

CITY OF FARMINGTON
FINDINGS OF FACT, CONCLUSIONS OF LAW, AND FINAL DECISION
PETITION 2090 – SPECIAL USE PERMIT

REQUEST:

Petition No. 2090, is a request from Kurt Fagrelus, representing Dugan Production Corporation, for a Special Use Permit to drill & operate a gas well, the Federal I Com #103, located northeast of Viento Drive and Lomas Street.

PUBLIC PARTICIPATION:

- A. Publication of Notice for this hearing appeared in the Daily Times on Monday, October 25, 2004. Adjacent property owners were notified by certified mail on Wednesday, October 27, 2004, and a sign was posted on the property on Friday, October 29, 2004.
- B. The Planning and Zoning Commission conducted a public hearing on this request on Thursday, November 11, 2004. The petitioner was present at the hearing.

SUMMARY OF RELATED FACTS:

A. The Property

Location	NE of Viento Drive and Lomas Street
Physical Characteristics	Flat
Existing Land Use	Vacant
Existing Zoning	M-1 Light Industrial District

B. Surrounding Zoning and Land Use

North:	M-1, vacant
South:	M-1, vacant
East:	M-1, vacant
West:	R-MH, vacant, but platted

C. Description of Proposed Activity

The petitioner requests a Special Use Permit for a new Fruitland Coal gas well, the Federal I #103 with a proposed depth of 1,265 feet. The site is Lot 7 of the Harper Hill Industrial Subdivision-Phase I.

The petitioner will construct pipelines to transport water and gas from the proposed site to the "Tabor Gathering System" located 2 miles north of the well pad. Only a temporary above ground storage tank will be required.

FINDINGS:

- 1. Kurt Fagrelus represents Dugan Production Corporation who will operate the Federal I #103 gas well.

NMOCD CASE NO. 13399
February 17, 2005
Dugan Production Corp.
Exhibit No. 4

2. Section 19-1-3(a) requires wellhead to be at a minimum 75 feet away from any public street. There are 3 roads; Viento Ave., Viento Pl. and Piedras St., for which this shall be required.
3. Noise and screening are issues. The petitioner shall comply with the City of Farmington noise requirement for gas well equipment. The city policy is 1 decibel above ambient levels at 300 feet. Staff recommends noise limit for the pumping unit and the standard be 1 decibel above ambient at the nearest structure. The western side of the well pad is within 300 feet of a residential zone, so pre-woven, opaque screening and landscaping is required pursuant to FCC § 19-3-10.
4. A landscaping plan, per the Landscape Policy of Development Services, shall be submitted to Development Services.
5. Section 19-1-5 of the Farmington City Code permits earthen reserve pits provided they are lined with an impervious material and pumped out when the well is completed.

COMMISSION ACTION:

Motion was made by Commissioner Merrion and seconded by Commissioner Moffett to approve Petition No. 2090, a request from Kurt Fagrelus representing Dugan Production Corporation for a Special Use Permit to drill & operate a gas well, the Federal I Com #103, located northeast of Viento Drive and Lomas Street with the following conditions:

- a) Surface casing shall be set a minimum of two joints or fifty feet into bedrock.
- b) Only new wellhead equipment and ancillary equipment shall be used.
- c) The well facilities shall be painted a uniform flat green or earth tone color.
- d) The ambient sound levels from the well and production equipment shall not be increased more than 1 dB(A) when measured at the nearest occupied structure, 300 feet or whichever is less.
- e) There shall be no connection to the city sewer system.
- f) Six (6) foot tall opaque pre-woven chain link fencing shall be installed around the site within 15 days of completion of the gas well.
- g) The pumping unit shall be fully enclosed with sound mitigation panels, approved by the fire department, and installed within 15 days after the well is completed. The enclosure and pumping unit shall be a maximum of fourteen (14) feet tall.
- h) A landscaping plan, per the Landscape Policy, shall be submitted and approved by Development Services within 30 days of the City Council approval. Installation the required landscaping, per the submitted plan, as required in FCC § 19-3-10, within 180 days of completion of the gas well.
- i) Any violation of the oil and gas code, the laws of the State of New Mexico, and the rules and regulations applicable to the operation of oil and gas wells shall be corrected within a reasonable time, not to exceed 15 days from the

date the operator is notified of the violation. The failure to cure the violation may cause the permit to be revoked pursuant to § 19-2-3, or this Special Use Permit to be revoked in accordance with § 27-27-4.

