



State of New Mexico
OIL CONSERVATION COMMISSION

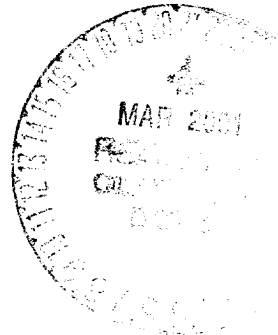
3-19-01

From

MICHAEL E. STOGNER
PETROLEUM ENGINEER

Memo

To Charles Perrin



Attached is a copy of a Burlington
NSL application and my initial
response. I really don't expect they
will take the hint and move the
location; therefore, your comments
about the requested location is
appreciated. Thanks.

P.O. BOX 2088
LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
505-827-5811

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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

DATE 2/22/01	SUPERSEDE 3/14/01	ENGINEER MS	LOGGED IN RV	TYPE NSL	APP NO 105430303
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [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 - Simultaneous Dedication
☒ NSL ☐ NSP ☐ SD

Check One Only for [B] or [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] ☒ 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 - Certification

I hereby certify that I, or personnel under my supervision, have reviewed the 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 (including API numbers, pool codes, etc.), pertinent information and any required notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Peggy Cole

Print or Type Name

Signature

Regulatory Supervisor 2-21-01

Title

Date

pbradfield@br-inc.com
 e-mail Address

BURLINGTON RESOURCES

SAN JUAN DIVISION

Sent Federal Express

Mr. Michael Stogner
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87504

Re: San Juan 27-4 Unit #54M
1940'FSL, 100'FEL Section 32, T-27-N, R-4-W, Rio Arriba County
30-039-26455

Dear Mr. Stogner:

Burlington Resources is applying for administrative approval of an unorthodox gas well location for the Basin Dakota. This location is at the request of the Carson National Forest due to extremely rough terrain. This well is planned as a Mesaverde and Dakota commingled completion; and will be the infill well for the Dakota, and the third Mesaverde well in this proration unit. Order DHC-2683 has been received to commingle the Mesaverde and Dakota production.

Production from the Mesaverde is to be included in a 320 acre gas spacing and proration unit for the east half (E/2) of Section 32 and is to be dedicated to the San Juan 27-4 Unit #54 (API # 30-039-20141) located at 810'FNL, 910'FEL of Section 32 and the San Juan 27-4 Unit #108 (API # 30-039-22375) located at 1810'FSL, 1580'FEL of Section 32. Production from the Dakota is to be included in a 320 acre gas spacing and proration unit for the east half (E/2) of Section 32 and is to be dedicated to the San Juan 27-4 Unit #54 (API # 30-039-20141) located at 810'FNL, 910'FEL of Section 32.

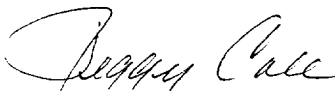
The following attachments are for your review:

- Application for Permit to Drill
- Completed C-102 at referenced location.
- Offset operators/owners plat
- Topographic map
- Geologic map and explanation

Burlington Resources believes there are no correlative rights issues because the encroachment is toward federal unit property. Both the Mesaverde and Dakota are in the participating areas of the San Juan 27-4 Unit.

Please let me know if you have any questions about this application.

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-080670 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 54M
4. Location of Well 1940' FSL, 100' FEL Latitude 36° 31.7, Longitude 107° 15.9	10. Field, Pool, Wildcat Blanco MV/Basin DK 11. Sec., Twn, Rge, Mer. (NMPM) Sec. 32, T-27-N, R-4-W API # 30-039-26455
14. Distance in Miles from Nearest Town 18 miles from Gobernador	12. County Rio Arriba 13. State NM
15. Distance from Proposed Location to Nearest Property or Lease Line 100'	17. Acres Assigned to Well 320 E/2 ✓
16. Acres in Lease	
18. Distance from Proposed Location to Nearest Well, Drig, Compl, or Applied for on this Lease 700'	
19. Proposed Depth 8182' - This action is subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4.	20. Rotary or Cable Tools Rotary
21. Elevations (DF, FT, GR, Etc.) 6960' 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>Judy Case</u> Regulatory/Compliance Administrator	<u>2-23-00</u> Date

PERMIT NO. _____ APPROVAL DATE MAY 24 2000
APPROVED BY /s/ Jim Lovato TITLE _____ DATE _____

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.

