

**KELLAHIN AND KELLAHIN**

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN

NEW MEXICO BOARD OF LEGAL SPECIALIZATION  
RECOGNIZED SPECIALIST IN THE AREA OF  
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

TELEPHONE (505) 982-4265  
TELEFAX (505) 982-2047

June 26, 2002

**Via Facsimile**

Mr. Michael E. Stogner, Hearing Examiner  
Oil Conservation Division  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

**Re: NMOCD Case 12734****Order R-11775**

**Application of Richardson Operating Company  
to establish a Special "Infill Well" Area within  
the Basin-Fruitland Coal Gas Pool,  
San Juan County, New Mexico**

**NMOCD Case 12868**

**Application of the Fruitland Coalbed Methane  
Committee to amend Rule 4 and 7 of the  
Special Rules and Regulations of the  
Basin-Fruitland Coal Gas Pool**

**Dear Mr. Stogner:**

On behalf of Richardson Operating Company, I have just received a copy of a letter, dated June 26, 2002, to you from James Bruce, attorney for San Juan Coal Company ("SJCC"), in which he requests that the Richardson portion of the Basin-Fruitland Coal Gas Pool in which the Division has authorized infill drilling should now be excluded from the Rule Case considering infill drilling for the rest of the pool.

SJCC is not an operator of coalbed methane gas wells in this pool and therefore has no standing to object and its request should be denied.

Oil Conservation Division

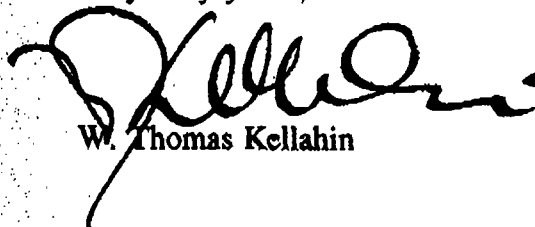
June 26, 2002

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The coal leasing area is larger than the area approved for Richardson's infill program. Are we to understand that only the Richardson portion of the coal leasing area is being opposed by SJCC for infill drilling?

There is no combined methane gas reservoir reason to treat the SJCC coal leasing area any differently from the rest of the pool. The fact that SJCC wants the Division to limit the well drilled in the coal leasing area does not give SJCC standing to object.

Very truly yours,



W. Thomas Kellahin

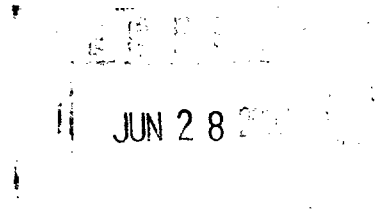
cc: David Brooks, Esq. Division Attorney  
James Bruce, Esq.,  
Larry P. Ausherman, Esq.  
Attorneys for San Juan Coal Company  
Richardson Operating Company  
Attn: David Richardson

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

324 MCKENZIE STREET  
SANTA FE, NEW MEXICO 87501

(505) 982-2043  
(505) 982-2151 (FAX)



June 26, 2002

Via Fax and U.S. Mail

Michael E. Stogner  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Re: Case 12734/Order No. R-11775 *de novo* (Richardson  
Operating Company ("Richardson"))

Case No. 12888 (Basin-Fruitland Coal Gas Pool infill  
case)


Dear Mr. Stogner:

As you know, the Fruitland Coal infill case is scheduled for two days of hearings, commencing July 9th. The Richardson case, which is on appeal to the Commission, covers a small area on the northwest fringe of the Pool. San Juan Coal Company ("SJCC") desires to protect its rights, while minimizing time spent on the infill hearing. To achieve this goal, SJCC proposes excepting from the infill case the acreage involved in the Richardson case. Granting this request will avoid having both Richardson and SJCC re-present their cases on July 9th and 10th, and will allow the *de novo* review of the Richardson order to move forward. SJCC's request is similar to how the Cedar Hill-Fruitland Basal Coal Gas Pool was excepted out of the Basin-Fruitland Coal Gas Pool due to an ongoing dispute involving the Cedar Hill pool.

Mr. Kellahin has informed me that Richardson opposes SJCC's request.

If a formal motion is necessary, please advise. Thank you for your consideration of this request.

Very truly yours,



James Bruce

Attorney for San Juan Coal Company

cc: David K. Brooks (via fax)  
Stephen C. Ross (via fax)  
W. Thomas Kellahin (via fax)  
John A. Dean, Jr. (via U.S. Mail)  
Charles E. Roybal (via U.S. Mail)  
Larry P. Ausherman (via U.S. Mail)