

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

OIL CONSERVATION DIV.  
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IN THE MATTER OF THE HEARING CALLED  
BY THE OIL CONSERVATION DIVISION FOR  
THE PURPOSE OF CONSIDERING:

APPLICATION OF RICHARDSON OPERATING  
COMPANY TO ESTABLISH A SPECIAL  
"INFILL WELL" AREA WITHIN THE BASIN-  
FRUITLAND COAL GAS POOL AS AN EXCEPTION  
TO RULE 4 OF THE SPECIAL RULES FOR THIS  
POOL, SAN JUAN COUNTY, NEW MEXICO.

Case No. 12734

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by San Juan Coal  
Company as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Richardson Operating Company

APPLICANT'S ATTORNEY

W. Thomas Kellahin

OPPONENT

San Juan Coal Company  
Suite 200  
300 West Arrington  
Farmington, New Mexico 87401

OPPONENT'S ATTORNEYS

James Bruce  
Larry P. Ausherman  
Charles E. Roybal

Attention: Charles E. Roybal  
(505) 598-4358

STATEMENT OF THE CASE

APPLICANT

Applicant seeks an order approving an infill well area in the  
Basin-Fruitland Coal Gas Pool.

OPPONENT

San Juan Coal Company ("SJCC") is developing an underground mine  
with a longwall mining system. SJCC has concerns about the  
compatibility of the development of coalbed methane and development  
the coal itself, which are heightened by the number of additional  
wells which could be drilled or recompleted and fraced if the  
application is approved. Substantial additional wellbores or  
fracing in the coal raises serious safety concerns attributable to  
spontaneous combustion and roof instability. These issues affect  
the safety of the wells, in addition to mine safety. If these

issues are not addressed, gas development could lead to significant waste of the coal resource, which has far greater value than the coalbed methane. SJCC believes it is necessary for the oil & gas operators and SJCC to co-exist and work together to make development of the natural resources safe and economic. Therefore, SJCC will present evidence on (a) safety requirements, (b) the lack of need for additional wellbores or recompletions at this time, (c) well location requirements if additional wells are drilled, (d) economic and physical waste, (e) conservation of mineral resources, (f) protection of neighboring properties, and (g) the public interest.

**PROPOSED EVIDENCE**

APPLICANT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
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OPPONENT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Lynn Woomer	45 minutes	approx. 8
Jacques Abrahamse	60 minutes	approx. 4
Paul Bertoglio	45 minutes	approx. 2

**PROCEDURAL MATTERS**

-None-

Respectfully submitted,




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Attorneys for San Juan Coal Company

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record via facsimile transmission this 9th day of November, 2001:

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**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**CASE NO. 12734**

**APPLICATION OF RICHARDSON OPERATING  
COMPANY TO ESTABLISH A SPECIAL  
"INFILL WELL" AREA WITHIN THE  
BASIN-FRUITLAND COAL GAS POOL AS  
AN EXCEPTION FROM RULE 4 OF THE  
SPECIAL RULES FOR THIS POOL,  
SAN JUAN COUNTY, NEW MEXICO.**

**PRE-HEARING STATEMENT**

This pre-hearing statement is submitted by Richardson Operating Company, as required by the Oil Conservation Division.

**APPEARANCE OF PARTIES**

**APPLICANT**

Richardson Operating Company  
1700 Lincoln Suite 1700  
Denver, Colorado 80203  
Attn: Cathy Colby  
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**ATTORNEY**

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**OPPOSITION**

San Juan Coal Company  
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**ATTORNEY**

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NMOCD CASE 12734  
Richardson Operating Company  
Page 2

### STATEMENT OF CASE

(1) Effective October 17, 1988, Division Order R-8768 created the Basin-Fruitland Coal Gas Pool, established special rules and regulations for this pool ("Pool Rules") and authorized the production of gas from the coal seam within the Fruitland formation.

(2) Rule 4 of the Pool provides for one parent well and for an exception from Rule 4 for "specifically defined areas of the pool" for the drilling of an optional second well within a 320-acre gas proration and spacing unit ("GPU") providing this one optional "infill well" to be located on the opposite 160-acres from the 160-acres containing the original well ("the initial well") and further providing that these infill wells were not closer than 660 feet to the outer boundary of the GPU and not closer than 10 feet to any quarter, quarter-quarter line or subdivision inner boundary.

(3) Rule 4 of the Pool provides a procedure to allow an oil and gas operation to drill a second well on a gas spacing unit in this pool and an opportunity for other oil and gas operators and certain oil and gas interest owners to complain about whether the optional infill well might cause the waste of hydrocarbons or adversely affect oil and gas correlative rights

(4) In accordance with Rule 4 of the Pool, Richardson seeks the creation of a Special "Infill Well" Area which is within the western edge of the Basin Fruitland Coal Gas Pool.

(5) Richardson is the current operator of wells in the Basin Fruitland Coal Gas Pool and within the proposed Special "Infill Well" Area.

(6) San Juan Coal Company ("SJCC") has certain state and federal coal leases which are subject to the prior existing rights of Richardson as the oil and gas lessee.

(7) Richardson's application is an attempt to accommodate SJCC by accelerating the production of gas from the Fruitland formation so that SJCC can then mine the coal.

(8) SJCC, which owns no oil and gas interest, seeks to complain about oil and gas exploration and development which is occurring in an area which SJCC now would like to mine.

NMOCD CASE 12734  
Richardson Operating Company  
Page 3

(9) SJCC's protest essentially asks the Division to allow too few Basin-Fruitland Coal Gas wells in the vicinity of its mine for the purpose of simplifying its coal mining operations.

(10) The Division does not have any authority over coal mining operations and its consideration of Richardson's application must be limited to a consideration of waste of hydrocarbons and the protection of oil & gas correlative rights

**PROPOSED EVIDENCE**

**APPLICANT:**

**WITNESSES**

**EST. TIME**

**EXHIBITS**

Cathy Colby (land)

30 Min.

@ 8-10 exhibits

Rick Shapiro (geologist)

30-40 Min.

@ 4-6 exhibits

Dave O. Cox (petroleum engineer)

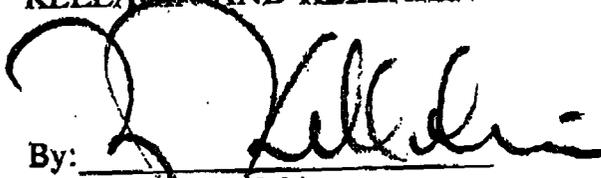
30-40 Min.

@ 6-10 exhibits

**PROCEDURAL MATTERS**

Richardson's motion to dismiss protest of San Juan Coal Company

KELLAHIN AND KELLAHIN



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