HOLD COPY FOR _____

NSL for Basin Data

Drawer II
Drawer DD, Artesia, NM 88211-0719

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

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

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-039-		Pool Code 72319/71599	Pool Name Blanco Mesaverde/Basin Dakota
Property Code 7452	Property Name SAN JUAN 27-4 UNIT		Well Number 54M
OGRID No. 14538	Operator Name BURLINGTON RESOURCES OIL & GAS COMPANY		Elevation 6960'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot 10n	Feet from the	North/South line	Feet from the	East/West line	County
I	32	27N	4W		1940	SOUTH	100	EAST	RIO ARriba

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot 10n	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres MV-E/320 DK-E/320	Joint or Infill	Consolidation Code	Order No.
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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

5280.00'	5266.80'	32	NMSF-080670	5280.00'	100'	1940'	17 OPERATOR CERTIFICATION
							<p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Peggy Cole</i> Signature Peggy Cole Printed Name Regulatory Administrator Title 2-23-00 Date</p>
5280.00'	5280.00'	32	NMSF-080670	5280.00'	100'	1940'	18 SURVEYOR CERTIFICATION
							<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>DECEMBER 14, 1999 Date of Survey Signature and Seal NEALE C. EDWARDS NEW MEXICO 6857 Certificate Number 6857</p>

