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W. THOMAS KELLAHIN*

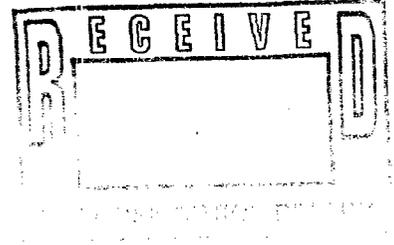
*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

July 2, 1996

HAND DELIVERED

Mr. William J. LeMay, Director
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505



**Re: NMOCD CASE 11570 (Readvertised)
ROPCO 15 GW "A" PC "B" FC Well No. 1
First Amended Application of Richardson Operating Company
for compulsory pooling, downhole commingling and
an unorthodox gas well location
San Juan County, New Mexico**

Dear Mr. LeMay:

On behalf of Richardson Operating Company, we filed this case now set for hearing on July 11, 1996. We desire to present our evidence at that hearing, but then, to have this case re-advertised for the July 25, 1996 docket in order to change the original location of 2275 feet FNL and 991 feet FEL to the new location of 2171 feet FNL and 775 feet FEL of Section 15. Please find enclosed our amended application which we request be advertised for hearing on the Examiner's docket now scheduled for July 11, 1996. Also enclosed is our proposed amended advertisement of this case for that docket.

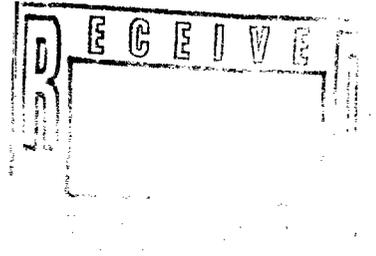
Supplemental notices are being sent to the offsetting operators/owners and to the parties being pooled.

Very truly yours,

A handwritten signature in dark ink, appearing to read "W. Thomas Kellahin".

W. Thomas Kellahin

cc: Richardson Operating Company
Attn: Cathy Colby

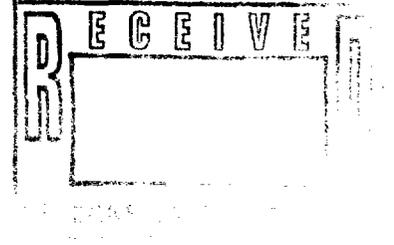


PROPOSED ADVERTISEMENT FOR NMOCD DOCKET

CASE 11570 (Readvertised): Amended Application of Richardson Operating Company for compulsory pooling, downhole commingling and an unorthodox gas well location, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests in the Pictured Cliffs formation underlying the NE/4 and all mineral interests in the Basin Fruitland Coal Gas Pool underlying the E/2 of Section 15, T29N, R13W, NMPM, San Juan County, New Mexico, forming standard 160-acre and 320-acre spacing and proration units, respectively. Said units are to be dedicated to its ROPCO 15 GW "A" PC, "B" FC Well No. 1 which is to be located at an unorthodox gas well location 2171 feet from the North line and 775 feet from the East line (Unit H) of said Section 15 for downhole commingled production from the Fulcher Kutz-Pictured Cliffs Gas Pool or the West Kutz-Pictured Cliffs Gas Pool and the Basin-Fruitland Coal Gas Pool. Also to be considered will be the costs of participation in said well, including but not limited to the costs of drilling, completing and equipping, with the inclusion of a risk factor penalty and the allocation of those costs and income therefor as well as actual operating costs and charges for supervision, and the designation of applicant as the operator of the well.

Said well is located near the intersection of US Highway 64 and Meadow View Drive within the City of Farmington, New Mexico.

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**



IN THE MATTER OF THE APPLICATION
OF RICHARDSON OPERATING COMPANY FOR
COMPULSORY POOLING, DOWNHOLE COMMINGLING
AND AN UNORTHODOX GAS WELL LOCATION,
SAN JUAN COUNTY, NEW MEXICO.

CASE NO. _____

FIRST AMENDED APPLICATION

Comes now RICHARDSON OPERATING COMPANY, by its attorneys, Kellahin & Kellahin, and in accordance with Section 70-2-17(c) (1978) applies to the New Mexico Oil Conservation Division for an order pooling all mineral interests in the Pictured Cliffs formation underlying the NE/4 and all mineral interests in the Basin Fruitland Coal Gas Pool underlying the E/2 of Section 15, T29N, R13W, NMPM, San Juan County, New Mexico, forming standard 160-acre and 320-acre spacing and proration units, respectively. Said units are to be dedicated to its ROPCO 15 GW "A" PC "B" FC Well No. 1 which is to be located at an unorthodox gas well location 2171 feet from the North line and 775 feet from the East line (Unit H) of said Section 15 for downhole commingled production from the Fulcher Kutz-Pictured Cliffs Gas Pool or the West Kutz-Pictured Cliffs Gas Pool and the Basin-Fruitland Coal Gas Pool. Also to be considered will be the costs of participation in said well, including but not limited to the costs of drilling, completing and equipping, with the inclusion of a risk factor penalty and the allocation of those costs and income therefor as well as actual operating costs and charges for supervision, and the designation of applicant as the operator of the well.