- j) A temporary above ground produced water tank shall be permitted for a period not to exceed six (6) months or until the proposed pipeline is completed whichever is less.
- k) The access road shall have four (4) inches of gravel road base 20-feet wide from the street to the well pad access gate. The driveway shall be installed within 30 days of completion of the well.

AYE: Chairman Shields, Commissioners Buchanan, Ivie, Kuchera, Merriam and Moffett

NAY: None

ABSTAINED: None

ABSENT: Commissioners Bird, Cardon, Simpson, Williams and Wimsatt

The motion passed (6-0).

**OIL/GAS AND GEOLOGICAL/ENGINEERING HAZARDS ADVISORY
COMMISSION
ACTION SUMMARY**

OIL AND GAS COMMISSION ACTION of November 23, 2004

Motion was made by Commissioner Riggs and seconded by Commissioner Hanson to approve Petition No. 2090, a request from Kurt Fagrelus representing Dugan Production Corporation for a Special Use Permit to drill & operate a gas well, the Federal I Com #103, located northeast of Viento Drive and Lomas Street as recommended by the Planning & Zoning Commission.

AYE: Commissioners Hanson and Riggs

NAY: None

ABSTAINED: None

ABSENT: None

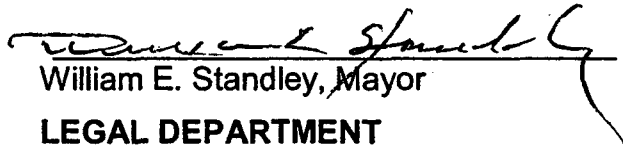
The motion passed (2-0)

COUNCIL ACTION:

On December 14, 2004 the City Council adopted the Planning and Zoning Commission and the Oil and Gas Commission Action Summaries and approved Petition No. 2090, a request from Kurt Fagrelus representing Dugan Production Corporation, for a Special Use Permit to drill & operate a gas well, the Federal I Com #103, located northeast of Viento Drive and Lomas Street and subject to the conditions as recommended by the Planning and Zoning Commission and Oil and Gas Commission.

Approved this 14th day of December 2004.

ATTEST:


William E. Standley, Mayor


Gina Morris, City Clerk

LEGAL DEPARTMENT

APPROVED AS TO FORM

BY:  ACA

DATE: 12/17/04

PERMIT AND LICENSE

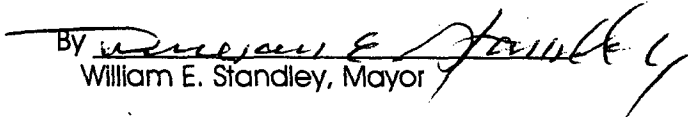
Date: January 10, 2005

Subject to the provisions and conditions contained in Chapter 19 of the Farmington City Code and subject to compliance with the conditions of the Special Use Permit granted by the City Council on December 14, 2004, Dugan Production Corporation is hereby granted a permit and license to drill a well (Federal I Com #103) in search of gas to the Fruitland Coal formation on the following location:

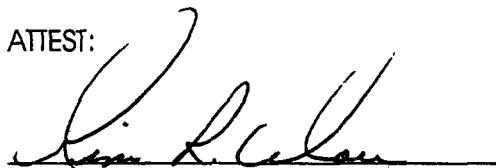
1775 feet from the north line and ten feet from the west line of Section 12, Township 29 North, Range 14 West, San Juan County, New Mexico Principal Meridian, generally located northeast of Viento Drive and Lomas Street, to an approximate depth of 1265 feet.

This permit shall be valid for a period of one year and so long thereafter as gas shall be produced or until such time as the permittee has abandoned operations. Providing, however, no operations shall be commenced until the permittee shall have complied with Chapter 19 of the Farmington City Code.

CITY OF FARMINGTON

By 
William E. Standley, Mayor

ATTEST:


Gina R. Morris, City Clerk

Dugan Production Corporation

By 