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W. THOMAS KELLAHIN*

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RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

April 9, 2002

HAND DELIVERED

Ms. Lori Wrotenbery, Director
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: **F-RPC 21 Well No. 3**
(W/2 Fruitland) (SW/4 PC)
Section 21, T29N, R13W
Application of Richardson Production
Company for compulsory pooling
San Juan County, New Mexico

Case 12855

02 APR -3 PM 1:48
OIL CONSERVATION DIV.

Dear Ms. Wrotenbery:

On behalf of Richardson Production Company, please find enclosed the referenced application which we request be advertised for hearing on the Examiner's docket now scheduled for May 2, 2002. Also enclosed is our proposed advertisement of this case for that docket.

Very truly yours,



W. Thomas Kellahin

cc: Richardson Production Company
Attn: Rebecca E. Van Blaricom

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

**IN THE MATTER OF THE APPLICATION
OF RICHARDSON PRODUCTION COMPANY
FOR COMPULSORY POOLING
SAN JUAN COUNTY, NEW MEXICO.**

CASE NO. 12855

APPLICATION

Comes now RICHARDSON PRODUCTION 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 SW/4 and all mineral interests in the Basin Fruitland Coal Gas Pool underlying the W/2 of Section 21, T29N, R13W, NMPM, San Juan County, New Mexico, forming standard 160-acre and 320-acre spacing and proration units, respectively. These units are to be dedicated to its F-RPC 21 Well No. 3 which is to be located in Unit M of Section 21 for downhole commingled production from the Pictured Cliffs formation (West Kutz Picture Cliffs Gas Pool) and the Basin-Fruitland Coal Gas Pool. Also to be considered will be the costs of participation in the 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 Richardson Operating Company as the operator of the well.

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

1. Richardson has acquired a right to drill for the oil and gas minerals underlying the SW/4 and the W/2 of Section 21, T29N, R13W, NMPM, San Juan County, New Mexico.
2. Richardson has proposed to the other 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 W/2 of Section 21 and to a 160-acre gas spacing and proration unit consisting of the SW/4 of this Section for production from the Pictured Cliffs formation.

3. In accordance with Division Rule 303, applicant will file an application with the Division for administrative approval to drill, complete, produce and operate this well as a downhole commingled wellbore.

4. Despite its good faith efforts, Richardson has been unable to obtain a written voluntary agreement from those owners as shown on Exhibit "A".

5. Pursuant to NMSA 1978, Section 70-2-17.C 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.

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

7. Richardson requests that this matter be set for a hearing before the Division on the next available Examiner's docket now scheduled for May 2, 2002.

WHEREFORE, Richardson, as applicant, requests that this application be set for hearing on May 2, 2002 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 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 \$5000 per month drilling and \$500 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:

A handwritten signature in black ink, appearing to read "W. Thomas Kellahin". The signature is fluid and cursive, with a large initial "W" and a long, sweeping underline.

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

Schedule of Unleased Interest Owners
Address Listing
F-RPC 21-2 and F-RPC 21-3

Frederick Elkins and Laurie Elkins
1050 East 760 North
Orem, UT 84097

Richards Elkins and Cassandra Elkins
23115 Summers Drive
San Antonio, TX 78258

Forrest Elkins and Patricia Elkins
1303 Lacy Lane
San Marcus, TX 78666

Ronald Elkins
1539 East Elmwood Circle
Mesa, AZ 85203

City of Farmington
800 Municipal Drive
Farmington, NM 87401

State of New Mexico Highway Department
P O Box 1149
Santa Fe, NM 87503

First National Bank of Iowa City, Iowa, Trustec
204 West Washington
Iowa City, IA 52244

Dr. William A. Hall
416 North Behrend
Farmington, NM 87401

Wells Fargo Bank, N.A.
4601 East Main, Suite 1
Farmington, NM 87402

F-RPC 21-3

William R. Amos, Trustee
610 West Animas
Farmington, NM 87401



PROPOSED ADVERTISEMENT FOR NMOCD DOCKET

CASE 12856: Application of Richardson Production Company for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests in the Pictured Cliffs formation underlying the SW/4 and all mineral interests in the Basin Fruitland Coal Gas Pool underlying the W/2 of Section 21, T29N, R13W, NMPM, San Juan County, New Mexico, forming standard 160-acre and 320-acre spacing and proration units, respectively. These units are to be dedicated to its F-RPC 21 Well No. 3 which is to be located in Unit M of Section 21 for downhole commingled production from the Pictured Cliffs formation (West Kutz Picture Cliffs Gas Pool) and the Basin-Fruitland Coal Gas Pool. Also to be considered will be the costs of participation in the 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 Richardson Operating Company as the operator of the well. The well is located approximately 1-1/2 mile south-southwest from center of Farmington, New Mexico.