

Summary of Richardson Application Hearing Issues

Background

- Richardson was here first.
- Richardson wants to produce Fruitland CBM.
- This area is just like the Fruitland Underpressured Infill Area, except for the mine.
- For maximum production, the coal should be frac'd and produced on 160-acre spacing.
- The San Juan Coal Company doesn't want Richardson to complete his wells or drill any others.

The Technical Issues

- Mostly in Agreement
 - Same Geology (Same Structure, Similar Thickness)
 - Similar Initial Pressures
 - Same Isotherm
 - Current wells and spacing will lead to low recovery from the coal
 - PC reserves are small
- Two Key Points of Disagreement
 - **How much gas is there? (Is the coal saturated or undersaturated?)**
 - Coal Company desorption measurements suggest it is undersaturated.
 - Richardson's well performance proves that it is saturated.
 - **What will CBM reserves be? (Is production still rising, or is it now declining?)**
 - Coal Company experts say production is now declining.
 - Richardson's experts show production is still inclining, and with additional coal completions and 160-acre spacing, it will go up even more.

The Bottom Line

- Will Richardson be allowed to exercise his right to produce and sell CBM?
- Or will the SJCC be allowed to vent the CBM and waste it?

Application of Richardson Operating Co.

Record on Appeal, 970.

Exhibit #
C-29