In support of its application, Richardson Operating Company ("Richardson") states:

1. Richardson has a working interest ownership in the oil and gas minerals underlying the NE/4 and the E/2 of Section 15, T29N, R13W, NMPM, San Juan County, New Mexico.

2. In order to minimize surface disturbance within the NE/4 of said Section 15, Richardson seeks approval to locate its ROPCO 15 GW "A" PC "B" FC Well No. 1 at an unorthodox well location 2171 feet FNL and 775 feet FEL of said Section 15 so as to utilize a contiguous drilling site used for an existing Dakota producing well located in Unit H of said Section 15. See Exhibit "A".

3. Richardson has proposed to the other working interest and unleased mineral interest owners that this well be drilled and completed as a "downhole commingled completion" for potential production from the Basin Fruitland Coal Gas Pool with any Pictured Cliffs production to be dedicated respectively to a 320-acre coal-gas spacing and proration unit consisting of the E/2 of Section 15 and to a 160-acre gas spacing and proration unit consisting of the NE/4 of said Section for production from either the Fulcher Kutz-Pictured Cliffs Gas Pool or the West Kutz-Pictured Cliffs Gas Pool.

4. In accordance with Division Rule 303, applicant has completed Division Form C-107-A, which is attached hereto and incorporated by reference.

5. Despite its good faith efforts, Richardson has been unable to obtain a written voluntary agreement from certain unleased mineral interest and leasehold owners as shown on Exhibit "B".

6. Pursuant to Section 70-2-17(c) NMSA (1978) and in order to obtain its just and equitable share of production from the subject well and these spacing units, Richardson needs an order of the Division pooling the identified and described mineral interests in order to protect correlative rights and prevent waste.

7. In accordance with the Division's notice requirements, a copy of this application has been sent to those interest owners.

8. In addition, in accordance with Rule 104.F, a copy of this application is being sent to all affected interest owners towards whom the subject well encroaches as identified on Exhibit "C" attached.

9. Richardson requests that this matter be set for a hearing before the Division on the next available Examiner's docket now scheduled for July 25, 1996.

WHEREFORE, Richardson, as applicant, requests that this application be set for hearing on July 25, 1996 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interest described in these spacing units for the drilling, completion and operations of the subject well for downhole commingled production at a potential unorthodox gas well location upon terms and conditions which include:

- (1) Richardson Operating Company be named operator;
- (2) provisions for each working interest owner to participate in any production by reimbursing the applicant for the value of the costs of drilling, completing, equipping and operating said well;
- (3) In the event a working interest owner fails to elect to participate, then provisions be made to recover out of production, reimbursement to the applicant for the costs of drilling, completing, equipping and operating the well, including a risk factor penalty of 200 %;
- (4) Provision for overhead rates of \$3500 per month drilling and \$450 per month operating and a provision providing for an adjustment method of the overhead rates as provided by COPAS; and
- (5) For such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:



W. THOMAS KELLAHIN
KELLAHIN & KELLAHIN
P. O. Box 2265
Santa Fe, New Mexico 87501
(505) 982-4285

Unleased Mineral Interests:

E.M., Inc. (formerly 515 Inc.)
Attn: Mr. Ernie Martin
515 E. Main Street
Farmington, NM 87401

Clarence Hodgson Estate
c/o Mrs. Evelyn T. Tyler
1018 Murray Drive
Farmington, NM 87401-7232

Bernard W. Koski
1008 Kopra
Truth or Consequence, NM 87901

Lois P. Hodgson
RR1 Box 212
Blanco, NM 87412

Darrell Gene Hardy
c/o Richard Parmley, Jr.
232 N. Schwartz
Farmington, NM 87401

Don Hodgson
1018 E. Murray Drive
Farmington, NM 87401-7232

Fern Knight Lane
Wayne B. & Martha C. Lane
P.O. Box 822
Farmington, NM 87499-0822

F. Dickens & E. Dickens,
T. Roe & G. Roe, B. Tyler,
Roy M. Pitchford, Steven &
Richard Hodgson
1018 Murray Drive
Farmington, NM 87401

Justine Gordon Trust
809 E. Main Street
Farmington, NM 87401

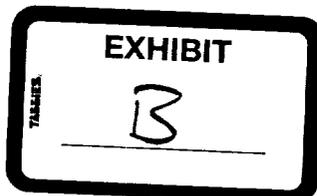
Ida L. Casaus
1113 Montview Avenue
Farmington, NM 87401

Fred & Rosita Shorty
1201 Mountview Avenue
Farmington, NM 87401

Unleased Mineral Owner
Unable to Locate _____:
John Dent Lamar

Uncommitted Leasehold Owner:

Conoco Inc.
Attn: William W. Franklin
10 Desta Drive, Suite 100W
Midland, Texas 79705-4500



Working Interest Owners:

Richardson Production Company
1700 Lincoln, Suite 1700
Denver, CO 80203

Offset Operators/
Leasehold Owners:

Hallwood Energy Company
4582 S. Ulster Pkwy,
Suite 1700
Denver, CO 80237

Amoco Production Company
P.O. Box 800
Denver, CO 80201

Vincent S. Mulford, Jr.
23 W. Fourth Street, Suite 609
Tulsa, OK 74103-5084

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

