

United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

IN REPLY REFER TO:

NM NM-99003 (WC)

3162.3-1(07100)

RECEIVED SEP 17 2001

SEP 14 2001

CERTIFIED--RETURN RECEIPT REQUESTED

7106 4575 1292 2684 0111

Mr. David Richardson
Richardson Operating Company
1700 Lincoln St., Suite 1700
Denver, CO 80203

Dear Mr. Richardson:

Reference is made to our teleconference on Thursday the 13th of September regarding the following wells on Federal oil and gas lease NM-99003:

3 WF Federal 30, located 1725' FSL and 1061' FWL., Sec. 30, T. 31 N., R. 14 W.,

4 WF Federal 30, located 732' FNL and 928' FWL., Sec. 30, T. 31 N., R. 14 W.,

1 WF Federal 31, located 809' FNL and 1395' FEL., Sec. 31, T. 31 N., R. 14 W.,

2 WF Federal 31, located 890' FNL and 909' FWL., Sec. 31, T. 31 N., R. 14 W.,
San Juan County, New Mexico.

These APDs were all approved on September 5, 2001.

We recently received a notice of protest filed by BHP San Juan Coal Company (BHP) dated August 31, 2001, which protests the approval of certain Applications for Permit to Drill (APDs) filed by your company and Dugan Production Corporation. A copy of this protest is enclosed for your review. This protest alleges that the health, safety and welfare of under ground workers could be impacted if conventional coalbed methane completion and production methods are employed in mine area. BHP sites these primary concerns in their protest: (1) the presence of steel casing in the basal coal seam could cause sparks and create an explosive environment in the underground workings; (2) The potentially adverse impacts of hydraulic fracturing on the roof rock stability; (3) the increased risk of spontaneous combustion occasioned by hydraulic fracturing of coalbed methane wells.

The referenced wells were inadvertently approved on September 5, 2001, after the notice of protest was filed. In order to properly assess the alleged impacts of coalbed methane development on the mine environment, the APD approvals are hereby rescinded effective immediately. Once a complete and thorough assessment of the BHP issues are addressed we will notify you of the status of your APDs.

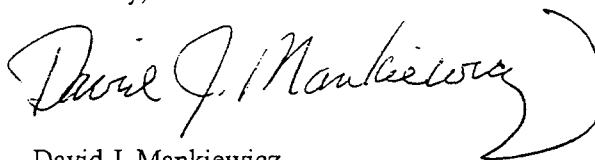
Application of Richardson Operating
Co.
Record on Appeal, 820.

BEFORE THE
OIL CONSERVATION COMMISSION
Case No. 12734
Exhibit #
Submitted By: Richardson Oper. Co.
Hearing Date: October 22, 2001
A-25

Under provisions of 43 CFR 3165.3, you may request an Administrative Review, before the State Director either with or without oral presentation, of the order described above. Such a request, including all supporting documentation, shall be filed in writing with the State Director, Bureau of Land Management (NM-93000), P.O. Box 27115, Santa Fe, New Mexico 87502-0115 within 20-business days of the date this notice was received or considered to have been received. Such request shall not result in a suspension of the order unless the reviewing official so determines. Procedures governing appeals from instructions, orders or decisions are contained in 43 CFR 3165.4 and 43 CFR 4.400 *et seq.*

If you have any questions regarding the above, please contact myself at (505) 599-6387 or Jim Lovato at (505) 599-6367.

Sincerely,



David J. Mankiewicz
Assistant Field Manager (Minerals)

1 Enclosure:

1 - Notice of Protest (4 pp)

cc:

Mr. Lynn Woomer
BHP-San Juan Mine
P.O. Box 561,
Waterflow, NM 87421