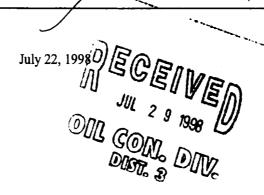


NEW MEXICO ENERGY, MINERALS & NATURAL RESOURCES DEPARTMEN

OIL CONSERVATION DIVISION 2040 South Pacheco Street Santa Fe, New Mexico 87505 (505) 827-7131



Burlington Resources Oil & Gas Company P. O. Box 4289 Farmington, New Mexico 87499-4289 Attention: Peggy Bradfield

Administrative Order NSL-4098

Dear Ms. Bradfield:

Reference is made to your application submitted to the New Mexico Oil Conservation Division ("Division") on July 14, 1998 for an exception to the well location requirements provided within the "Special Rules and Regulations for the Blanco-Mesaverde Pool/Special Rules and Regulations for the Basin-Dakota Pool," as promulgated by Division Order No. R-10987, for Burlington Resources Oil & Gas Company's ("Burlington") proposed San Juan "27-4" Unit Well No. 70-M to be drilled at an unorthodox infill gas well location in both the Blanco-Mesaverde and Basin-Dakota Pools 1925 feet from the North line and 1040 feet from the West line (Unit E) of Section 4, Township 27 North, Range 4 West, NMPM, Rio Arriba County, New Mexico.

Gas production attributed to the well from both pools is to be included in the existing standard 319.20-acre stand-up gas spacing and proration unit comprising Lots 1 and 2, the S/2 NW/4, and the SW/4 (W/2 equivalent) of Section 4. Blanco-Mesaverde gas production is currently dedicated to Burlington's San Juan "27-4" Unit Well No. 18 (API No. 30-039-07171), located at a standard gas well location 1096 feet from the South line and 860 feet from the West line (Unit M) of Section 4. Basin-Dakota gas production is currently dedicated to Burlington's San Juan "27-4" Unit Well No. 70 (API No. 30-039-20719), located at a standard gas well location 1550 feet from the South line and 990 feet from the West line (Unit L) of Section 4.

The application has been duly filed under the provisions of Division Rules 104.F and 605.B of the Rules and Regulations of the New Mexico Oil Conservation Division ("Division").

By the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox Basin-Dakota/Blanco-Mesaverde infill gas well location for the San Juan "27-4" Unit Well No. 70-M is hereby approved. All of the aforementioned wells and both spacing units will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico.

Sincerely,

Lori Wrotenbery

Director

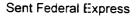
LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec

U. S. Bureau of Land Management - Farmington



SAN JUAN DIVISION



Ms. Lori Wrotenbery, Director New Mexico Cil Conservation Division 2040 South Pacheco Santa Fe, New Mexico 87505

Re:

San Juan 27-4 Unit #70M

1925'FNL, 1040FWL, Section 4, T-27-N, R-4-W, Rio Arriba County, NM

30-039-not assigned

Dear Ms. Wrotenbery:

Burlington Resources is applying for administrative approval of an unorthodox gas well location for both the Mesa Verde and Dakota pools. This application for the referenced location is for topographic reasons, archaeology, and at the request of the Carson National Forest Service.

Production from the Blanco Mesa Verde pool is to be included in a standard 319.2 acre gas spacing and proration unit comprising of the west half (W/2) of Section 4 which is currently dedicated to Burlington's San Juan 27-4 Unit #18 (API 30-039-07171), located at 1096'FSL, 860'FWL of Section 4. Production from the Basin Dakota pool is to be included in a standard 319.2 acre gas spacing and proration unit comprising of the west half (W/2) of Section 4 which is currently dedicated to Burlington's San Juan 27-4 Unit #70 (API 30-039-20719), located at 1550'FSL, 990'FWL of Section 4.

The following attachments are for your review:

Application for Permit to Drill.

2. Completed C-102 at referenced location.

3. Offset operators/owners plat – Burlington is the operator of the unit.

4. 7.5 minute topographic map, and enlargement of the map to define topographic features.

We appreciate your earliest consideration of this application.

rad huld

Sincerely.