BURLINGTON RESOURCES OIL AND GAS COMPANY

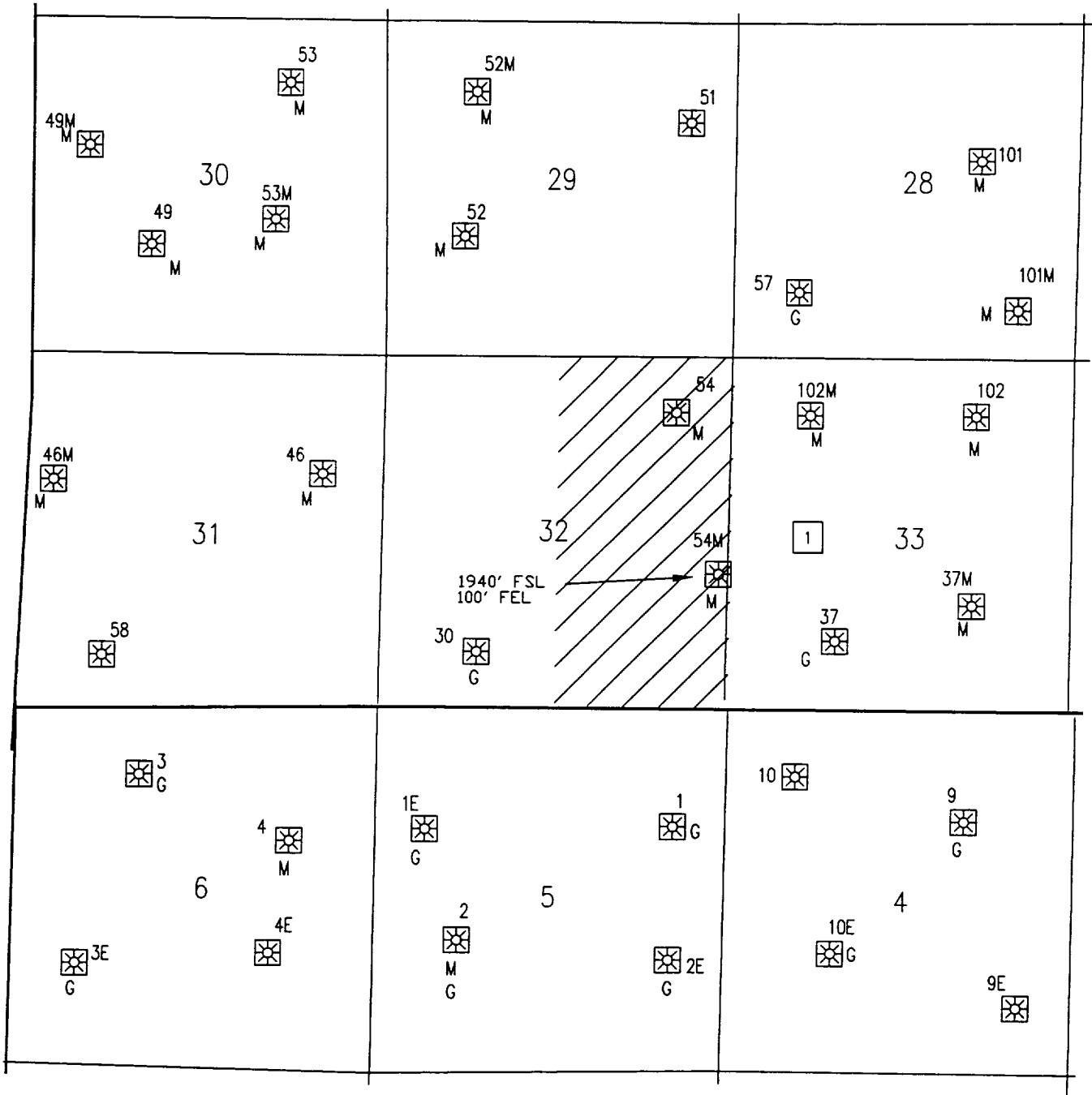
San Juan 27-4 Unit #54M

Section 32, T-27-N, R-4-W

OFFSET OPERATOR/OWNER PLAT

Nonstandard Location

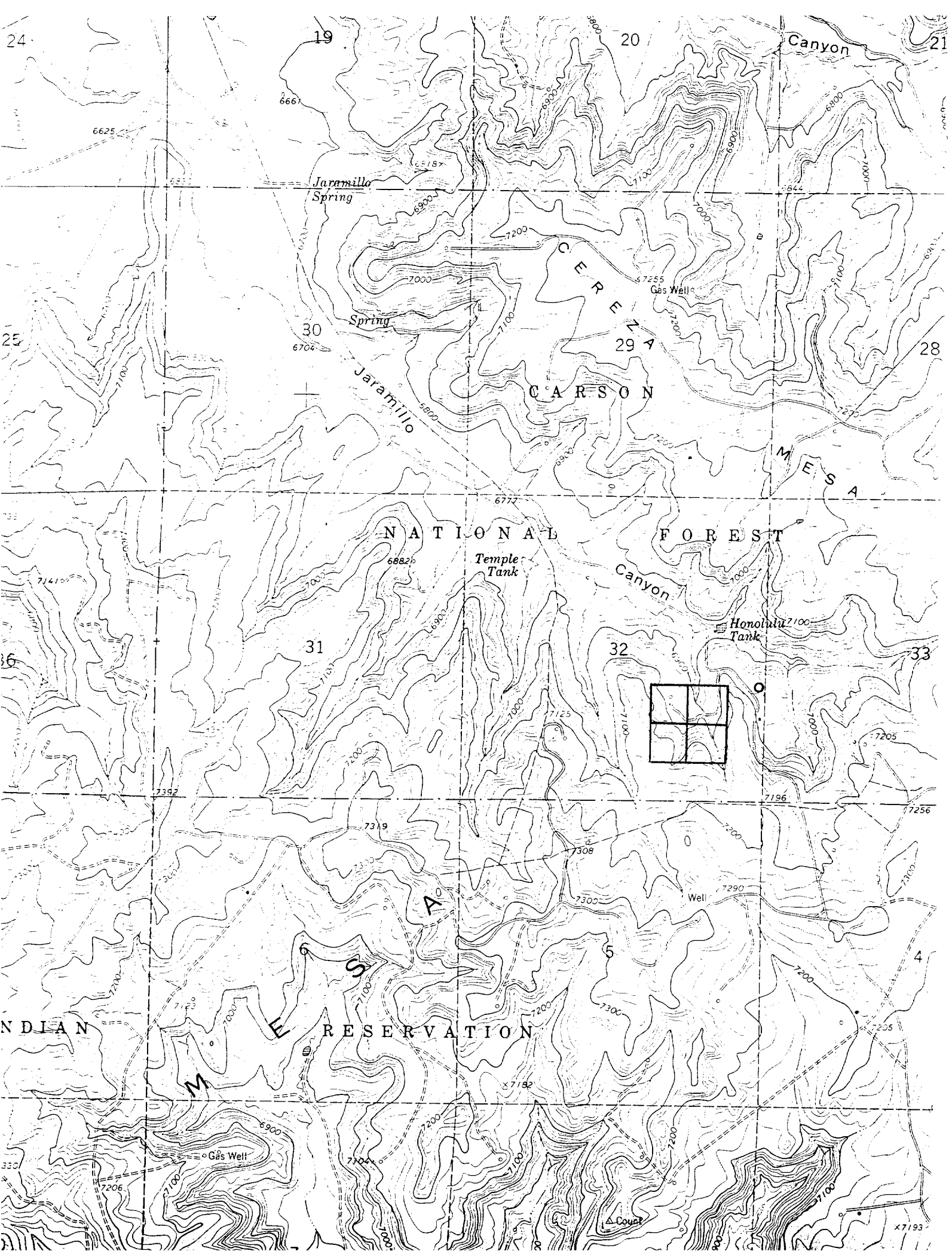
Dakota Formation Well



1 Burlington Resources – operator of the San Juan 27-4 Unit



Proposed Well



Proposed San Juan 27-4 Unit Well Number 54M
1940' FSL & 100' FEL
Section 32, T27N, R4W
Rio Arriba County, New Mexico
Blanco Mesaverde/Basin Dakota Pool
Estimated TD 8182'

The Mesaverde spacing unit for the San Juan 27-4 Unit 54M is the E/2 of Section 32-T27N-R4W. The proposed test is staked at a standard Mesaverde gas well location within the spacing unit, and will be the third Mesaverde well completed in the 320-acre spacing unit. 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 by the 54M in the E/2SE/4 of Section 32-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.).

