

**STATEMENT OF THE
BUREAU OF LAND MANAGEMENT
IN THE MATTER OF THE
OIL CONSERVATION DIVISION
DETERMINING PERMANENT RULES CONCERNING
SPACING OF THE BASIN FRUITLAND COAL GAS POOL**

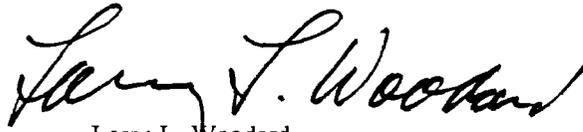
April 4, 1991

Much of the Fruitland Coal Gas Pool is Federally-owned and underlies lands administered by the Farmington Resource Area of the Bureau of Land Management (BLM). Some of these lands are specially managed for protection of significant resource values.

An agreement is being developed by the San Juan Basin Oil and Gas Interagency Working Group which includes the BLM and several other Federal and State surface and resource management agencies. This document will serve as a guideline for addressing oil and gas development and related environmental concerns within the San Juan Basin of New Mexico. Under this agreement, unorthodox locations, recompletions, directional drilling, centralized locations for multiple wells, and multiple completions from a single well may become common practices to mitigate impacts to resource values. Operators need to be aware of these possible changes.

Energy development on BLM administered lands is guided by approved Resource Management Plans in conformance with the National Environmental Policy Act. To date, well locations within the San Juan Basin have been built within mutually acceptable levels of mitigation. Drilling on 160-acre spacing within areas that remain undisturbed will require the most mitigation to protect resource values and a higher level of cooperation among operators and regulatory agencies.

The BLM will cooperate in the implementation of rules concerning spacing for Basin Fruitland coal gas wells. However, in order to protect resource values, it may not be possible to locate a well within each 160-acre spacing unit. Alternate drilling practices and unorthodox locations considered exceptional now, may be commonplace under 160-acre spacing.


Larry L. Woodard
State Director



United States
Department of
Agriculture

Forest
Service

Southwestern
Region

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Reply To: 2820-2

Date: **FEB 15 1991**

Mr. Robert Stovall
General Counsel
State of New Mexico
Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504-2088

Dear Mr. Stovall:

Enclosed is written testimony for your consideration in the upcoming hearing on gas well spacing for Basin-Fruitland coal gas pool. Our comments address only the change and its possible effects on the Jicarilla Ranger District of the Carson National Forest.

Sincerely

R. FORREST CARPENTER
Deputy Regional Forester

cc:
BLM, NMSO
Carson NF
Jicarilla RD



WRITTEN TESTIMONY FOR THE FEBRUARY 21, 1991
HEARING ON GAS WELL SPACING

The New Mexico Oil Conservation Division (NMOCD) is considering a possible change in well spacing from 320 acres to 160 acres for the Basin Fruitland coal seam gas pool. A portion of that pool is located on the Jicarilla Ranger District of the Carson National Forest. The following is the Forest Service input relating to the gas well spacing for Basin-Fruitland coal gas pool on the Jicarilla Ranger District.

We wish to provide some estimate of the possible effect of a change from 320 acre to 160 acre well spacing on the Jicarilla RD. The Federal Onshore Oil and Gas Leasing Reform Act of 1987 gives the Forest Service consent authority for approval of oil and gas plans of operations covering proposed surface disturbing activities on National Forest surface. The Bureau of Land Management has authority for the downhole part of operations as well as the final approval on the entire oil and gas plan of operations (Application for Permit to Drill). The Forest Service minerals program policy is enclosed.

If NMOCD adopts a 160-acre well spacing, additional coordination between the Carson National Forest and NMOCD will be needed. On some portions of the Jicarilla RD on the Carson National Forest, environmental considerations may make it difficult or impossible to place a well in each 160-acre well spacing.

Currently a Draft Interagency Agreement is being developed by the San Juan Basin Oil and Gas Interagency Working Group. This document will be used as a guideline for addressing all future oil and gas development in the San Juan Basin of which the Jicarilla RD of Carson National Forest is a part. Unorthodox locations, recompletion, directional drilling, centralized location for multiple wells, and multiple completions from a single location may become common practices to mitigate impacts. Gas developers need to be aware of these possible changes.

Energy development on the Carson National Forest will be guided by the approved Forest Land Management Plan and will continue to abide by the National Environmental Policy Act (NEPA). On the Jicarilla RD, the well locations which could be built with the least amount of mitigation have been built in the past. The areas which remain undisturbed are the areas which will require the most mitigation and cooperation between all parties involved. This cooperation will be necessary as it will become increasingly difficult or impossible to provide opportunities to actually drill or construct a pad on every 160-acre spacing. There needs to be a greater understanding of the effects of this by all parties concerned.

In conclusion, we will cooperate to implement the gas well spacing NMOCD determines for the Basin Fruitland coal seam gas wells. We just wish to note that if the gas well spacing is changed to 160-acre spacing, this does not insure that a well location will be put on each 160-acre spacing unit. Some alternate drilling techniques considered exceptional now will no longer be the exception on the Jicarilla RD.



FOREST SERVICE MINERALS PROGRAM POLICY



The availability of mineral and energy resources within the National Forests and Grasslands significantly affects the development, economic growth, and defense of the Nation. The mission of the Forest Service in relation to minerals management is to encourage, facilitate, and administer the orderly exploration, development, and production of mineral and energy resources on National Forest System lands to help meet the present and future needs of the Nation.

The Forest Service administers its mineral program to:

1. Encourage and facilitate the orderly exploration, development, and production of mineral and energy resources within the National Forest System in order to maintain a viable, healthy minerals industry and to promote self-sufficiency in those mineral and energy resources necessary for economic growth and the National defense.
2. Ensure that exploration, development, and production of mineral and energy resources are conducted in an environmentally sound manner and that these activities are integrated with the planning and management of other National Forest resources.
3. Ensure that lands disturbed by mineral and energy activities are reclaimed for other productive uses.

The Forest Service policy is to:

1. Process mineral applications, operating plans, leases, licenses, permits and other use authorizations in an efficient and timely manner.
2. Ensure the integration of mineral resource programs and activities with the planning and management of renewable resources through the land and resource management planning process, recognizing that mineral development can occur concurrently or sequentially with other resource uses.
3. Plan and provide for access to and occupancy of National Forest System lands for mineral resource activities, consistent with the overall management objectives and the rights granted through statutes, leases, licenses, and permits. Eliminate or prevent occupancy that is not reasonably incident to and required for mineral operations.
4. Prior to applying for the administrative withdrawal of National Forest System lands from mineral entry, ensure the consideration of (a) the national interest in strategic and critical minerals, (b) the value of the mineral resource foregone and, (c) the value of the resource or improvement being protected.
5. Ensure that valid existing rights have been established before allowing mineral or energy activities in congressionally designated or other withdrawn areas.
6. Coordinate and cooperate with other Federal and State agencies having authority and expertise in mineral-related activities.
7. Maintain an effective professional, technical, and managerial work force that is knowledgeable in mineral exploration and development.
8. Ensure the uniform application of exploration, development, and reclamation standards.
9. Require a reclamation plan for all mineral exploration and development proposals that would create environmental disturbance, to return the land to other productive uses consistent with land and mineral management goals.