

DUMMY SHEET



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Bill Richardson
Governor
Joanna Prukop
Cabinet Secretary

June 25, 2003

Lori Wrotenbery
Director
Oil Conservation Division

Richardson Operating Company
c/o **Permits West, Inc.**
37 Verano Loop
Santa Fe, New Mexico 87505

Telefax No. (505) 466-9682

Attention: Brian Wood
brian@permitswest.com

Administrative Order NSL-4903

Dear Mr. Wood:

Reference is made to the following: (i) your application on behalf of the operator, Richardson Operating Company ("Richardson"), that was submitted to the New Mexico Oil Conservation Division ("Division") on May 30, 2003 (*administrative application reference No. pKRV0-315350793*); and (ii) the Division's records in Santa Fe and Aztec: all concerning Richardson's request for an unorthodox gas well location in both the West Kutz-Pictured Cliffs Pool (79680) and Basin-Fruitland Coal (Gas) Pool (86620) for its proposed NV Rachelle "23" Well No. 4 (API No. 30-045-31184) to be drilled 435 feet from the South line and 2050 feet from the West line (Unit O) of Section 23, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico.

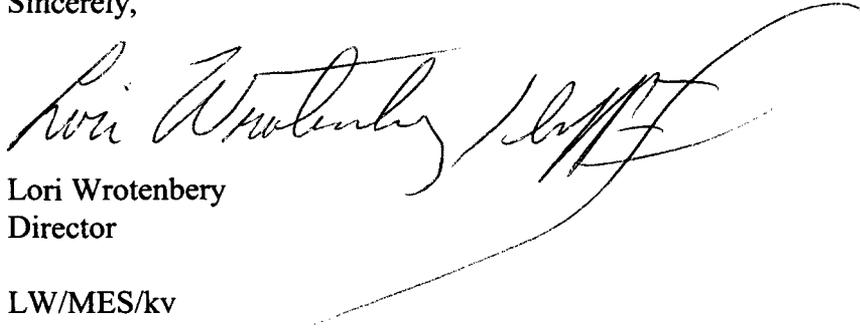
It is our understanding that Richardson intends to dually complete this well and that: (i) the E/2 of Section 23, being a standard 320-acre stand-up gas spacing unit for the Basin-Fruitland Coal (Gas) Pool; and (ii) the SE/4 of Section 23, being a standard 160-acre gas spacing unit for the West Kutz-Pictured Cliffs Pool, are to be dedicated to Richardson's proposed NV Rachelle "23" Well No. 4.

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*," as promulgated by Division Order No. R-8768, as amended; (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.

By the authority granted me under the provisions of Division Rule 104.F (2) and Rule 8 of the special Basin-Fruitland Coal (Gas) Pool rules, the above-described unorthodox Fruitland coal and Fruitland Sand/Pictured Cliffs gas well location for Richardson's proposed NV Rachelle "23" Well No. 4 is hereby approved.

Jurisdiction of this cause is retained for the entry of such further order as the Division deems necessary.

Sincerely,

A handwritten signature in black ink, appearing to read "Lori Wrotenbery", with a large, sweeping flourish extending from the end of the signature.

Lori Wrotenbery
Director

LW/MES/kv

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