



NEW MEXICO ENERGY, MINERALS and *Aztec* NATURAL RESOURCES DEPARTMENT

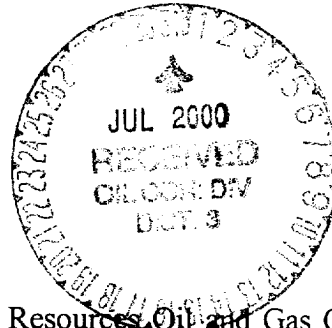
GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

July 28, 2000

Lori Wrotenbery
Director
Oil Conservation Division

Burlington Resources Oil and Gas Company
P. O. Box 4289
Farmington, New Mexico 87499-4289

Attention: Peggy Cole



SH

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, as amended, by Division Order No. R-10987-B, for the San Juan "27-4" Unit Well No. 16-M (API No. 30-039-26379) to be drilled 2545 feet from the North line and 2250 feet from the West line (Unit F) of Section 17, Township 27 North, Range 4 West, NMPM, Rio Arriba County, New Mexico.

Dear Ms. Cole:

I, along with the Division's Aztec district office, have reviewed the subject application and the records of the New Mexico Oil Conservation Division ("Division") concerning this matter, please be advised that:

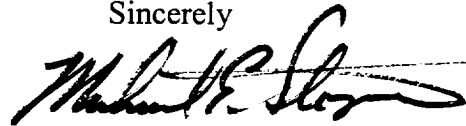
- (1) with the inception of Division Order No. R-10987-B, issued in Case No. 12290 and dated June 30, 2000, most operators have been given an additional 28.10 acres on the surface within a single quarter section to locate Dakota gas wells at a location considered to be standard;
- (2) in instances where a single wellbore is to be utilized in more than one producing horizon, the operator is expected to drill that well at a location considered to be standard for all intended zones and not just one of the intended formations with the expectation that this is reason enough for approval;
- (3) from the information provided, there appear to be areas within the 120 acres comprising the NE/4 NW/4 and S/2 NW/4 of Section 17 that adequately meets both the geological and topographical perimeters necessary for drilling at a standard Dakota gas well location; and
- (4) upon closer observation of this application, drainage within Section 17 in both reservoirs are at risk of being inadequately or partially drained by this wellbore's placement within the middle of undeveloped partials.

This application is hereby **denied** and is being returned to you at this time.

As a reminder our pool rules are serious matters for the purpose of orderly development of New Mexico's valuable oil and gas resources. It is very easy to get into a mode of thinking that considers these rules as minor inconveniences and applications for exceptions as "open and shut" issues. Since the primary objective of the recent amendments to all location requirements in the San Juan Basin (see Division Rule 104 and Division Orders No. R-10987-A and R-8768-B) were to grant operators increased flexibility in locating wells and to decrease the number of applications for unorthodox locations, all future location exceptions will require substantial justification, *i.e.*, unusual circumstances.

Thank you for your understanding, cooperation, and continued support in making this newly improved portion of New Mexico's conservation rules a meaningful success.

Sincerely



Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division – Aztec
U. S. Bureau of Land Management - Farmington
Ms. Lori Wrotenbery, Director - NMOCD, Santa Fe
Kathy Valdes, NMOCD – Santa Fe
W. Thomas Kellahin, Legal Counsel for Burlington - Santa Fe

DATE IN 7/25/00	SUPPENSE 8/14/00	ENGINEER MS	LOGGED KW	TYPE NSL
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

[NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
[DD-Directional Drilling] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Directional Drilling

X NSL NSP DD SD

Check One Only for [B] and [C]

[B] Commingling - Storage - Measurement

DHC CTB PLC PC OLS OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

WFX PMX SWD IPI EOR PPR

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

[A] Working, Royalty or Overriding Royalty Interest Owners

[B] Offset Operators, Leaseholders or Surface Owner

[C] Application is One Which Requires Published Legal Notice

[D] X Notification and/or Concurrent Approval by BLM or SLO

U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] For all of the above, Proof of Notification or Publication is Attached, and/or,

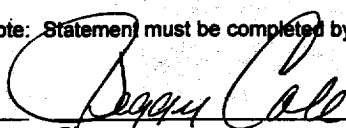
[F] Waivers are Attached

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

Peggy Cole



Regulatory/Compliance Administrator

Print or Type Name

Signature

Title

Date

BURLINGTON RESOURCES

SAN JUAN DIVISION

7-28-00

Sent Federal Express July 24, 2000

Mr. Michael Stogner
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Re: San Juan 27-4 Unit #16M
2545'FNL, 2255'FWL Section 17, T-27-N, R-4-W, Rio Arriba County
30-039-26379

Dear Mr. Stogner:

Burlington Resources is applying for administrative approval of an unorthodox gas well location for the Basin Dakota. This well is planned as a Blanco Mesaverde/Basin Dakota commingled well. The referenced footage is a standard location for the Mesaverde by Order R-10987A dated February 3, 1999.

