

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285

TELEFAX (505) 982-2047

W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

July 30, 2002

HAND DELIVERED

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

Case 12910

**Re: Navajo "14" Well No. 2
(E/2 Fruitland) (NE/4 PC)
Irregular Section 14, T29N, R14W
Application of Richardson Production
Company for compulsory pooling
San Juan County, New Mexico**

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 August 22, 2002. Also enclosed is our proposed advertisement of this case for that docket.

Very truly yours,



W. Thomas Kellahin

cc: Richardson Production Company
Attn: Anne Jones

**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.**

02 JUL 93 11:12:55
OIL CONSERVATION DIV.

CASE NO. 12910

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 NE/4 and all mineral interests in the Basin Fruitland Coal Gas Pool underlying the E/2 of Section 14, T29N, R14W, NMPM, San Juan County, New Mexico, forming standard spacing and proration units, respectively. These units are to be dedicated to its NAVAJO "14" Well No. 2 which has been drilled in Unit M of Irregular Section 14 for downhole commingled production from the Pictured Cliffs formation, West Kutz-Pictured 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 NE/4 and the E/2 of Section 14, T29N, R14W, NMPM, San Juan County, New Mexico. **Exhibit "A"**

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 standard coal-gas spacing and proration unit consisting of the S/2 of Section 14 and to a standard gas spacing and proration unit consisting of the SW/4 of this Section for production from the Pictured Cliffs formation.

PROPOSED ADVERTISEMENT FOR NMOCD DOCKET

CASE 12910: 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 NE/4 and all mineral interests in the Basin Fruitland Coal Gas Pool underlying the E/2 of Irregular Section 14, T29N, R14W, NMPM, San Juan County, New Mexico, forming standard spacing and proration units, respectively. These units are to be dedicated to its NAVAJO "14" Well No. 2 which has been drilled Unit L of Section 14 for downhole commingled production from the Pictured Cliffs formation (West Kutz Pictured 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 5 mile East from Kirtland, New Mexico.

01 CORRECTION DM
02 JUL 30 AM 12:55

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 "B".

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 August 22, 2002.

WHEREFORE, Richardson, as applicant, requests that this application be set for hearing on August 22, 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', with a stylized flourish at the end.

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

EXHIBIT "B"

Ms. Mary Fischer
f/h/a Done Incorporated
1109 Acoma Place
Farmington, New Mexico 87401

Form C - 102

☐ AMENDED REPORT

APA Number		Pool Code	Pool Name
		71629 & 79680	BASIN FRUIT. COAL & WEST KUTZ PC
Property Code	Property Name		Well Number
	WF NAVAJO		14 - 2
OGRIID No.	Operator Name		Elevation
019219	RICHARDSON OPERATING COMPANY		5200'

Surface Location									
Ul. or Lot	Sec.	Twp.	Rge.	Lot ldn.	Feet from >	North/South	Feet from >	East/West	County
H	14	29. N.	14. W.		1948'	NORTH	1037'	EAST	SAN JUAN

U. or Lot	Sec.	Twp.	Rge.	Lot Idn.	Feet from >	North/South >	Feet from >	East/West	County
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Dedication	Joint ?	Consolidation	Order No.
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S 88°45'13" W
 2873.34'
 N 22°24' W
 5221'
 S 89°13' W
 5249'
 25.41 AC Q 1 001 1002
 1948'
 1037'
 67.4'
 Pto. Cliff
 Fruit. Coal
 5243'
 N 03° E
 524'
 1999 BLM

Signature _____

Signature and Seal of
Professional Surveyor

6 (6844)

EXHIBIT

A