Peggy Bradfield

Regulatory/Compliance Administrator

XC:

NMOCD - Aztec District Office

Bureau of Land Management - Farmington District Office

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

1a.	Type of Work	R. Assas Novel			
14.	DRILL	5. Lease Number	_		
	SKILL	SF-08066			
		Unit Reporting N	umber		
		8910010540			
b.	Type of Well	8 91 001054 <i>A</i> 6. If Indian, All. or T			
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2.	Operator	7. Unit Agreement I	lame		
	BURLINGTON		value		
	RESOURCES Oil & Gas Company	ANI 4 / NOS San Juan	27-4 Unit		
	,	July 1 - 1901.	27 4 01110		
3.	Address & Phone No. of Operator	Farm or Lease N	ame		
	PO Box 4289, Farmington, NM 8	San Juan			
		and the second s			
	(505) 326-9700	70M			
.	Location of Well	10. Field. Pool, Wild	icat		
	1925'FNL, 1040'FNL		V/Basin Dk		
		11. Sec., Twn, Rge,	Mer. (NMPM)		
	Latitude 36° $36'$ $40''$, Longitude 107°	O 17' 24" Sec 4,T-	27-N,R-4-W		
		API# 30-039-			
4.	Distance in Miles from Nearest Town	42 Courts	40.04		
••	60 miles to Bloomfield	12. County	13. State		
	oo mireb to bissiieid	RA	NM		
15.	Distance from Proposed Location to Nearest Prop	erty or Lease Line			
	1040'	•			
6.	Acres in Lease	17. Acres Assigned	to Well		
		319.2			
	5.				
8.	Distance from Proposed Location to Nearest Well	, Drlg, Compl, or Applied for on this L	ease		
9.	800'				
J .	Proposed Depth 3632'	20. Rotary or Cable	Tools		
	3032	Rotary			
1.	Elevations (DF, FT, GR, Etc.)	22. Approx. Date W	lask will Start		
	7250'GR	22. Approx. Date W	OIR WIII Start		
3.	Proposed Casing and Cementing Program				
	See Operations Plan attached				
	/ / / / / / / / / / / / / / / / / / / /	,			
4.	Authorized by: / Law Man had had	<u> 5-30.</u>	98		
	Regulatory/Compliance Ad	dministrator Date	·		
ERM	IT NO.	APPROVAL DATE			
	OVED BYTITLE	DAT			

Archaeological Report to be submitted

Threatened and Eindangered Species Report to be submitted NOTE: This format is issued in lieu of U.S. BLM Form 3160-3

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or presentations as to any matter within its jurisdiction.

District I PO Box 1980, Hobbs NM 88241-1980

PO Drawer K.K., Artessa, NM 87211-0719

1000 Rio Brazes Rd., Aztes, NM 87410 District IV

PO Box 2088, Santa Pe, NM 87504-2068

State of New Mexico Energy, Minerale & Natural Resources Department

OIL CONSERVATION DIVISION PO Box 2088 Santa Fe, NM 87504-2088

Form

Revised February 2

Instructions Submit to Appropriate Distric.

State Lease - 4

Fee Lease - 3

AMENDED R

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(R) - SLO Record

OPERATIONS PLAN

Well Name: San Juan 27-4 Unit #70M

Location: 1925' FNL, 1040' FWL Sec 4, T-27-N, R-4-W

Rio Arriba County, NM

Latitude 36° 36′ 40″, Longitude 107° 17′ 24″

Formation: Blanco Mesa Verde/Basin Dakota

Elevation: 7250'GL

Formation Tops:	<u>Top</u>	Bottom	Contents
Surface	San Jose	3 561 '	
Ojo Alamo	3561'	37 34′	aguifer
Kirtland	37 34′	3802 '	
Fruitland	3802'	4155'	gas
Pictured Cliffs	4155'	4262'	gas
Lewis	4262'	4709'	gas
Intermediate TD	4362'		
Huerfanito Bentonite	4709'	51 36′	gas
Chacra	51 36′	5949'	•
Massive Cliff House	5949'	6020'	gas
Menefee	6020'	6319'	gas
Massive Point Lookout	6319'	6885'	gas
Mancos Shale	6 885 ′	7511 ′	-
Gallup	7511'	8292'	gas
Greenhorn	3292'	8 357'	gas
Dakota	3357′		gas
TD (4 1/2"liner)	8632'		-

Logging Program:

Cased hole - CBL - TD to 200' above TCC, GR/CNL across MV/Dk

Mud Program:

Interval	<u>Type</u>	Weight	Vis.	Fluid Loss
0- 200'	Spud	8.4-9.0	40-5 0	no control
200-4362'	LSND	8.4-9.0	30-60	no control
4362-8632'	Gas	n/a	n/a	n/a

Pit levels will be visually monitored to detect gain or loss of fluid control.

