

BURLINGTON RESOURCES

San Juan Division

December 11, 2006

Sent Overnight UPS

New Mexico Oil Conservation Division
NSL Examiner
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

(ADL-5544)

Re: McGrath #35 (LOT 2)
Unit B (NWNE) 165' FNL & 1505' FEL
Section 3, T29N, R12W, San Juan, New Mexico
API # - 30-045-33580

Dear Sir:

Burlington Resources proposes to drill the above reference well as a standalone well in the Fruitland Coal and is applying for administrative approval of an unorthodox gas well location for the Basin Fruitland Coal formation.

The subject well was originally staked at a standard location, but was restaked 165' FNL & 1505' FEL, Sec. 3, T29N, R12W, San Juan County. The reason the well was restaked non-standard was because the surface owner is subdividing the property located within the legal spacing window for Basin Fruitland Coal. This well is considered non-standard per Order # R-11231. This property is being subdivided for residential lots and the area the well is currently staked at has a natural bermed area that would serve as a natural sound abatement and make the well site less visually obtrusive. Consequently, this location was staked non-standard for the Fruitland Coal formation, to accommodate the surface owner's request.

To comply with the New Mexico Oil Conservation Division rules, we are submitting the following for your approval of this non-standard location:

- > Approved application for Permit to Drill. moved sundry and C102 at referenced location
- > Offset operator plat
- > 9 section plat
- > Topography plat of Section 3

Production from the Fruitland Coal is included in the 319.860 acre gas spacing unit, the east half dedication of Section 3, T29N, R12W.

Burlington Resources is the offset operator and has 100% Working Interest Ownership of the encroached section, Sec. 34, T30N, R12W, therefore no notification is necessary. Please call me at 505-326-9518 if you have questions.

Sincerely Yours



Patsy Clugston
Sr. Regulatory Specialist

District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-101
Permit 22971

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address BURLINGTON RESOURCES OIL & GAS COMPANY LP 3401 E. 30TH ST FARMINGTON, NM 87402		2. OGRID Number 14538
4. Property Code 7308		3. API Number 30-045-33580
5. Property Name MCGRATH		6. Well No. 003S

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
B	3	29N	12W	2	660	N	1500	E	SAN JUAN

8. Pool Information

BASIN FRUITLAND COAL (GAS)	71629
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Additional Well Information

9. Work Type New Well	10. Well Type GAS	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 5839
14. Multiple N	15. Proposed Depth 2133	16. Formation Fruitland Coal	17. Contractor	18. Spud Date
Depth to Ground water 100		Distance from nearest fresh water well > 1000		Distance to nearest surface water > 1000
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 _____ mils thick Clay <input type="checkbox"/> Pit Volume: 240 _____ bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

19. Proposed Casing and Cement Program

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	8.75	7	20	120	42	0
Prod	6.25	4.5	10.5	2133	186	0

Casing/Cement Program: Additional Comments

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Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	2000	2000	Schafer

I hereby certify that the information given above is true and complete to the best of my knowledge and belief.
 I further certify that the drilling pit will be constructed according to NMOCD guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Printed Name: Electronically filed by Joni Clark
 Title: Specialist
 Email Address: jclark@br-inc.com
 Date: 2/7/2006 | Phone: 505-326-9701

OIL CONSERVATION DIVISION

Approved By: Charlie Perrin

Title: District Supervisor

Approved Date: 2/13/2006

Expiration Date: 2/13/2007

Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103
March 4, 2004

WELL API NO.

