

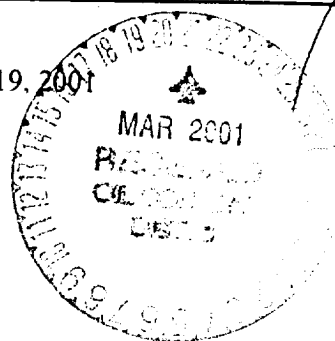


NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

March 19, 2001

Lori Wrotenbery
Director
Oil Conservation Division



Burlington Resources Oil and Gas Company
Attention: **Peggy Cole**
P. O. Box 4289
Farmington, New Mexico 87499-4289

Re: Administrative application of Burlington Resources Oil and Gas Company for an exception to the well location requirements provided within the "Special Rules and Regulations for the Basin-Dakota Pool," as promulgated by Division Order No. R-10987-B, issued in Case No. 12290 and dated June 30, 2000 for a non-standard infill gas well location within an existing standard 320-acre stand-up gas spacing and proration unit for the Basin-Dakota Pool comprising the E/2 of Section 32 Township 27 North, Range 4 West, NMPM, Rio Arriba County, New Mexico.

Dear Ms. Cole:

I have reviewed the subject application that was submitted to the Division on February 22, 2001 for the proposed San Juan "27-4" Unit Well No. 54-M (30-039-26455), to be drilled at an unorthodox infill gas well location 1940 feet from the South line and 100 feet from the East line (Unit I) of Section 32. I found that within the SE/4 of Section 32 Burlington currently operates the San Juan "27-4" Unit Well No. 116 (30-039-21007), located 1680 feet from the South line and 840 feet from the East line (Unit I) of Section 32. The No. 116 well is a Tapacito-Pictured Cliffs gas producer drilled in 1976 by El Paso Natural Gas Company. The location of this existing wellsite is well within the acceptable setback tolerance range for a standard gas well location in the Basin-Dakota Pool. Your application failed to mention its existence, much less the possibility of utilizing this well-pad as a possible location to drill your No. 54-M. Was this possibility ever discussed with the Forest Service? Wouldn't the utilization of this existing site serve to avoid further surface disturbance within the SE/4 of Section 32 while simultaneously helping to assure the orderly development of both the Blanco-Mesaverde and Basin-Dakota reservoirs? How does the Forest Service view utilizing such existing wellsites? Does Burlington utilize such sites? Should future applications address such matters when applicable?

Any other thoughts along these lines would be appreciated. Thank you.

Sincerely

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington
U. S. Forest Service - Bloomfield
W. Thomas Kellahin, Legal Counsel for Burlington - Santa Fe