



K.E.H.Ø1

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Bill Richardson
Governor
Joanna Prukop
Cabinet Secretary

March 6, 2003

Lori Wrotenbery
Director
Oil Conservation Division

Koch Exploration Company, LLC
20 East Greenway Plaza
Houston, Texas 77046-2002

Attention: Lance F. Harmon

Re: *Administrative application for an exception to the well location provisions of the "Special Rules and Regulations for the Basin-Fruitland Coal (Gas) Pool," as promulgated by Division Order No. R-8768, as amended, for Koch Exploration Company, LLC's ("Koch") proposed Christina Com. "30" Well No. 1-A within an existing standard 329.40-acre stand-up gas spacing unit for the Basin-Fruitland Coal (Gas) Pool comprising the W/2 equivalent of Section 30, Township 28 North, Range 10 West, NMPM, San Juan County, New Mexico.*

Dear Mr. Harmon:

This letter acknowledges your administrative application dated February 14, 2003 for the above described well to be drilled at an unorthodox infill coal gas well location within the Basin-Fruitland Coal (Gas) Pool. The Division received your application on February 18, 2003, and assigned it **NMOCD administrative application reference No. pKRV0-304956847**. Please refer to this number in future correspondence with the Division.

My preliminary review indicates that the information provided in your application is not sufficient to process an administrative order at this time. You stated in your application, "because of topography, we [Koch] were unable to stake the well [proposed Christina Com. "30" Well No. 1-A] anywhere in the NW/4 except at a location being 290 feet from the north line and 865 feet from the west line." A map attached to your application shows a gas well to the south, which is Burlington Resources Oil & Gas Company's ("Burlington") Newman "C" Well No. 1-E (API No. 30-045-24115), located 1555 feet from the North line and 790 feet from the West line (Lot 2/Unit E) of Section 30.

Please provide a detailed explanation as to why the existing well pad for the above-described Newman "C" Well No. 1-E could not be utilized to twin the subject infill coal gas well, which location is well within the parameters of the rules governing this pool for a standard location.

Since the submitted information is insufficient to review, the application was ruled as incomplete on March 6, 2003. Please submit your explanation letter along with any attachments by Monday, March 17, 2003.

The Division cannot proceed with your application until the required information is submitted. Upon receipt, the Division will continue to process your application. The additional information can be faxed to (505) 476-3471, or mailed to the Division in Santa Fe. If the necessary information is not submitted, your application will be returned to you.

Should you have any questions concerning this matter, please contact me in Santa Fe at (505) 476-3465 or e-mail me at "mstogner@state.nm.us." Thank you.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

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

RECEIVED

MAR 17 2003

OIL CONSERVATION
DIVISION



KOCH EXPLORATION COMPANY LLC

March 14, 2003

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Re: Unorthodox Location
Christina Com #30-1-A
W/2 Section 30-T28N-R10W
San Juan County, New Mexico

Attn: Mr. Mike Stogner:

Reference is made to your letter dated March 6, 2002, in reply to our February 14, 2003, letter requesting an exception location for the subject well. Your letter requested a detailed explanation as to why the existing well pad for the Burlington Resources Oil & Gas Company's Newman "C" Well No. 1-E could not be utilized by Koch Exploration Company, LLC ("Koch") to drill the proposed Christina Com #30-1-A.

Koch's Aztec staff visited and reviewed the Newman "C" location in September, 2002 as a possible location for the Christina Com #30-1-A. They subsequently reviewed the topographic map of the location with Mr. Bill Liese of the BLM. During the visit and review it was determined that there was not enough room for a location next to the Newman or in the canyon where the well is located. The west side of the Newman "C" location drops off about 20 feet straight down and this drop off runs for just about the length of the west side of the pad starting about 30 feet from the wellhead. The Newman "C" producing equipment is sitting in the area of the reserve pit preventing sharing of the pit. The east, north, and south sides of the location have good-sized clay hills up against the location. The only place even remotely feasible for a location would be to the north requiring a road through the entire Burlington location and moving all drilling equipment through the existing location. Also, Burlington has drainage constructed around the location, draining to the north and then west across the north side of the location, this drainage system would have to be changed.

We have sent an e-mail to Mr. Van Goebel with Burlington Resources requesting him to confirm the above and asking him to advise you but he does not appear to be in the office.

Based on the above, we request you reconsider our request for the exception location for the Christina Com #30-1-A well. Please call the undersigned at 713 544-7414 if you have additional questions.

Yours truly,



Lance F. Harmon
Vice President - Land