30-045-33580

5. Indicate Type of Lease

STATE ☐ FEE ☒

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name

McGrath

8. Well Number

#3S

9. OGRID Number

14538

10. Pool name or Wildcat

Basin Fruitland Coal - 71629

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:

Oil Well ☐ Gas Well ☒ Other

2. Name of Operator

Burlington Resources Oil & Gas Company LP

3. Address of Operator

P.O. Box 4289, Farmington, NM 87499-4289

4. Well Location

Unit Letter B : 165 feet from the North line and 1505' feet from the East line

Section 3 Township 29N Range 12W NMPM San Juan County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)

5812' GL

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐

TEMPORARILY ABANDON ☐ CHANGE PLANS ☐

PULL OR ALTER CASING ☐ MULTIPLE COMPLETION ☐

OTHER: Location Moved

☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐

CASING TEST AND CEMENT JOB ☐

OTHER:

☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

At the surface owner's request the subject well was moved north and slightly west of the original location. Burlington Resources will be applying for a NSL for the revised location.

The OLD location was 660' FNL & 1500' FEL, the NEW location is 165' FNL & 1505' FEL. The new plat is attached.

Hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Patsy Clugston TITLE Regulatory Specialist DATE 10/30/06

Type or print name Patsy Clugston E-mail address: pclugston@br-inc.com Telephone No. 505-326-9518

(This space for State use)

HOLD C104 FOR NSL

APPROVED BY [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #3 DATE OCT 31 2006

Conditions of approval, if any:

B

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

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

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

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

State of New Mexico
Energy, Minerals & Natural Resources Department

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-045- 33580		Pool Code 71629	Pool Name Basin Fruitland Coal
Property Code 7308	Property Name McGRATH		Well Number 3S
DGRID No. 14538	Operator Name BURLINGTON RESOURCES OIL & GAS COMPANY		Elevation 5812'

