

Jones, William V., EMNRD

From: Hayden, Steven, EMNRD
Sent: Friday, February 08, 2008 11:56 AM
To: Ezeanyim, Richard, EMNRD; Fesmire, Mark, EMNRD; Sanchez, Daniel J., EMNRD; Brooks, David K., EMNRD; Perrin, Charlie, EMNRD
Cc: Jones, William V., EMNRD; Altomare, Mikal, EMNRD; Wayne Townsend (wayne_townsend@blm.gov)
Subject: BFC Infill Case 14092
Attachments: BFC_Koch Case 14092.doc

Please see the attached Word file for concerns I have with this case.

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Concerns with Case 14092, docketed for February 21, 2008 by NM OCD

Koch has proposed to add two additional wells for each of the six spacing units listed. The Fruitland Coalbed Methane Committee met twice in 2007 to discuss the possibility of limited infill to areas of the Basin Fruitland Coal Pool where it might be warranted. No areas were proposed at the time.

Problems with this application:

1. 660' setbacks along with set numbers of wells guard against drainage inequality. Having four wells in one spacing unit and two wells per offsetting units will not protect correlative rights.
 2. This application comes under Rule 1210 A.2.d as setting up unorthodox locations and Rule 1210 A.4.a and b in that it will affect Special Pool Rules promulgated under R-8768-C. This requires notification of all operators in the Basin Fruitland Pool by Certified Mail, return receipt requested as Provided in Rule 1210 B. I have talked to people from BP, ConocoPhillips and the BLM so far and none have received this notification.
 3. The Fruitland CMC agreed that any infill areas would consist of blocks of acreage large enough to have a buffer zone of up to 1 mile around the higher density area to protect correlative rights. 1 mile was specified to protect the High Productivity Area- 1/2 mile would probably be sufficient for the Low Productivity area.
 4. In order to honor the BLM RMP restriction of Fruitland development to 2 wells per 320 acre SPU, the committee agreed that future infill would only take place by directional and horizontal wells drilled from existing locations.
18. ***CASE 14092: Application of Koch Exploration Company, LLC for exception to the well density provisions of the special rules and regulations for the Basin-Fruitland Coal Gas Pool to authorize two additional infill wells and for simultaneous dedication, San Juan County, New Mexico.*** Applicant seeks an order providing an exception to the well density provisions of the rules and regulations for the Basin-Fruitland Coal Gas Pool (71629) for the drilling of two additional infill wells at standard gas well locations in certain standard 320-acre + spacing and proration within the Pool. Applicant currently operates an original and one infill well and seeks authorization to drill two additional infill wells in each of the following units:

Township 29 North, Range 9 West

Section 21: W/2
Section 23: W/2
Section 24: W/2
Section 25: E/2
Section 29: E/2
Section 32: E/2

Each of the above-referenced spacing units is located within the low- productivity area of the Basin-Fruitland Coal Gas Pool defined by Rule 7(C) of the Special Rules and Regulations for the Pool, promulgated by **Order R-8768-F**. These units are located approximately two miles southeast of Blanco, New Mexico.

Note that Low Productivity area infill spacing was promulgated by R-8768-C. It was re-iterated in

R-8768-F, which set Special Pool Rules for infill to the High Productivity Area.

For the reasons listed, I request that this application be postponed until Koch has complied with the rules and dealt with offset operator's objections.