

4



**bhpbilliton**

sourcing the future

New Mexico Coal

RECEIVED

2009 JUN 4 PM 1 13

June 3, 2009

State of New Mexico  
Oil Conservation Division  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

BHP Billiton Limited  
300 West Arrington, Suite 200  
Farmington, New Mexico 87401 USA  
Tel + 1 505 598 4200  
Fax + 1 505 598 4300  
www.bhpbilliton.com

RE: San Juan Coal Company's Response to the C-108 Application for Approval to Drill and Operate a New Well for the Injection of Acid Gas by Anadarko Petroleum Corporation at the San Juan River Natural Gas Processing Plant.

On May 26<sup>th</sup>, 2009, San Juan Coal Company (SJCC) received notice addressed to our parent company BHP Billiton Ltd., that Anadarko Petroleum Corporation has filed a C-108 application with the New Mexico Oil conservation Division (NMOCD) requesting permission to drill an Acid Gas Injection well (AGI) in close proximity to SJCC's underground mine workings. The notice set forth a setting and time for a hearing before the Division Examiner and advised SJCC of the opportunity to appear at the hearing as an interested party.

SJCC has interest in the application and will be appearing as part of the proceedings.

Attending the hearing on June 11<sup>th</sup> from SJCC will be:

Marian Wimsatt, Landman, SJCC – Marketing, Legal, Land & Water  
Dr. Steve Bessinger – Engineering Manager, San Juan Coal Company

SJCC is concerned with the nature and the close proximity of the proposed AGI well with respect to its current and future underground mine workings.

SJCC will present an exhibit, Exhibit A, which is a map of the proposed well site with respect to the underground mine operations.

SJCC requests that OCD require Anadarko to demonstrate that there will be no adverse impacts to its interests or personnel and that any hazard or risk which might be foreseeable will be mitigated through demonstrated and effective means to a level as low as reasonably possible (ALARP). At present SJCC recognizes the potential for hazards up to and including multiple loss of human life as a direct consequence of the proposed AGI well.

Page 2 - continued

San Juan Coal Company's Response to the C-108 Application

SJCC has an overriding commitment to the health and safety of its employees and related stakeholders in the nearby community, as well as the natural environment in which we all live and work. To this end, SJCC requests that OCD require Anadarko to prepare a risk assessment complete with hazard mitigation strategies that reduce risks to their lowest levels, consistent with the ALARP principle.

SJCC requests that OCD take notice of the importance of SJCC's role in the stable operation of the western US electricity generation process. SJCC is the sole source of fuel supply to the San Juan Generating Station (SJGS). The long-term sustainability of electric power from SJGS is recognized as a matter of national security. As such, sustainability of operations and maximization of the coal resource recovery are imperatives which should not be threatened. SJCC is concerned that the AGI well, as proposed, may jeopardize fundamentals of this mission and purpose.

Thank you for considering SJCC's comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles E. Roybal".

Charles E. Roybal  
Senior Counsel  
BHP Billiton Legal

Telephone (505) 598-4358  
Fax (505) 598-4300  
Mobile (505) 330-6277  
[charles.e.roybal@bhpbilliton.com](mailto:charles.e.roybal@bhpbilliton.com)