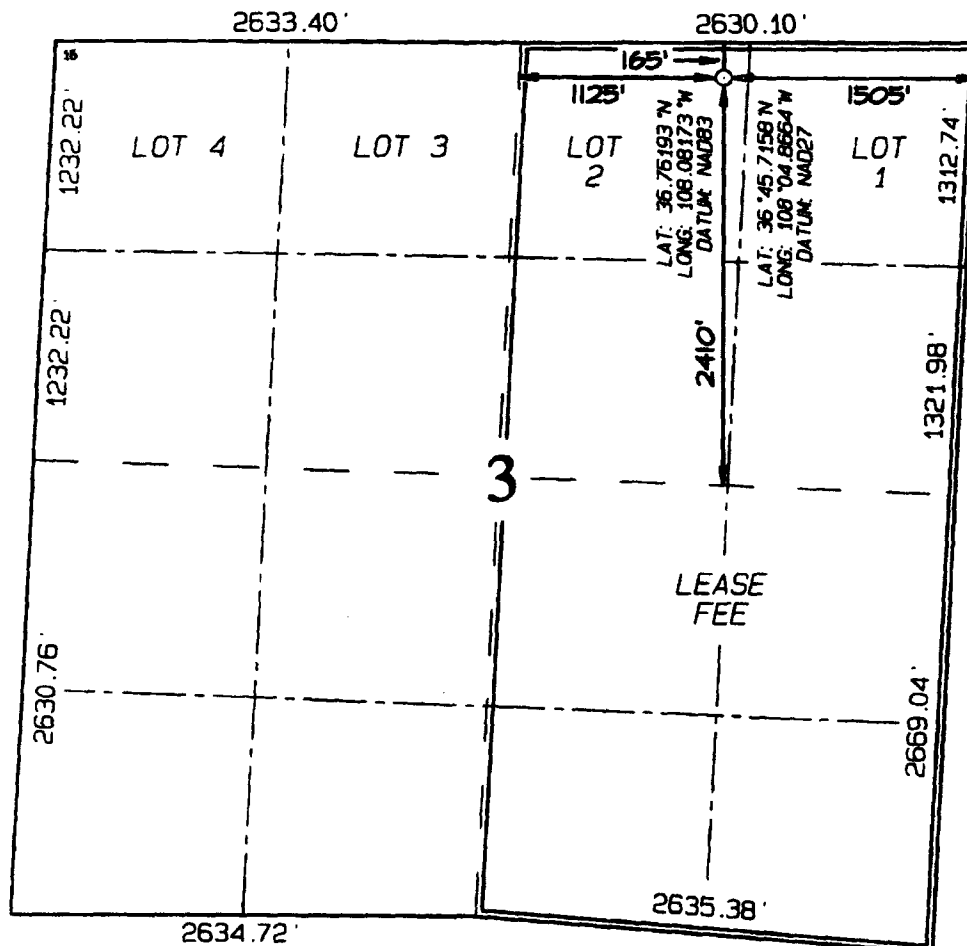
¹⁰ Surface Location

UL or lot no. B	Section 3	Township 29N	Range 12W	Lot Idn	Feet from the 165	North/South line NORTH	Feet from the 1505	East/West line EAST	County SAN JUAN
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no. B	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 319.860 E2					Joint or Infill	Consolidation Code	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



¹² OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Amanda Sanchez
Signature
Amanda Sanchez
Printed Name
Regulatory Technician
Title
October 27 2006
Date