This location is staked for the maximum drainage ellipse for the Mesaverde due to the interpreted gas drainage pattern of offset Mesaverde producers as presented in the attached discussion. The presence of Companero Arroyo and pipelines, the minimization of new surface disturbance for the access road, and the presence of archaeology also are factors in the wellsite selection.

Production from the both the Mesaverde and Dakota pool is to be included in a 320 acre gas spacing and proration unit for the west half (W/2) in Section 17. Order DHC-2684 was received to commingle production from the Dakota and Mesaverde.

The following attachments are for your review:

- Application for Permit to Drill
- Completed C-102 at referenced location.
- Offset operators/owners plat - Burlington is the operator of the San Juan 27-4 Unit
- Topographic map
- Geologic explanation and map

Burlington Resources believes there are no correlative rights issues because the encroachment is toward federal unit property. The San Juan 27-4 Unit #16M well is offset by San Juan 27-4 Unit acreage and Burlington is the operator of the San Juan 27-4 Unit.

Sincerely,


Peggy Cole
Regulatory Supervisor

xc: NMOCD - Aztec District Office
Bureau of Land Management

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work DRILL	5. Lease Number SF-080669 Unit Reporting Number DK-8910010540 MV-891001054A
1b. Type of Well GAS	6. If Indian, All. or Tribe
2. Operator BURLINGTON RESOURCES Oil & Gas Company	7. Unit Agreement Name San Juan 27-4 Unit
3. Address & Phone No. of Operator PO Box 4289, Farmington, NM 87499 (505) 326-9700	8. Farm or Lease Name San Juan 27-4 Unit 9. Well Number 16M
4. Location of Well 2545' FNL, 2255' FWL Latitude 36° 34.4, Longitude 107° 16.5	10. Field, Pool, Wildcat Blanco MV/Basin DK 11. Sec., Twn, Rge, Mer. (NMPM) Sec. 17, T-27-N, R-4-W API # 30-039-26379
14. Distance in Miles from Nearest Town 16 miles from Gobernador	12. County Rio Arriba
15. Distance from Proposed Location to Nearest Property or Lease Line 2255'	13. State NM
16. Acres in Lease	17. Acres Assigned to Well 320 W/2
18. Distance from Proposed Location to Nearest Well, Drig, Compl, or Applied for on this Lease 2000'	
19. Proposed Depth 8050'	20. Rotary or Cable Tools Rotary
21. Elevations (DF, FT, GR, Etc.) 6804' GR	22. Approx. Date Work will Start
23. Proposed Casing and Cementing Program See Operations Plan attached	DRILLING OPERATIONS AUTHORIZED ARE SUBJECT TO COMPLIANCE WITH ATTACHED "GENERAL REQUIREMENTS"
24. Authorized by: <u>[Signature]</u> Regulatory/Compliance Administrator	<u>2-19-00</u> Date

PERMIT NO. APPROVAL DATE
APPROVED BY [Signature] TITLE Per Eng DATE 5/22/00

Archaeological Report to be submitted

Threatened and Endangered 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.

OPERATOR

District I
PO Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

District II
PO Drawer 00, Artesia, NM 88211-0719

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

District III
1000 Rio Brazos Rd., Aztec, NM 87410

☐ AMENDED REPORT

District IV
PO Box 2088, Santa Fe, NM 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number		*Pool Code		*Pool Name	
*Property Code		*Property Name SAN JUAN 27-4 UNIT			*Well Number 16M
*OGRID No.		*Operator Name BURLINGTON RESOURCES OIL & GAS COMPANY			*Elevation 6804'

