

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON Governor Joanna Prukop Cabinet Secretary

October 27, 2003

Lori Wrotenbery Director Oil Conservation Division

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

Attention: Paul Lehrman plehrman@digii.net

Administrative Order NSL-4953

Dear Mr. Lehrman:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on October 8, 2003 (*administrative application reference No. pMES0-328843737*); and (ii) the Division's records in Aztec and Santa Fe: all concerning Richardson Operating Company's ("Richardson") request for an exception to the well location requirements [Rule 7 (a) (1)] provided within the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*," as promulgated by Division Order No. R-8768, as amended, for a non-standard infill gas well location within an existing 291.96-acre lay-down gas spacing unit for the Basin-Fruitland Coal (Gas) Pool (71629) comprising all of Irregular Section 11, Township 28 North, Range 8 West, NMPM, San Juan County, New Mexico.

This application has been duly filed under the provisions of: (i) Rule 7 (b) of the "Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool"; (ii) Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission ("Commission") in Case No. 12119 on August 12, 1999; and (iii) Rule 1207.A (2), revised by Division Order No. R-11205, issued by the Commission in Case No. 12177 on June 17, 1999.

This unit is currently dedicated to Richardson's Federal "41-11" Well No. 2 (API No. 30-045-28060), located at a standard coal gas well location 1280 feet from the South line and 960 feet from the West line (Unit M) of Irregular Section 11.

By the authority granted me under the applicable provisions of the special pool rules governing the Basin-Fruitland Coal (Gas) Pool and Division Rule 104.F (2), the following described unorthodox infill gas well location to be drilled within this 291.96-acre coal gas spacing unit is hereby approved:

Federal "43-11" Well No. 3 540' FSL & 2245' FEL (Unit O). Further, Richardson is hereby authorized to simultaneously dedicate production attributed to the Basin-Fruitland Coal (Gas) Pool from its existing Federal "43-11" Well No. 2 with the proposed Federal "43-11" Well No. 3.

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

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Lori Wrotenbery Director

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