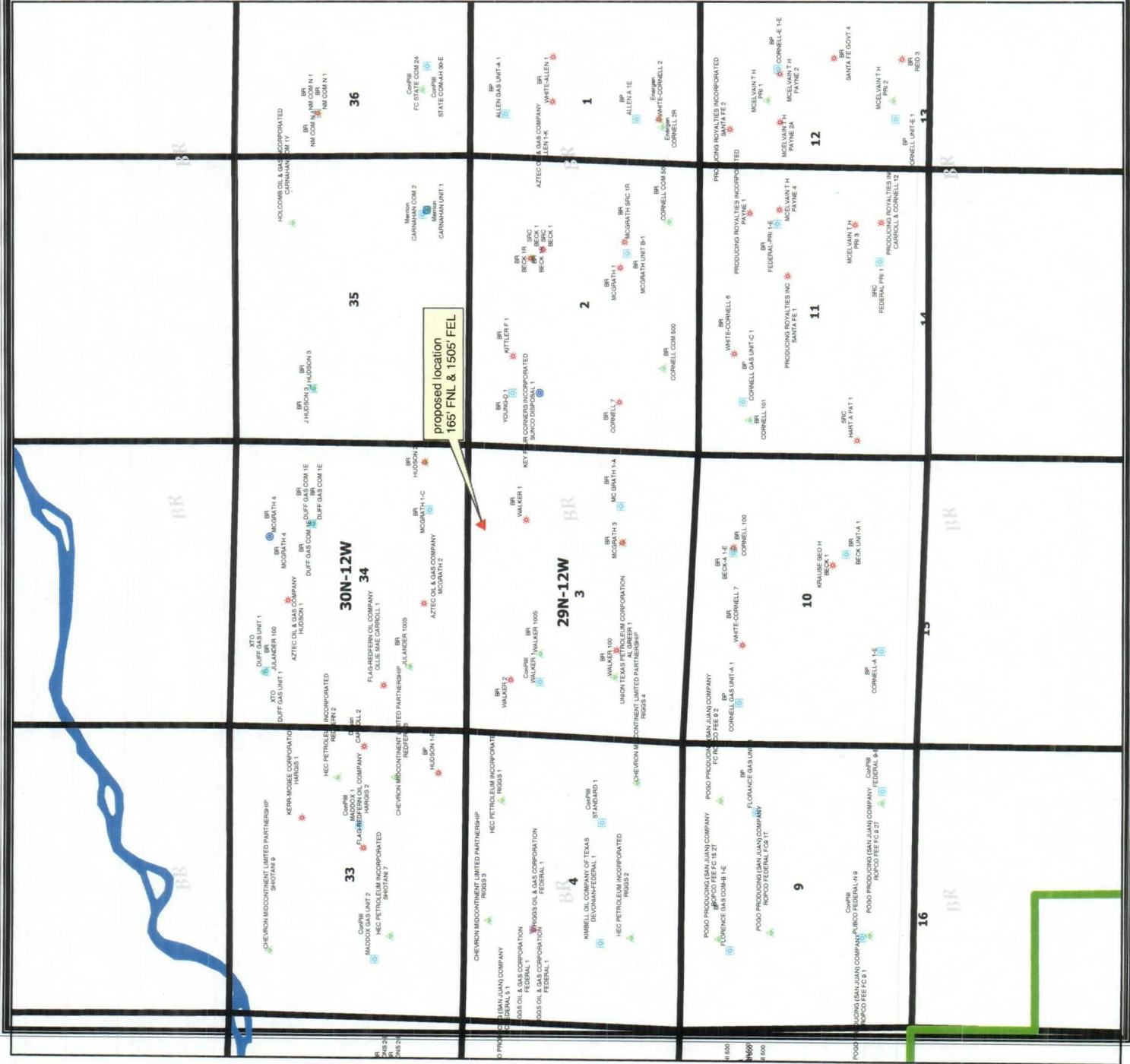
¹³ SURVEYOR CERTIFICATION

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

Survey Date: SEPTEMBER 6, 2006

Signature and Seal of Professional Surveyor

JASON C. EDWARDS
Certificate Number 15269



Legend

● <all other values>

FRUITLAND

FRUITLAND COAL

PICTURED CLIFFS

MESAVERDE

DAKOTA

N

BURLINGTON
RESOURCES



© Unpublished Work, Burlington Resources, Inc.



Feet

1:39,714 - 1" equals 3,310'

GCS North American 1927

BURLINGTON RESOURCES

San Juan

McGrath 3S - NSL

Sec.3 T29N R12W

San Juan County, New Mexico

Prepared By: pgm1

Date: 10/31/2006

File Number: 10/31/2006

File Name: r:\platt\pgm1\Projects\McGrath 3S-NSL.mxd

Offset Operator:

Burlington Resources

100% Working Interest Owner

P2000 Wells By Formation

Formation, Current Operator

FTC, BURLINGTON

FTC, CHEVRON

FTC, HEC PETROLEUM

FTC, HOLCOMB OIL & GAS

FTC, MERRION & BAYLESS

FTC Drillblock



BURLINGTON
RESOURCES



© Unpublished Work, Burlington Resources, Inc.



1:21,353 - 1" equals 1,779'

GCS North American 1927

BURLINGTON RESOURCES

San Juan

McGrath 3S NSL

Sec.3 T29N R12W

San Juan County, New Mexico

Prepared By: pgm1

Date: 10/31/2006

File Number:

Revised Date: 10/31/2006

File Name:

c:\platt\pgm1\Projects\McGrath_3S NSL.mxd

proposed location
165' FNL & 1505' FEL

HEC PETROLEUM INCORPORATED
RIGGS 1

CHEVRON MIDCONTINENT LIMITED PARTNERSHIP
RIGGS 1 5790'

