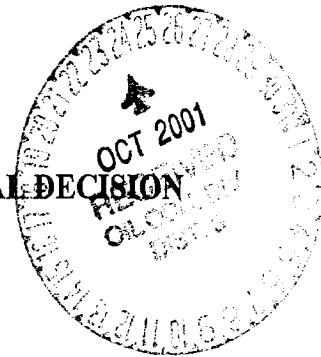


CITY OF FARMINGTON
FINDINGS OF FACT, CONCLUSIONS OF LAW, AND FINAL DECISION

SPECIAL USE PERMIT PETITION 1875



REQUEST:

Petition 1875 is a request from Al Kenderick representing Texakoma Oil and Gas Corporation for a special use permit to drill and operate a Texakoma Federal 18-1, a Fruitland Coal gas well, located approximately 900 feet east of the north end of Foothills Drive in the NW/4, NE/4, Section 18, T30N, R12 W.

PUBLIC NOTICE:

- A. A notice was published in the Daily Times on Wednesday, August 29, 2001. The property was posted on Friday, August 31, 2001. Notification letters were sent by certified mail to 8 owners of property within 100 feet of the site on Thursday, August 30, 2001.
- B. The Planning and Zoning Commission conducted a public hearing on this request on Thursday, September 13, 2001. Mr. Kenderick and Mr. Jeff Salzman were present representing Texakoma Oil and Gas Corporation. No one else appeared before the Planning and Zoning Commission to speak for or against the petition.

SUMMARY OF RELATED FACTS:

- A. The Property.

Parcel Size	The well location is on a 13 acre tract of land. The surface owner is Elma L. Roget.
Location	The proposed well site is located approximately 900 feet east of the north end of Foothills Drive and 450 feet northwest of the New Mexico Federal N. #3.
Physical Characteristics	The gas well is proposed to be located 450 feet northwest of an existing well pad, the New Mexico Federal N. #3. The site borders an existing gas well road. To the west is ridge line with several homes built along the overlook. Vegetative cover is mostly sage brush with some small pinon and junipers.
Existing Land Use	Undeveloped
Existing Zoning	RS-3

Zoning History	To develop the Fruitland Coal resources, Texakoma proposes to drill a new well to a depth of 2200 feet. The dimensions of the new pad site will be 175' x 150' and will be enclosed by a six-foot high chain link fence with two stands of barbed wire on the top . In addition to the downhole equipment other production equipment includes a separator, one or more storage tanks for produced water, a meter and some type of pumping unit. Gas from the well will be gathered in a line that will connect to a site located in Section 8, approximately ½ mile to the northeast, where it will be compressed and enter a Williams transmission line.
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B. Description of Proposed Activity.

To develop the Fruitland Coal resources, Texakoma proposes to drill a new well to a depth of 2200 feet. The dimensions of the new pad site will be 175' x 150' and will be enclosed by a six-foot high chain link fence with two stands of barbed wire on the top . In addition to the downhole equipment other production equipment includes a separator, one or more storage tanks for produced water, a meter and some type of pumping unit. Gas from the well will be gathered in a line that will connect to a site located in Section 8, approximately ½ mile to the northeast, where it will be compressed and enter a Williams transmission line.

FINDINGS:

- A. Texakoma Oil and Gas Corporation holds the right to produce minerals under real property located in the N/2, NE/4 of Section 18, T30N, R12W, NMPM.
- B. The nearest residence is approximately 600 feet from the proposed site.
- C. The site can be accessed from a gas well road adjacent to the site.
- D. The site is more than 300 feet from development and landscaping and screening is not required .
- E. Texakoma proposes to use existing compression facilities located on Federal 8FC #2 well site located in the SW/4 of Section 8, approximately ½ mile from the site at a location outside the city's jurisdiction.

COMMISSION ACTION:

Motion by Commissioner Simpson, seconded by Commissioner Wimsatt, to recommend approval of Petition 1875 subject to the following conditions.

- a. **The petitioner shall provide the Fire Department with five (5) copies of an approved emergency plan prior to the commencement of the drilling operation;**

