

CURTIS & DEAN

ATTORNEYS AT LAW
506 WEST ARRINGTON * P.O. DRAWER 1259
FARMINGTON, NEW MEXICO 87499
OFFICE: (505) 327-6031 * FAX: (505) 327-6034

SCOTT M. CURTIS
scottcurtis@cyberport.com

JOHN A. DEAN, JR.
jvamer@cyberport.com

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DATE: 11/12/02 CASE NAME: ^{No.} 12734

TO: _____

COMPANY: Oil Conservation Division

FAX: 505/476-3400

FROM: John A. Dean, Jr.

FAX: (505) 327-6034

MESSAGE: Attached is Statement in Support of Richardson Application.

NUMBER OF PAGES INCLUDES COVER SHEET 3

If any part of this message is missing or is received poorly, please call Curtis and Dean Law Offices at (505) 327-6031 as soon as possible. Thank you.

Also sent by US Postal Service

*Application of Richardson Operating Co.
Record on Appeal, 1994.*

STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF

CASE NO. 12734 De Novo

APPLICATION OF RICHARDSON OPERATING COMPANY TO ESTABLISH A SPECIAL
"INFILL WELL" AREA WITHIN THE BASIN FRUITLAND COAL GAS POOL AS AN
EXCEPTION FROM RULE 4 OF THE SPECIAL RULES FOR THIS POOL, SAN JUAN
COUNTY, NEW MEXICO.

STATEMENT IN SUPPORT OF RICHARDSON APPLICATION

COMES NOW Dugan Production Corp., by and through John A. Dean, Jr. attorney at
law, and files this Statement In Support Of the Application of Richardson Operating Company
filed herein.

Dugan Production Corp. supports the Richardson Operating Company Application as
approved by NMOCD Order 11775 and which is being re-heard on appeal as Case No. 12734 De
Novo.

Dugan Production Corp. has participated on the Fruitland Coalbed Methane Study
Committee for the last fourteen, (14), years and supported the recently approved, (October, 15,
2002), application of the Fruitland Coalbed Methane Study Committee to amend Rules No. 4 and
7 of the Special Pool Rules for the Basin Fruitland Coal Gas Pool. The amendment will
authorize infill drilling of up to two wells within a standard 320-acre gas proration and spacing
unit, (160-acre per well density), in the "Low Productivity Area" of the San Juan Basin, New
Mexico. Richardson asks for the same changes for the lands covered in this request.

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Dugan Production Corp. owns oil and gas leases in the same area covered by the Richardson Application. The lands leased to Dugan for oil and gas development have also been leased to San Juan Coal Company for mining coal. Nearly all of Dugan's leases pre-date the coal leases held SJCC. Dugan believes its right to develop its properties is superior to SJCC's, and should be developed prior to the mining of coal by SJCC. Dugan is opposed to excluding any portion of its land from the approved amendments to the Fruitland Coal Gas Pool. Dugan believes that the SJCC mine area should be developed on a well density of at least 160-acres/well and possibly even smaller in order to accelerate and maximize the recovery of coalbed methane gas prior to the gas being vented and the coal being mined by SJCC.

Dugan supports the Richardson Application and the NMOCD Order R-11775 and asks the Commission to adopt that order herein.

RESPECTFULLY SUBMITTED

ND

*Mike Lane (Williams)
505-632-4606*

I hereby certify that I mail correct copy of the foregoing to opposing counsel of record day of Nov, 2002.

[Signature]
John A. Dean, Jr.

*EL PASO David Bay S
599-2256*