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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)

July 14, 1995

HAND DELIVERED

Mr. Michael E. Stogner
Chief Hearing Examiner
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505



Re: NMOCD Case 11247
*Application of Richardson Operating Company for
Compulsory Pooling, Downhole Commingling and
an Unorthodox Location, San Juan County, New Mexico*

NMOCD Case 11243
*Application of Amoco Production Company for
Compulsory Pooling, San Juan County, New Mexico*

Dear Mr. Stogner:

On behalf of Richardson Operating Company and in response to your letter dated July 12, 1995, I wish to submit the following:

I sent Richardson Exhibit 7 and Amoco's Exhibit "A" to Cathy Colby, Richardson's landman who testified at the hearing, and asked her to reconcile the differences in ownership percentages between the two exhibits.

In reply she:

(1) confirmed that Richardson Exhibit 9 is correct and can be relied upon as accurately distributing ownership. In support of her opinion, she has prepared and I have enclosed a copy of her ownership diagram showing how to distribute the interests. The information above the "star" indicates assignment/transfers of interests of record. The information below the "star" shows how assignments are to be made based upon a letter agreement with all those parties as she testified to at the hearing.

Mr. Michael E. Stogner

July 14, 1995

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(3) states that the Amoco Exhibit "A" is wrong because it failed to account for transactions of record and did not account for additions to the Richardson interest based upon the letter agreement. With her assistance, I have taken your spreadsheet which shows the Amoco percentages and corrected each incorrect entry and provided a footnote to explain the Amoco error.

Finally, the following are provided as suggested findings to address this issue.

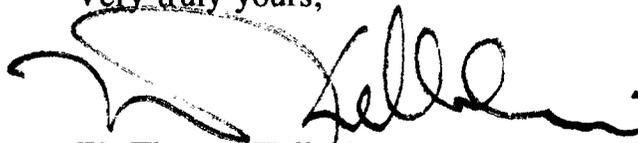
() As of the date of the hearing, Amoco controlled 50% of the working interest in the 160-acre Pictured Cliffs spacing unit consisting of the SW/4 ("PC") and 66.69% of working interest in the 320-acre Fruitland Coal spacing unit consisting of the W/2 ("FC"), both in Section 12.

() Kerr-McGee Corporation held 4.167% in the PC and 2.77% in the FC and has agreed to participate with whichever party prevails in this pooling dispute.

() ROPCO controlled 45.833% of the working interest in the PC and 30.534% in the FC by obtaining the voluntary agreement of Rosalind Redfern, Roderick Allen Markham, Christmann Mineral Company and Manon Markham McMullen to commit their respective interests to ROPCO as operator.

Please call me if you desire anything further.

Very truly yours,



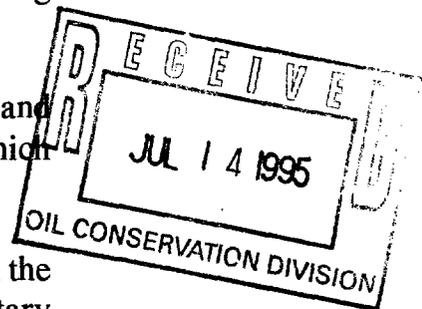
W. Thomas Kellahin

cc: hand delivered to:

William F. Carr, Esq.

cc: via facsimile to:

Cathy Colby (Richardson)



| PERCENTAGE OF INTEREST OF PARTIES TO THIS ACREAGE | Pictured Cliffs/ Fruitland Sand SW/4 | Fruitland Coal (Gas) Pool W/2 |
|--|--|-------------------------------------|
| Amoco Production Company Denver, Colorado | 50.000% / | 66.69062% / |
| 1 Jack Markham Lubbock, Texas | - 0 - | - 0 - |
| 2 Estate of John P. Christmann Minerals Lubbock, Texas | 6.25% | 4.164% |
| 3 Richardson Production Company Denver, Colorado | 30.208 | 20.124 |
| 4 The Estate of John J. Redfern, Jr. Midland, Texas | - 0 - | - 0 - |
| 5 Rosalind Redfern Midland, Texas | 3.125% | 2.083% |
| 6 Kerr-McGee Corporation Oklahoma City, Oklahoma | 4.167% | 2.776% |
| 7 Manon Markham McMullen Wichita Falls, Texas | 3.125% | 2.082% |
| 7 Rodrick Allen Markham Lubbock, Texas | 3.125% | 2.083% |
| | 100.000% | 100.00000% |

