



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Lori Wrotenberg

Director

Oil Conservation Division

March 03, 2004

Richardson Operating Company
3100 La Plata Highway
Farmington, New Mexico 87401

Attention: Paul Lehrman

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 13437 Exhibit No. **3**
Submitted By:
Lance Oil & Gas, Inc
Hearing Date: April 7, 2005

Administrative Order NSL-5008

Dear Mr. Lehrman:

Reference is made to the following: (i) your original application (**administrative application reference No. PLR0403434377**) submitted to the New Mexico Oil Conservation Division ("Division") on January 30, 2004; and (ii) the Division's records in Santa Fe and Aztec: all concerning Richardson's request for an unorthodox gas well location in the Undesignated Twin Mounds-Fruitland Sand-Pictured Cliffs Pool (Gas **86620**) for its proposed WF FRPC 17 Well No. 2 (API No. **30-045-32140**) to be drilled 1975 feet from the North line and 575 feet from the West line (Unit E) of Section 17, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico.

It is our understanding that the NW/4 of Section 17, being a standard 160-acre, more or less, gas spacing unit for the Undesignated Twin Mounds-Fruitland Sand-Pictured Cliffs Pool, is to be dedicated to the proposed WF FRPC 17 Well No. 2.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

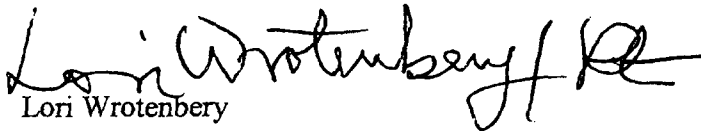
It is the Division's understanding that the subject well location is necessary in order to protect the existing wetlands.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-

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described unorthodox Fruitland Sand/Pictured Cliffs gas well location for Richardson's proposed WF FRPC 17 Well No. 2 is hereby approved.

Sincerely,


Lori Wrotenberg
Director

LW/RE

cc: New Mexico Oil Conservation Division - Aztec