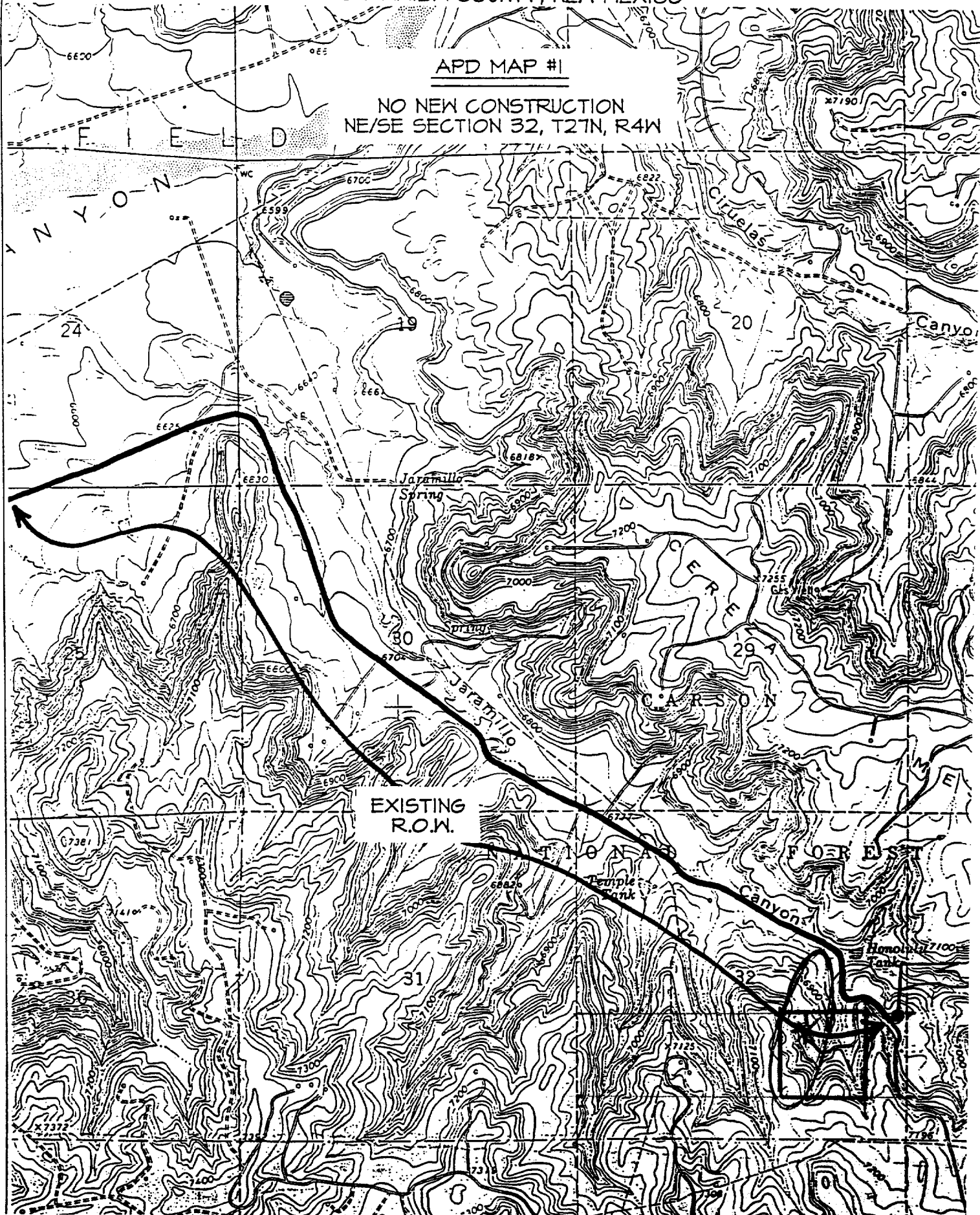
The Dakota spacing unit for the San Juan 27-4 Unit 54M is the E/2 of Section 32-T27N-R4W. The proposed test located in the SE/4 of Section 32 will be the second Dakota well completed in the 320-acre spacing unit. Exact placement of the well within the SE/4 of the section was not viewed as critical to success of the new drill project in the Dakota. The proposed test is staked at a non-standard Dakota gas well location within the spacing unit. Every effort was made to locate the San Juan 27-4 Unit 54M at a standard Dakota gas well location in the E/2SE/4 of Section 32 that would also not create significant Mesaverde drainage area overlap with the San Juan 27-4 Unit 108, located in the NW/4SE/4 of Section 32, T27N, R4W. Unfortunately, it was not possible to find such a surface location due to topographic restrictions. 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/2SE/4 of Section 32.

BURLINGTON RESOURCES OIL & GAS COMPANY SAN JUAN 27-4 UNIT #54M

1940' FSL & 100' FEL, SECTION 32, T27N, R4W, N.M.P.M.
RIO ARriba COUNTY, NEW MEXICO

APD MAP #1

NO NEW CONSTRUCTION
NE/SE SECTION 32, T27N, R4W



San Juan 27-4 Unit #54M
Blanco Mesaverde / Basin Dakota
27N - 4W - 32