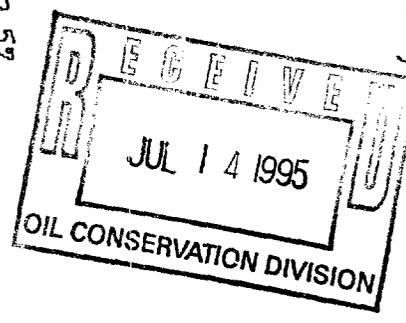
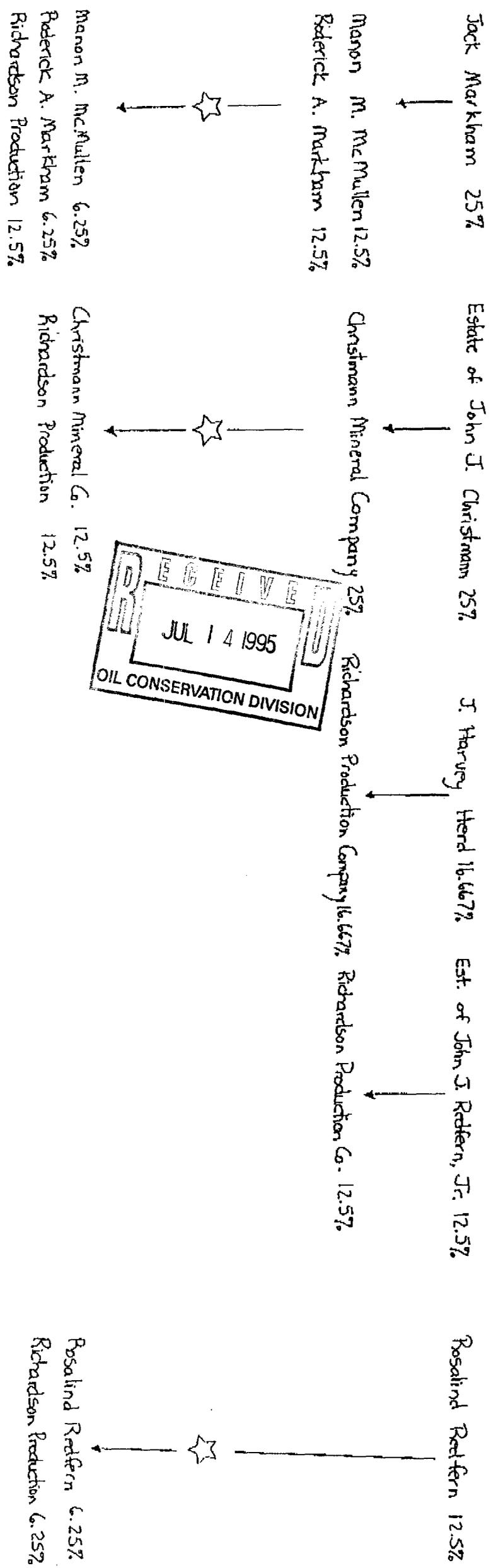
JUL 14 1995

CONSERVATION DIVISION

1. Jack Markham's interest (25%) went to Manon and Rodrick who in turn have each committed 50% to Richardson.
2. Estate of Christmann went to Christmann Mineral Company (25%) and Christman by letter agreement has committed 50% to Richardson
3. Amoco failed to credit Richardson with obtaining 50% of the interests of McMullen, Markham, Christmann and Redfern.
4. Amoco credits the Estate of John Redfern with 6.25% which is now held by Richardson.
5. Amoco credits Rosalind with 6.25% when 50% of that % is now committed to Richardson
6. Amoco has an arithmetic error in the Kerr-McGee %
7. Amoco failed to credit Manon and Rodrick with the 12.5% each acquired from Jack Markham and fails to credit Richardson with 50% of that share.

* - All now committed to Richardson

Redfern Group Lease Ownership



☆ In the event Richardson is named Operator, McMullen, Markham, Christmann, Redfern agree to sell 1/2 of their interests to Richardson.

Multipled by Percentage within each spacing unit:

| | | |
|------------------------------|---------------|------------|
| Swyft - Sec 12 - T29N - R13W | Redfern group | 50% |
| | Amoco | 50% |
| W/2 - Sec 12 - T29N - R13W | Redfern group | 33.309387% |
| | Amoco | 66.690627% |
| NW/4 - Sec 12 - T29N - R13W | Redfern group | 16.61875% |
| | Amoco | 83.38125% |

* DOES NOT INCLUDE
KERR - Mc GEE = 8.33333%

Tabulation of Ownership
w/2 - Section 12 - T29N - R13W
San Juan County, NM

Prepared by: Richardson Operating Company
7-12-95