



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
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OIL CONSERVATION
DIVISION

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Lori Wrotenbery
New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Approval of Increased Well Density For the Basin-Fruitland Coal Pool Including Indian Minerals Within the Jicarilla Apache Nation and Navajo Allotted Lands

The OCD adopted Order # R-8768-F on July 17, 2003. This Order amended the special pool rules for the Basin-Fruitland Coal Pool. The Order allowed increased well density development by authorizing an optional infill well within each standard 320-acre gas spacing unit for the entire pool, with the exception of certain lands that are the subject of an ongoing appeal. The earlier OCD Order #R-8768-C, entered on October 15, 2002, authorized infill drilling, but excluded the "High Productivity Area", otherwise known as the "Fairway".

In conjunction with extending approval to infill drilling in the "High Productivity Area", the OCD is requiring that an operator proposing to drill an infill well give notice to affected persons, in adjoining spacing units. This would provide an opportunity for a hearing if an affected person protests such a proposal. In addition, since the Basin-Fruitland Coal Pool encompasses the horizontal and vertical limits of the Cedar Hill-Fruitland Basal Coal Pool, the OCD abolished that pool.

Pursuant to the Memorandum of Understanding (MOU) between the BLM and OCD, and reiterated in item #6 of the Order, amendments to the special pool rules adopted in Order # R-8768-F shall not apply to Indian minerals located within the Basin-Fruitland Coal pool. The BLM has reviewed the hearing record, and finds that Indian trust lands are located only within the Low Productivity Area of the Basin-Fruitland Coal Pool. We consulted with the Jicarilla Apache Nation and the Navajo Nation regarding infill development of the Basin-Fruitland Coal Formation within its Reservation boundaries.

We herein revise the established 320-acre spacing for gas production within the Jicarilla Tribal and Navajo Allotted Indian minerals portion of the Basin-Fruitland Coal Pool to permit the drilling of an optional infill well within each 320-acre spacing unit. Fruitland Coal infill development on Navajo Tribal minerals will be assessed on a case-by-case basis. The optional well must be located in the governmental quarter-section not currently occupied by an existing Fruitland Coal gas well.

We understand that you will post this Order to the OCD website, and furnish it to the New Mexico Oil and Gas Association for posting, too.

Sincerely,

A handwritten signature in cursive script, appearing to read "Carsten F. Goff, Acting for".

Carsten F. Goff
Deputy State Director
Division of Resource Planning,
Use and Protection

cc:

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NM070