

RICHARDSON PRODUCTION COMPANY

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October 31, 1997

Bureau of Land Management
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

PROPRIETARY AND CONFIDENTIAL

Certified Mail P 194 402 587

Re: Proposed Amendment to Farmington
District Resources Management Plan

Gentlemen:

This letter is written in response to Notice of Intent to Amend Farmington District Resources Management Plan. Richardson has no objections to BHP changing its mining operations from strip mining to tunnel mining on its existing leases. However, we strongly object to new coal leases being issued on the lands requested by BHP due to existing oil and gas leases.

Over the last two years Richardson has spent considerable time and resources planning an exploration program for production of coalbed methane gas on these lands. This is an area with existing wells that produce coalbed methane gas. We currently own leases, and we are actively acquiring additional leasehold rights in the immediate area for the purpose of drilling gas wells. The rights granted under our oil and gas leases would be adversely affected by concurrent issuance of coal leases.

Coal mining requires ventilating the coal seams prior to conducting mining operations. Simultaneous operations for development of the gas and coal are not reasonably practicable, nor compatible. It would be more prudent to allow the oil and gas lessee to degasify the coal by producing the gas, prior to mining operations. This would avoid wasting a natural resource, and would prevent encroachment of one operator on another operator's ownership rights. Both energy sources could be exploited.

Finally, the oil and gas leases are already issued and hold a senior position. They should be given priority; first in time, first in right.

Please keep us promptly advised on all developments on this issue. Richardson does not feel that it was given sufficient advance notice (ie: two business days) to prepare for and attend the public meeting. We would also like to receive copies of all associated documents that are available.

Sincerely,

RICHARDSON PRODUCTION COMPANY



David B. Richardson
President

*Application of Richardson Operating
Co.*

Record on Appeal, 742.

BEFORE THE
OIL CONSERVATION COMMISSION
Case No. 12734
Exhibit # **A-7**
Submitted By: Richardson Oper. Co.
Hearing Date: October 28 & 30, 2002