Casing Program (as listed, the equivalent, or better):

<u>Hole Size</u>	Depth Interval	<u>Csg.Size</u>		Grade
12 1/4"	0' - 200'	9 5/8"	32.3=	WC-50
8 3/4"	0' - 4362'	7 ''	20.0=	J-55
6 1/4"	4262' - 8632'	4 1/2"	10.5=	J-55

Tubing Program:

0' - 8632' 2 3/8" 4.70= EUE

BOP Specifications, Wellhead and Tests:

Surface to Intermediate TD -

11" 2000 psi minimum double gate BOP stack Reference Figure #1). After nipple-up prior to drilling out surface casing, rams and casing will be tested to 600 psi for 30 minutes.

Intermediate TD to Total Depth -

11" 2000 psi minimum double gate BOP stack Reference Figure #1). After nipple-up prior to drilling out intermediate casing, rams and casing will be tested to 1500 psi for 30 minutes.

Surface to Total Depth -

2" nominal, 2000 ps: minimum choke manifold (Reference Figure #3).

Completion Operations -

7 1/16" 2000 psi double gate BOP stack (Reference Figure #2). After nipple-up prior to completion, pipe rams, casing and liner top will be tested to 2000 psi for 15 minutes.

Wellhead -

9 5/8" x 7" x 2 3/8" x 3000 psi tree assembly.

General -

- Pipe rams will be actuated once each day and blind rams will be actuated once each trip to test proper functioning.
- An upper kelly cock valve with handle available and drill string valves to fit each drill string will be available on the rig floors at all times.
- BOP pit level drill will be conducted weekly for each drilling crew
- All BOP tests and drills will be recorded in daily drilling reports.
- Blind and pipe rams will be equipped with extension hand wheels.

Cementing:

9 5/8" surface casing - cement with 163 sx Class "B" cement with 1/4# flocele/sx and 2% calcium chloride (188 cu.ft. of slurry, 200% excess to circulate to surface). WOC 8 hrs. Test casing to 600 psi for 30 minutes.

7

Saw tooth guide shoe on bottom. Bowspring centralizers will be run in accordance with Onshore Order #2.

7" intermediate casing -

Lead w/360 sx Class "B" w/3% metasilicate, 10# gilsonite/sx and 1/2# flocele/sx. Tail w/90 sx 50/50 Class "B" Poz w/2% calcium chloride, 2% gel, 1/2# flocele/sx, 10# gilsonite/sx (1147 cu.ft. of slurry, 75% excess to circulate to surface.) WOC minimum of 8 hours before drilling out intermediate casing. If cement does not circulate to surface, a CBL will be run during completion operations to determine TOC. Test casing to 1500 psi for 30 minutes.

Cement nose guide shoe on bottom with float collar spaced on top of shoe joint. Bowspring centralizers spaced every other joint off bottom, to the base of the Ojo Alamo at 3734'. Two turbolating centralizers at the base of the Ojo Alamo at 3734'. Bowspring centralizers spaced every fourth joint from the base of the Ojo Alamo to the base of the surface casing.

4 1/2" Production Liner -

Cement to cover minimum of 100' of 4 1/2" x 7" overlap. Cement with 472 sx 50/50 Class "B" Poz with 2% gel, 1/4# flocele/sx, 5# gilsonite/sx, and 0.4% fluid loss additive (628 cu.ft., 40% excess to cement 4 1/2" x 7" overlap). WOC a minimum of 18 hrs prior to completing.

Cement float shoe on bottom with float collar spaced on top of shoe joint.

Note: To facilitate higher hydraulic stimulation completion work, no liner hanger will be used. Instead, a long string of 4 1/2" casing will be run and cemented with a minimum of 100' of cement overlap between the 4 1/2" x 7" casing strings. After completion of the well, a 4 1/2" CIBP will be set above the last fracturing job to cut and pull the 4 1/2" casing above the 7" casing shoe. The 4 1/2" bridge plug will then be milled and tubing will be run for completion.

Special Drilling Operations (Gas/Mist Drilling):

The following equipment will be operational while gas/mist drilling:

- An anchored blooie line will be utilized to discharge all cuttings and circulating medium to the blow pit a minimum of 100' from the wellhead.
- The bloose line will be equipped with an automatic igniter or pilot light.
- Compressors will be located a minimum of 100' from the wellhead in the opposite direction from the blooie line.
- Engines will have spark arresters or water cooled exhaust.
- Deduster equipment will be utilized.
- The rotating head will be properly lubricated and maintained.
- A float valve will be utilized above the bit.
- Mud circulating equipment, water, and mud materials will be sufficient to maintain control of the well.