10 Surface Location

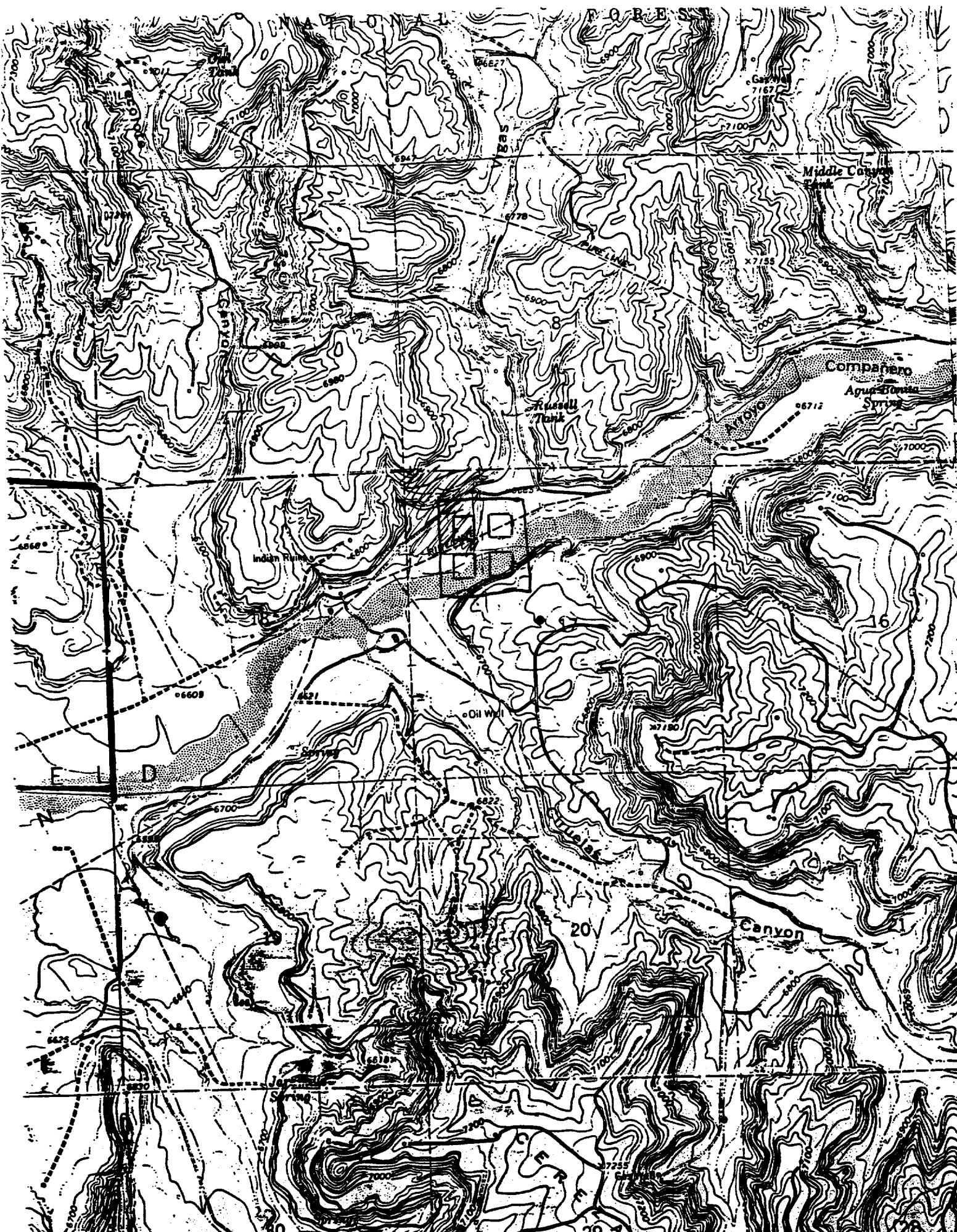
UL or lot no.	Section	Township	Range	Lot 1/4	Feet from the	North/South line	Feet from the	East/West line	County
F	17	27N	4W		2545	NORTH	2255	WEST	RIO ARriba

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot 1/4	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acres		13 Joint or Drift		14 Consolidation Code		15 Order No.			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

		<h3>17 OPERATOR CERTIFICATION</h3> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature _____</p> <p>Printed Name _____</p> <p>Title _____</p> <p>Date _____</p> <h3>18 SURVEYOR CERTIFICATION</h3> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.</p> <p>NOVEMBER 17, 1999</p> <p>Date of Survey _____</p> <p>Signature and Seal _____</p> <p>Certificate No. 6857</p>
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Proposed San Juan 27-4 Unit Well Number 16M
2545' FNL & 2255' FWL
Section 17, T27N, R4W
Rio Arriba County, New Mexico
Blanco Mesaverde/Basin Dakota Pool
Estimated TD 8050'

