



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

IN REPLY REFER TO:

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May 21, 2003

MAY 22 2003

Florine Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Oil Conservation Division

RE: Case No. 12888

Please find enclosed five copies of the Bureau of Land Management's exhibit for the hearing. If you have any questions, please call me at (505) 599-6387.

Sincerely,

David J. Mankiewicz
Assistant Field Manager, Minerals



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

May 20, 2003 **RECEIVED**

MAY 22 2003

Oil Conservation Division

RE: Bureau of Land Management, Farmington Field Office
Position concerning increased well density in the
Fruitland Coal within the "High Productivity Area"
Standard Gas Proration Unit (320 acres)
New Mexico portion of the San Juan Basin

On October 15, 2002 the New Mexico Oil Conservation Division issued a Fruitland Coal infill order (Case No. 12888, Order No. R-8768-C) allowing 160 acre spacing for all areas except the 'High Productivity' portion of the basin also referred to as the "Fairway". The Division Order states "A preponderance of the evidence [submitted] establishes that current 320-acre spacing is adequate in the High Productivity Area." The Order further declares that "Based on the relative lack of direct evidence of the potential effects from infill drilling within the High Productivity Area, it would not be prudent for the Division to amend the pool rules to provide for increased density within the High Productivity Area at this time. The more prudent course of action would be to refer the matter of infill drilling within the High Productivity Area back to the Committee for further study." The Bureau of Land Management (BLM) realizes that in certain areas of the fairway the existing well spacing is adequately draining the Fruitland Coal reservoir. The BLM also acknowledges that portions of the fairway probably require additional drilling to optimally recover the gas resource. Consequently, the BLM concurs with the order but would welcome the opportunity to review additional technical data that would support infill drilling in the Fruitland Fairway. The Federal lands in this area have high aesthetic appeal and are prime areas for wildlife habitat. The impacts of additional surface disturbance associated with infill drilling in the Fairway cannot be justified merely to accelerate gas production.

Within the "High Productivity Area", the BLM reserves the right to request technical data from operators, especially if the Bureau suspects that rate acceleration alone is involved in the new drill and/or additional surface disturbance is required. These data may include, but are not limited to, geologic cross-sections, reservoir isopachs, reservoir simulations and other pertinent information.

The BLM supports the orderly and efficient exploration, development and production of oil and gas on Federal and Indian lands. The BLM is responsible for managing public lands for multiple use and maximizing the resource values for the American people.

In summary, the BLM is in support of the increased well density in the Fruitland Coal formation. We encourage the development of the Fruitland Coal formation by means of re-completions in existing wellbores, commingling and drilling from existing well pads. This type of development will minimize surface disturbances, decrease development costs and maximize utilization of existing wellbores.

Sincerely,

Steve Henke
Field Office Manager