



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

July 21, 2000

Lori Wrotenbery

Director

Oil Conservation Division

Richardson Operating Company
1700 Lincoln - Suite 1700
Denver, Colorado 80203

Attention: Cathleen Colby

Re: *Administrative application dated July 11, 2000 for an unorthodox Fruitland Sand/Pictured Cliffs gas well location for the existing W. F. Federal "3" Well No. 2 (API No. 30-045-30168) recently drilled 2495 feet from the South line and 1290 feet from the West line (Unit L) of Section 3, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico, whereby the SW/4 of Section 3 is to be dedicated to this well in order to form a standard 160-acre gas spacing and proration unit for the Undesignated Twin Mounds-Fruitland Sand-Pictured Cliffs Pool.*

Dear Ms. Colby:

In reviewing the subject application and the records of the New Mexico Oil Conservation Division ("Division") concerning this well I found the following:

- (1) according to the "Application for Permit to Drill" for this well dated March 5, 2000 Richardson Operating Company planned to penetrate the Pictured Cliffs formation even though the Fruitland coal interval was the intended zone of interest;
- (2) in instances where a single wellbore is to be utilized in more than one producing horizon, the operator is expected to drill that well at a location considered to be standard for all intended zones and not just one of the intended formations with the expectation that this is reason enough for approval;
- (3) the reason for this location based on the historical evolution of Rule 104 does not qualify for administrative approval; and
- (4) it is not clear if your notification is sufficient to meet **all** requirements of Rule 1207.A (2) (a).

This application is therefore denied, however, under Division Rule 104.F (5), this matter will be set for hearing before a duly appointed Examiner scheduled for August 24, 2000.

Sincerely,

Michael E. Stogner

Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington
Kathy Valdes, NMOCD - Santa Fe