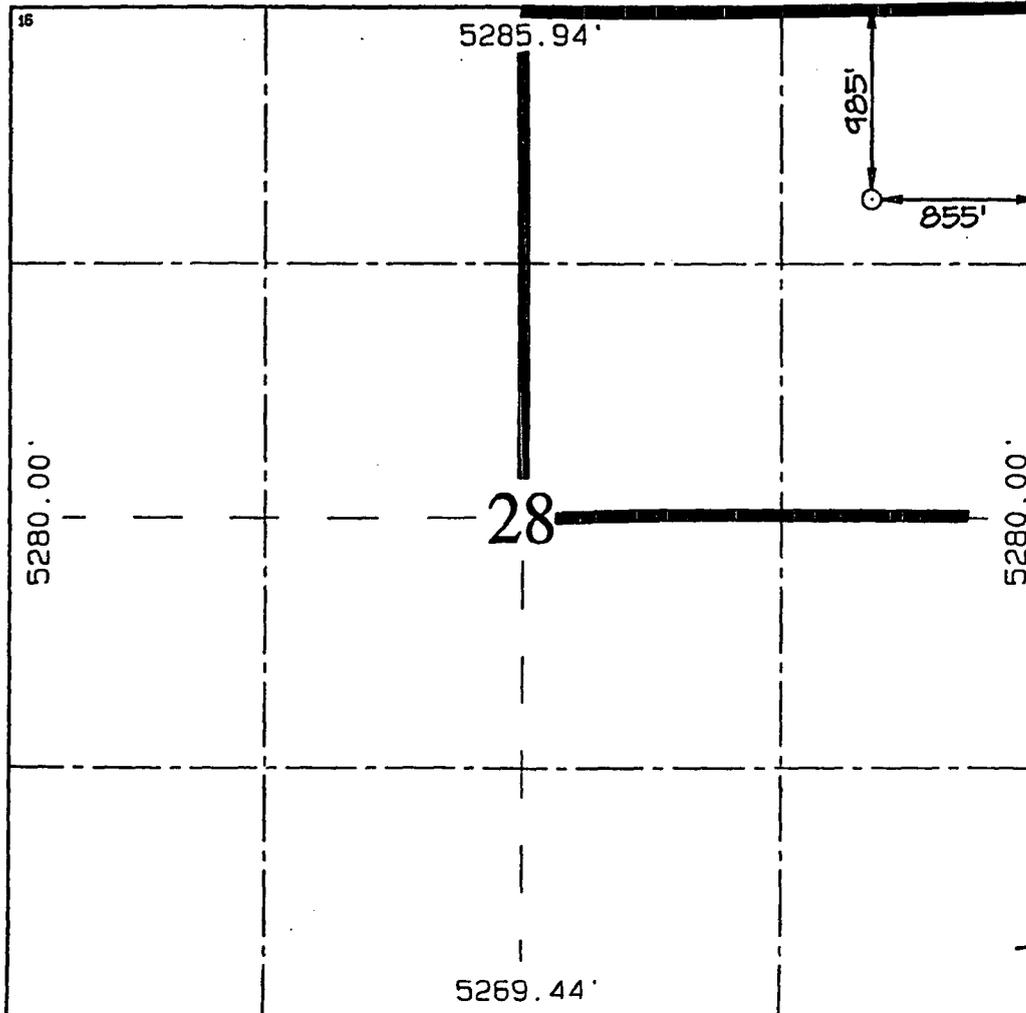
U. or lot no.	Section	Township	Range	Lot 10n	Feet from the	North/South line	Feet from the	East/West line	County
A	28	30N	14W		985	NORTH	855	EAST	SAN JUAN

11 Bottom Hole Location If Different From Surface

U. or lot no.	Section	Township	Range	Lot 10n	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres 160		13 Joint or Infill Y		14 Consolidation Code		15 Order No.	
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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



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
3/19/99
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.

MARCH 3, 1999
Date of Survey
Signature and Seal of Professional Surveyor

Certificate No. 6857

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, 199
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

RECEIVED
BLM

99 MAR 19 PM 12:30 AMENDED REPORT

070 FARMINGTON, NM

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code 71629	Pool Name Basin Fruitland Coal
Property Code	Property Name WF FEDERAL		Well Number 28-1
OGRID No. 019219	Operator Name RICHARDSON OPERATING COMPANY		Elevation 5593'

