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January 23, 2003

**HAND-DELIVERED**

Carol Leach  
General Counsel  
State of New Mexico  
Energy, Minerals and Natural Resources Department  
P. O. Box 6429  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

**RECEIVED**

JAN 23 2003

EMNRD-LEGAL

OIL CONSERVATION DIV.  
03 JAN 23 PM 2:59

**Re: San Juan Coal Company's Application for a Hearing *de novo* Before the Secretary in the Application of Richardson Operating Company to Establish a special "Infill Well" Area within the Basin-Fruitland Coal Gas Pool as an Exception to Rule 4 of the Special Rules for this Pool, San Juan County, New Mexico.**

Dear Ms. Leach:

Holland & Hart LLP has been retained by Richardson Operating Company ("Richardson") to serve as co-counsel with Kellahin & Kellahin in the above-referenced case. I write in response to your letter of January 13, 2002, proposing a timeline to govern the proceedings under NMSA 1978, §70-2-26, as amended.

Your January 13<sup>th</sup> letter raises some troubling issues in connection with the proposed timeline. More specifically, the proposed timeline requires that Richardson respond to the application of San Juan Coal Company ("San Juan") on "Day 3." In other words, Richardson would have less than two days to receive, review, digest, and craft a response to several complex issues, including "what is meant by a public interest," the "standard for determining the public interest" and an argument regarding "the public interest at stake in this case." This assumes, of course, that Richardson is not required to respond to other, related issues, addressed in San Juan's application, and not specifically requested in your January 13, 2003 letter – matters which San Juan Coal has had months to research and develop.

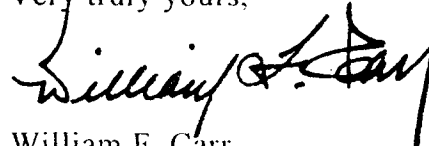
HOLLAND & HART<sup>LLP</sup>  
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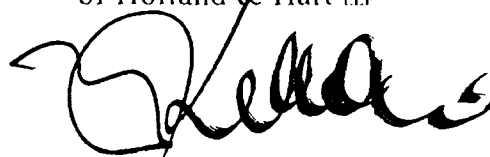
Your proposition is practically untenable, and violative of Richardson's constitutional due process rights. Richardson's mineral rights are rights in real property. *Duvall v. Stone*, 54 N.M. 27, 32, 213 P.2d 212, 215 (1949). As such, Richardson's property rights are protected under the due process clause of the New Mexico Constitution (Art. II Sec. 18) and the United States Constitution (14<sup>th</sup> Amendment). *Uhden v. New Mexico Oil Conservation Commission*, 112 N.M. 528, 520, 817 P.2d 721, 523 (1991). Due process requires, at a minimum, a full opportunity to be heard, which necessarily includes the full opportunity to prepare. *Id.* The proposed timeline, which permits less than forty-eight hours to respond to a potentially dispositive application, desecrates due process protections.

The relevant statute, NMSA 1978, §70-2-26, as amended, creates a difficult timeline for all parties involved in this proceeding. The timeline, however, does not relieve the secretary of honoring, and indeed, advocating for, Richardson's constitutionally-granted rights. We will make our best efforts at observing the proposed timetable. But, you must know that by establishing a schedule with no overlaps that flows like a row of dominoes, you are endangering our constitutionally protected rights. We are fully prepared to defend those rights in this and other proceedings, along with the issues underlying the above-referenced case.

Very truly yours,



William F. Carr  
of Holland & Hart<sup>LLP</sup>



W. Thomas Kellahin  
Kellahin & Kellahin

WFC:keh  
cc by facsimile:  
James Bruce, Esq.  
Larry P. Ausherman, Esq.  
Charles E. Roybal, Esq.

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