Additional Information:

- The Dakota and Mesa Verde formations will be completed and commingled.
- No abnormal temperatures or hazards are anticipated.
- Anticipated pore pressures are as follows:

Fruitland Coal 800 psi Pictured Cliffs 800 psi Mesa Verde 700 psi Dakota 2500 psi

- Sufficient LCM will be added to the mud system to maintain well control, if lost circulation is encountered.
- The west half is dedicated to the Dakota and the Mesa Verde in this well.

• This das is dedicated.

Drilling Engine

5/5/98 Date

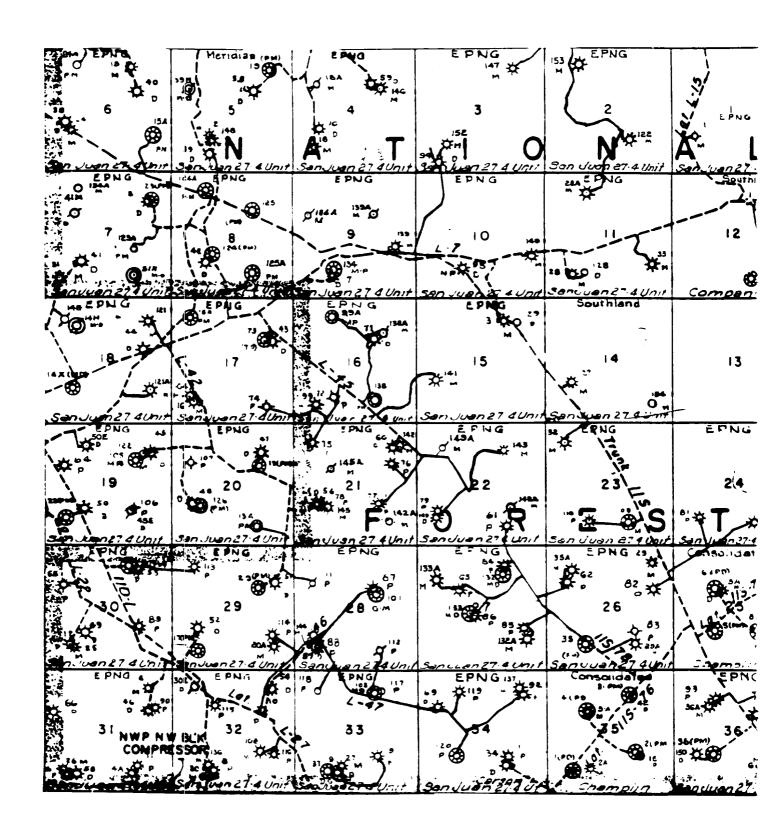


- 1. Existing Roads Refer to Map No. 1. Existing roads used to access the proposed location will be properly maintained for the duration of the project. Bureau of Land Management right-of-way has been applied for as shown on Map No. 1.
- 2. Planned Access Road Refer to Map No. 1. None required.
- 3. Location of Existing Wells Refer to Map No. 1A.
- 4. Location of Existing and/or Proposed Facilities if Well is Productive
 - a. On the Well Pad Refer to Plat No. 1, anticipated production facilities plat.
 - b. Off the Well Pad Anticipated pipeline facilities as shown on the attached plat from Williams Field Service.
- 5. Location and Type of Water Supply Water will be hauled by truck for the proposed project and will be obtained from San Juan 27-5 Water Well #1 located NE/4 Section 3, T-27-N, R-5-W, New Mexico.
- 6. Source of Construction Materials If construction materials are required for the proposed project, such materials will be obtained from a commercial quarry.
- 7. Methods of Handling Waste Materials All garbage and trash materials will be removed from the site for proper disposal. A portable toilet will be provided for human waste and serviced in a proper manner. If liquids are left in the reserve pit after completion of the project, the pit will be fenced until the liquids have had adequate time to dry. The location clean-up will not take place until such time as the reserve pit can be properly covered over to prevent run-off from carrying waste materials into the watershed. Reserve pits will be lined as needed with either 12 mil bio-degradable plastic liner or a bentonite liner. All earthen pits will be so constructed as to prevent leakage from occurring; no earthen pit will be located on natural drainage. Generation of hazardous waste is not anticipated. Federal regulations will be adhered to regarding handling and disposal of such waste if so generated.
- 8. Ancillary Facilities None anticipated.
- 9. Wellsite Layout Refer to the location diagram and to the wellsite cut and fill diagram (Figure No. 4). The blow pit will be constructed with a 2'/160' grade to allow positive drainage to the reserve pit and prevent standing liquids in the blow pit.