10 Surface Location

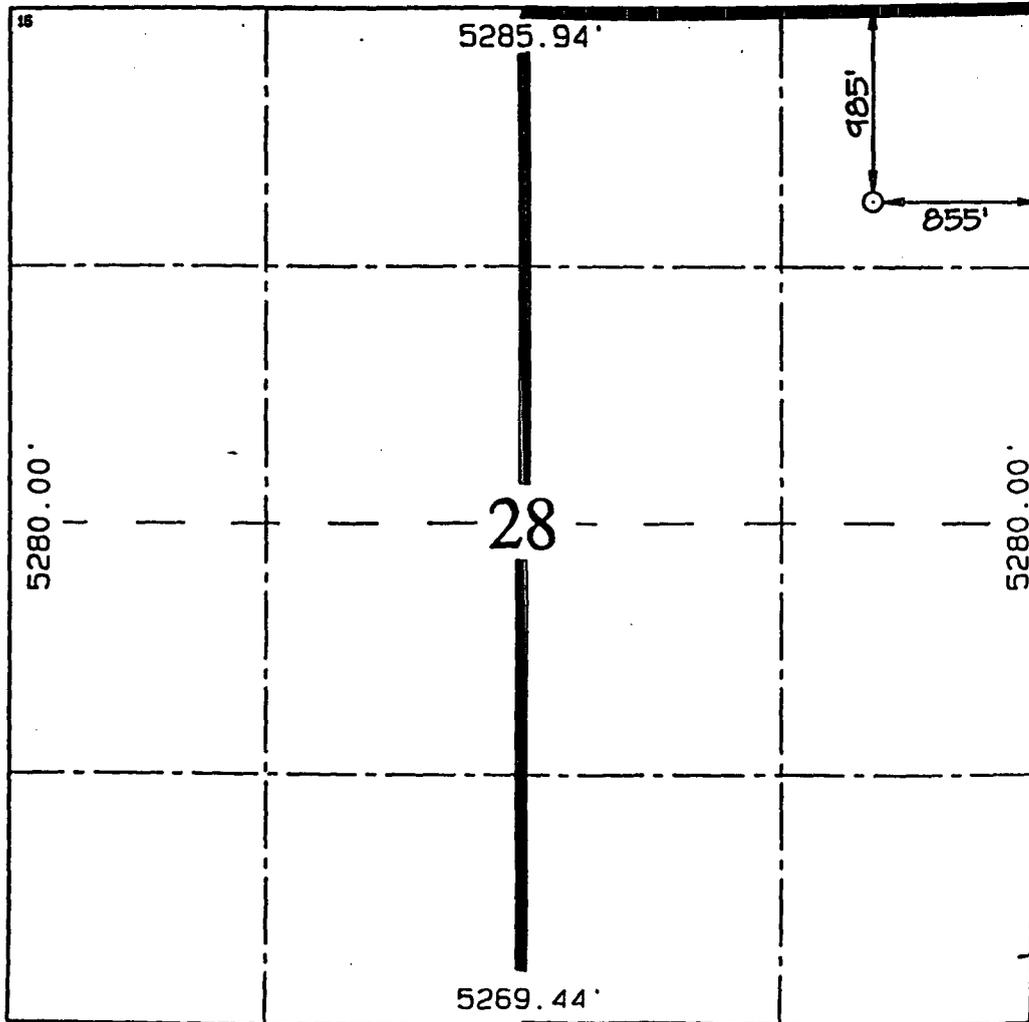
UL or lot no.	Section	Township	Range	Lot Ion	Feet from the	North/South line	Feet from the	East/West line	County
A	28	30N	14W		985	NORTH	855	EAST	SAN JUAN

11 Bottom Hole Location If Different From Surface

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

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Paul C. Thompson
Signature

Paul C. Thompson
Printed Name

Agent
Title

3/19/99
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.

MARCH 3, 1999
Date of Survey

Signature and Seal of Professional Surveyor

NEALE C. EDWARDS
NEW MEXICO
6857
REGISTERED PROFESSIONAL SURVEYOR
Certificate No. 6857



WALSH ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting
Lease Management
Contract Pumping

7415 East Main
Farmington, New Mexico 8740
(505) 327-4892 • Fax: (505) 327-983

**Dugan Production Corp.
P.O. Box 420
Farmington, NM 87499**

July 29, 1999

Attn. Land Department

*Re: Downhole Commingle Application
Richardson Operating Company
WF Federal 28 #1
985' FNL & 855' FEL, Section 28, T30N, R14W
San Juan County, New Mexico
Basin Fruitland Coal and Twin Mounds 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 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



WALSH ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting
Lease Management
Contract Pumping

7415 East Main
Farmington, New Mexico 87402
(505) 327-4892 • Fax: (505) 327-9834

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

July 29, 1999

Attn. Land Department

***Re: Downhole Commingle Application
Richardson Operating Company
WF Federal 28 #1
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Engineer

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WALSH

ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting
Lease Management
Contract Pumping

7415 East Main
Farmington, New Mexico 87402
(505) 327-4892 • Fax (505) 327-9834

**Yates Petroleum Corporation
Yates Drilling Company
Abo Petroleum Corporation
Myco Industries, Inc.
105 South Fourth Street
Artesia, NM 88210**

July 29, 1999

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Enclosure



WALSH

ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting
Lease Management
Contract Pumping

7415 East Main
Farmington, New Mexico 87402
(505) 327-4892 • Fax: (505) 327-9834

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

July 29, 1999

Attn. Duane Spencer / Land Department

**Re: Downhole Commingle Application
Richardson Operating Company
WF Federal 28 #1
985' FNL & 855' FEL, Section 28, T30N, R14W
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Sincerely,

John C. Thompson
Engineer

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Petroleum Engineering Consulting
Lease Management
Contract Pumping

7415 East Main
Farmington, New Mexico 87402
(505) 327-4892 • Fax: (505) 327-9834

**Robert L. Bayless
P.O. Box 168
Farmington, NM 87499**

July 29, 1999

Attn. Land Department

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