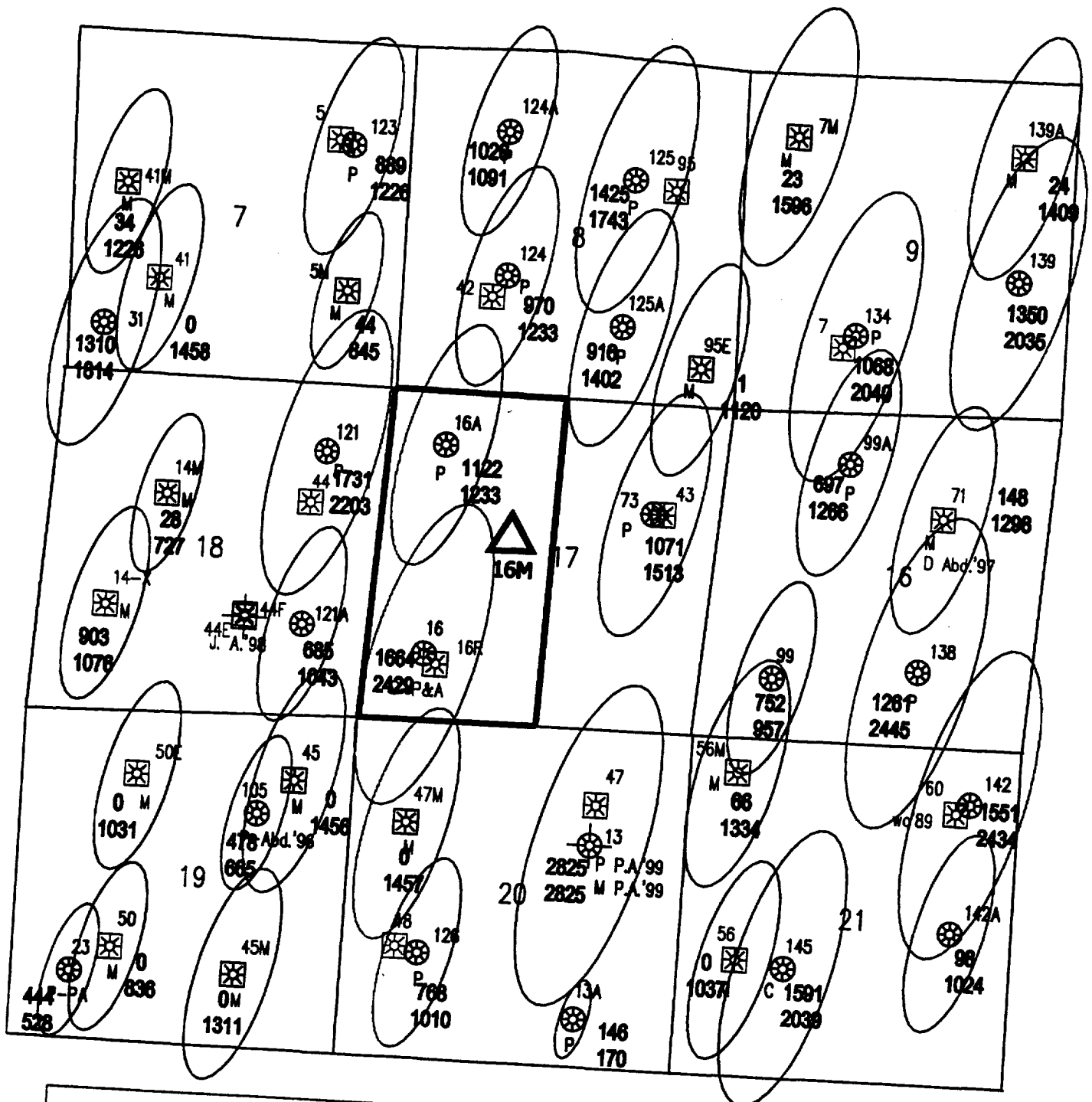
The location of the proposed test was selected to optimize recovery from the Mesaverde Group. The primary control on productivity in the Mesaverde is the density of natural fractures. Fracture orientation ranges from due north to north 30 degrees east. Gas drainage areas are elliptical in shape with the long axis parallel to the direction of fracture orientation. A drainage ellipse map of the project vicinity indicates that undeveloped gas reserves remain to be exploited in the E/2NW/4 of Section 17, T27N, R4W. The drainage ellipse map is based upon data derived from a larger study of the entire Blanco Mesaverde Pool (estimated ultimate recovery calculated for all wells in the Blanco Mesaverde Pool, original gas in place values calculated for entire Blanco Mesaverde Pool, etc.). Gross recoverable reserves of 1.4 BCFG are projected from the Mesaverde producing interval for the proposed test.


The San Juan 27-4 Unit 16M is staked near the eastern limit of the orthodox Mesaverde window in the E/2NW/4 of Section 17 to avoid drainage area overlap with the San Juan 27-4 Unit 16A, located in the NW/4NW/4 of Section 17, T27N, R4W, and the San Juan 27-4 Unit 16 located in the SW/4SW/4 of Section 17, T27N, R4W. Staking the San Juan 27-4 Unit 16M as far east as it is in an orthodox Mesaverde location causes the test to be non standard in the Dakota. A test located at the proposed footages is expected to be geologically comparable in the Dakota with a test located at any standard Dakota location in the E/2NW/4 of Section 17.

San Juan 27-4 Unit #16M

Blanco Mesaverde / Basin Dakota

27N - 4W - 17



 27-4 #16M
Proposed Location

 27-4 #16M
Spacing Unit

 CUM
EUR

 Drainage Area
(Based on EUR)