- b. Landscaping and screening shall not be required. However, any disturbed areas outside the chain link fence enclosing the pad site shall be revegetated and kept free of invasive weeds.
- c. Sound abatement measures shall be taken at the well pad site so that sound pressure measurements will not at any time increase the noise level more than 3 dB(A) above the ambient level at a distance of 300 feet from the site or 1dB(A) at the nearest residence, whichever is less. Although the compression facilities for the well may be located outside the city limits noise abatement measures shall be required to the extent that there shall be no measurable increase in sound levels when measured from outside any residence within the corporate limits of the City of Farmington. The Chief Code Compliance Officer shall have the authority to direct Texakoma Oil and Gas Company or its successor and assign to shut in the well at any time there is a material increase in noise above the approved decibel level. At such time as Texakoma or its successor can demonstrate that the increase in noise has been eliminated above this standard, the Chief Code Compliance Officer may authorize the operation of the compression;
- d. The production equipment and ancillary well facilities shall be painted in a uniform earth tone hue and the operator shall be perpetually required to keep said painting in good repair. Any graffiti shall be repainted within 15 days of discovery. If discovered by or reported to the Code Compliance Division of the City of Farmington, said 15 days shall deemed to commence upon notification by Code Compliance to the operator. The failure to commence repainting may result, at City's option, in action being taken against operator's performance bond, in revocation of the permit in accordance with Section 19-2-3 or in revocation of this Special Use Permit in accordance with Section 27-27-4;
- e. Only daylight drilling operations to the Fruitland Coal Formation are authorized. Between the hours of 6:00 p.m. and 8:00 a.m., no operations shall be conducted except as may be necessary for the immediate safety of the operation;
- f. The well shall only be completed during daylight hours;
- g. All venting of the well shall be manually performed and shall not occur between the hours of 7:00 p.m. and 7:00 a.m.;
- h. Produced water from the well shall not be collected during the hours of 7:00 p.m. and 7:00 a.m.;
- i. Any violations of the oil and gas code, the laws of the State of New Mexico, and the rules and regulations applicable to the drilling or operation of oil and gas wells shall be corrected within a reasonable time, not to exceed 15 days from the date the operator is notified of the violation. The failure to cure the violation may cause the permit to be revoked pursuant to Section 19-2-3, or

this Special use Permit to be revoked in accordance with Section 27-27-4. The Chief Code Compliance Officer shall also be authorized to direct that the well be shut in during the period of such repair. If, in the opinion of the Code Compliance Officer, the violation or condition results in a significant safety or environmental hazard; and

- j. A letter confirming compliance with the provisions of all applicable oil, gas and mineral leases and the laws of the State of New Mexico related to owners of surface rights, surface damages and access to be submitted with the permit application to the City Clerk in a form acceptable to the City Attorney.**

Ayes: 6 (Commissioners Moffett, Kuchera, Williams, Simpson, Wimsatt and Shields)

Nays: 0

Absent: 2 (Commissioners Merrion and Kysar)

The motion passed (6-0)

**OIL/GAS AND GEOLOGICAL/ENGINEERING
HAZARDS ADVISORY COMMISSION
ACTION SUMMARY**

The Oil/Gas And Geological/Engineering Hazards Advisory Commission met on Tuesday, August 21 to Consider a request from Texakoma Oil and Gas Corporation for a special use permit to drill and operate a Texakoma Federal 18-1, a Fruitland Coal gas well, located approximately 900 feet east of the north end of Foothills Drive in the NW/4, NE/4, Section 18, T30N, R12 W. The Commission was provided copies of the staff report and exhibits presented to the Planning and Zoning Commission.

Upon consideration of the report and recommendations of the Planning and Zoning Commission, a motion was made by Commissioner Simmons, seconded by Commissioner Corbett, to recommend to the City Council approval of Petition No. 1875, a request from Texakoma Oil and Gas Corporation, represented by Tom Sprinkle for a Special Use Permit to drill and operate the Federal 18-1 Basin Fruitland Coal gas well, located approximately 800 feet east of the north end of Foothills Drive in the northwest 1/4 of Section 18, using a lined earthen reserve pit as proposed and subject to the following additional conditions:

- k. The surface casing must be set to a minimum depth of 120 feet and at least 50 feet or a minimum of two 30-foot joints of pipe into bedrock.**
- l. The surface casing and long string must be cemented to the surface.**
- m. All well casing used on this location must be new casing, not used.**
- n. All surface equipment used on this location, including the wellhead, valves, fittings and any other equipment associated with the wellhead must be new.**
- o. Drilling operations shall be limited to daylight hours, provided however that the operator shall not shut down at sundown during any critical operation and shall continue until such critical operation is completed and shall not schedule the start of such operations late in the afternoon.**

- p. **The emergency plan reviewed and approved by the appropriate departments prior to City Council.**

Ayes: 2 (Commissioners Simmons and Corbett)
Nays: 0
Absent 1 (Commissioner Riggs)

The motion passed (2-0)

FINAL DECISION AND ACTION BY CITY COUNCIL

On September 25, 2001 the City Council, by a vote of four in favor and none opposed, adopted the findings and recommendation of the Planning and Zoning Commission and the Oil/Gas and Geological/Engineering Hazards Advisory Commission and approved Petition 1875, a request from Al Kenderick representing Texakoma Oil and Gas Corporation for a special use permit to drill and operate a Texekoma Federal 18-1, a Fruitland Coal gas well, located approximately 900 feet east of the north end of Foothills Drive in the NW/4, NE/4, Section 18, T30N, R12 W using a lined earthen reserve pit as proposed and subject to conditions a. through p. above.

Approved and signed this 25th day of September, 2001.

William E. Standley, Mayor

ATTEST:

Gina R. Morris, City Clerk