- 10. Plans for Restoration of the Surface After completion of the proposed project, the location will be cleaned and leveled. The location will be left in such a condition that will enable reseeding operations to be carried out. Seed mixture as designated by the responsible government agency will be used. The reseeding operations will be performed during the time period set forth by the responsible government agency. The permanent location facilities will be painted as designated by the responsible government agency.
- 11. Surface Ownership Carson National Forest
- 12. Other Information Environmental stipulations as outlined by the responsible government agency will be adhered to. Refer to the archaeological report for a description of the topography, flora, fauna, soil characteristics, dwellings, historical and cultural sites.
- 13. Operator's Representative and Certification Burlington Resources Oil & Gas Company Regional Drilling Manager, Post Office Box 4289, Farmington, NM 87499, telephone (505) 326-9700. I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist: that the statements made in this plan, are to the best of my knowledge, true and correct: and that the work associated with the operations proposed herein will be performed by Burlington Resources Oil and Gas Company and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

Regulatory/Compliance Administrator

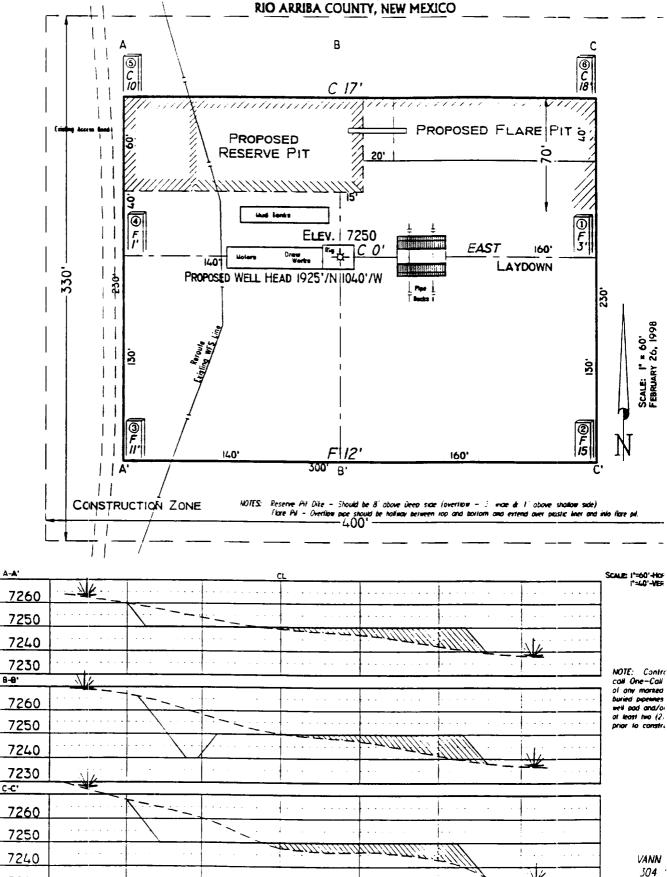
Date



MERIDIAN OIL INC.
Pipeline Map
T-27-N, R-04-W
Rio Arriba County, New Mexico
San Juan 27-4 Unit = 70M
Map 1A

PAD LAYOUT PLAN & PROFILE BURLINGTON RESOURCES OIL & GAS COMPANY SAN JUAN 27-4 UNIT 70M 1925' F/NL 1040' F/WL

SEC. 4, T27N, R4W, N.M.P.M.



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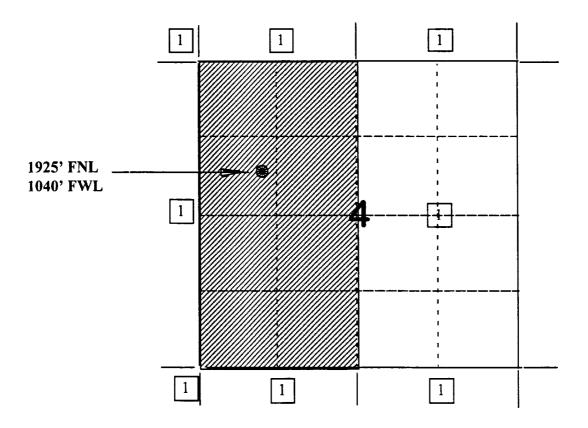
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BURLINGTON RESOURCES OIL AND GAS COMPANY

San Juan 27-4 Unit #70M OFFSET OPERATOR/OWNER PLAT Nonstandard Location Mesaverde / Dakota Formations Well

Township 27 North, Range 4 West



1) Burlington Resources

