



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

Joanna Prukop
Cabinet Secretary

June 4, 2004

Mark E. Fesmire, P.E.
Director

Oil Conservation Division

Richardson Operating Company
501 Airport Drive – Suite 119
Farmington, New Mexico 87401

Attention: Paul Lehrman
plehrman@digii.net

RE: Division Administrative Order NSL-4919-A

Dear Mr. Lehrman:

Reference is made to Mr. Frank Chavez's, Supervisor of the New Mexico Oil Conservation Division's office in Aztec, e-mail message of Thursday, June 3, 2004 (see copy attached).

Division Administrative Order NSL-4919-A, dated July 22, 2003, which approved the administrative application (*administrative application reference No. pLR0-318247672*) of Richardson Operating Company to drill its WF Federal "6" Well No. 2 at an unorthodox gas well location in both the Twin Mounds-Fruitland Sand-Pictured Cliffs Pool (71629) and the Basin-Fruitland Coal (Gas) Pool (86620) 1200 feet from the North line and 415 feet from the East line (Lot 1/Unit A) of Section 6, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico, is hereby **rescinded**.

Sincerely,

Michael E. Stogner
Engineer/Hearing Officer

MS/ms

cc: Mr. Mark E. Fesmire, P.E., Director – NMOCD, Santa Fe
New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management – Farmington
W. Thomas Kellahin, Legal Counsel for Richardson Operating Company – Santa Fe
Ms. Gail MacQuesten, Assistant General Counsel – Santa Fe
Ms. Lori Wrotenbery, Program Manager for Enforcement and Compliance – NMOCD, Santa Fe
Mr. Richard Ezeanyim, Chief Engineer – NMOCD, Santa Fe
File: NSL-4919
~~NSL-4919-A~~

Stogner, Michael

From: Chavez, Frank
Sent: Thursday, June 03, 2004 5:40 PM
To: Stogner, Michael; Wrotenbery, Lori
Cc: Fesmire, Mark; MacQuesten, Gail; Ezeanyim, Richard; Perrin, Charlie
Subject: NSL 4919A for Richardson Operating WF FEDERAL 6 #2

Mr. Travis Gabehart on whose land this proposed well location is sited, wrote a letter of complaint to Governor Richardson about this location. This complaint reached the district office and Mr. Gabehart came to the office on Wednesday June 2. We discussed the process for NSL applications that we use and told him that we would meet with Richardson. On Thursday, June 3, we met with Richardson at the site. We discovered that there are standard locations available that were not fully examined by Richardson. They had considered the proximity to their pipeline and the number of property owners involved as significant to warrant a NSL. They related that there may be geologic factors, too.

We apprised them that these other legal locations must be fully considered and that proximity to the pipeline by a few feet and dealing with more than one land owner were not sufficient at this time to support a NSL. If there were geologic reasons for the NSL, those had to be directly addressed.

I recommend that we withdraw approval of their application while we await more substantiating information or they withdraw their application.

Stogner, Michael

From: Stogner, Michael
Sent: Friday, June 04, 2004 8:27 AM
To: Paul Lehrman (E-mail); Tom Kellahin (E-mail); Chavez, Frank
Cc: Fesmire, Mark; MacQuesten, Gail; Ezeanyim, Richard; Perrin, Charlie; Wrotenbery, Lori
Subject: RE: NSL 4919A for Richardson Operating WF FEDERAL 6 #2

Mr. Chavez:

Thank you for calling this to my direct attention. Attached is a copy of a Division Order rescinding NSL-4919-A.

Further, since this application was filed and approved last summer there may be other pending non-standard location request where the subject well has not been commenced. These locations should also be inspected by the District office to assure no standard location sites are indeed available. Should you wish I can provide you a list of Richardson Operating Company orders released from any date Mr. Chavez suggests. I feel it maybe necessary that any further applications from Richardson Operating Company may need: (1) an on site review by the Division before any future applications are released, or (ii) a hearing until further notice.

Also, I may be mistaken but didn't the USBLM recently pass a regulation or rule where in such instances where there is federal minerals and private surface, the BLM requires a sign off or notice to the surface owner?



4919A.resc.doc

-----Original Message-----

From: Chavez, Frank
Sent: Thursday, June 03, 2004 5:40 PM
To: Stogner, Michael; Wrotenbery, Lori
Cc: Fesmire, Mark; MacQuesten, Gail; Ezeanyim, Richard; Perrin, Charlie
Subject: NSL 4919A for Richardson Operating WF FEDERAL 6 #2

Mr. Travis Gabehart on whose land this proposed well location is sited, wrote a letter of complaint to Governor Richardson about this location. This complaint reached the district office and Mr. Gabehart came to the office on Wednesday June 2. We discussed the process for NSL applications that we use and told him that we would meet with Richardson. On Thursday, June 3, we met with Richardson at the site. We discovered that there are standard locations available that were not fully examined by Richardson. They had considered the proximity to their pipeline and the number of property owners involved as significant to warrant a NSL. They related that there may be geologic factors, too.

We apprised them that these other legal locations must be fully considered and that proximity to the pipeline by a few feet and dealing with more than one land owner were not sufficient at this time to support a NSL. If there were geologic reasons for the NSL, those had to be directly addressed.

I recommend that we withdraw approval of their application while we await more substantiating information or they withdraw their application.