WALKER 1005

29N-12W

3

WALKER 100

CHEVRON MIDCONTINENT LIMITED PARTNERSHIP
RIGGS 4

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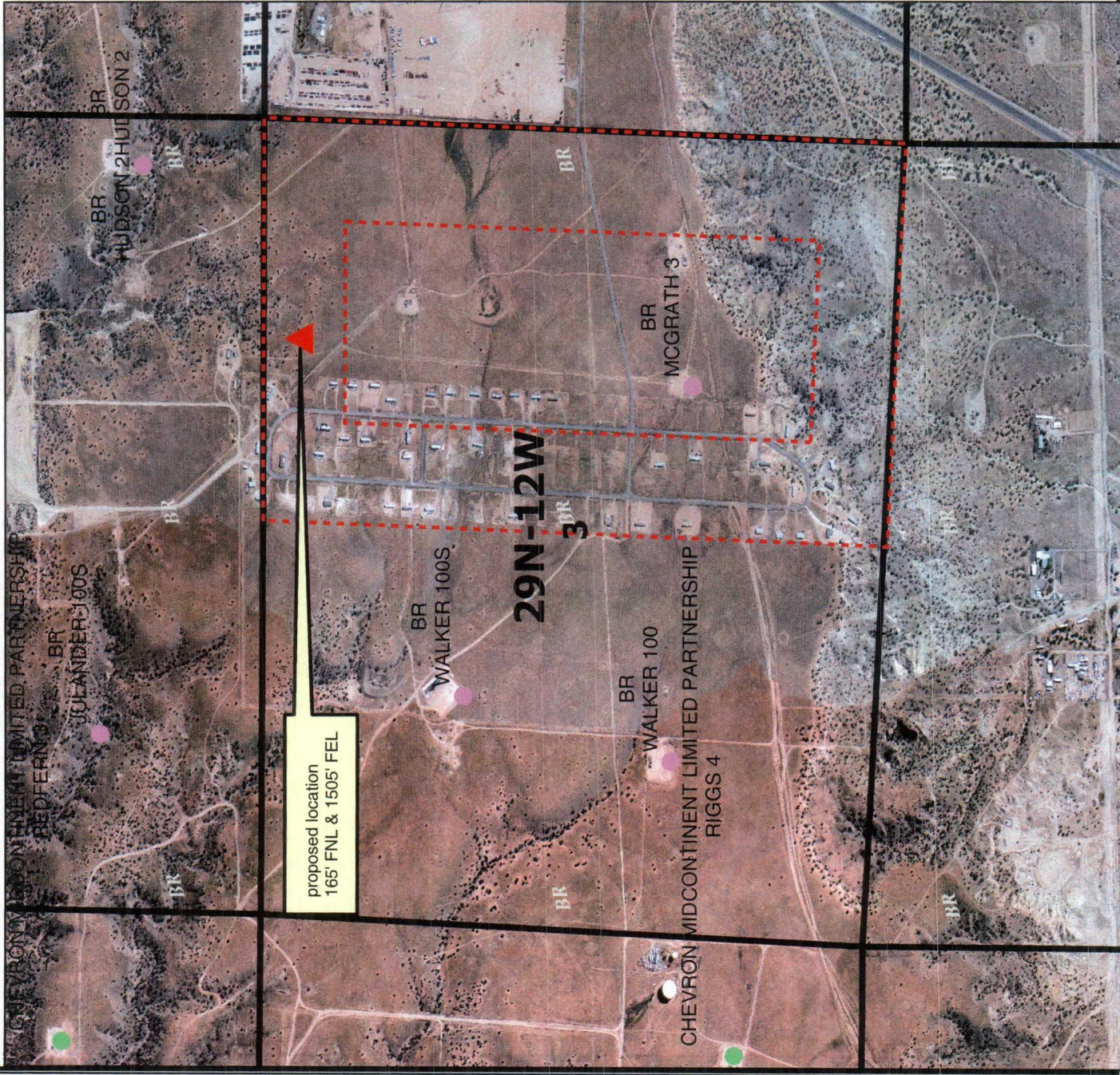
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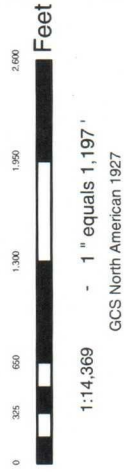


Offset Operator:
 Burlington Resources
 100% Working Interest Owner

P2000 Wells By Formation

Formation, Current Operator

- FTC, BURLINGTON
- FTC, CHEVRON
- FTC, HEC PETROLEUM
- FTC, HOLCOMB OIL & GAS
- FTC, MERRION & BAYLESS
- FTC Drillblock



BURLINGTON RESOURCES
San Juan

McGrath 3S NSL
 Sec.3 T29N R12W
 San Juan County, New Mexico

Prepared By: *pm1* Date: 10/31/2006
 File Number: Revised Date: 10/31/2006
 File Name: r:\plattorm1\Projects\McGrath 3S NSL.mxd

12/12/06 DATE IN	SUSPENSE	JONES ENGINEER	12/13/06 LOGGED IN	NSL TYPE	APP NO. PDS0634733835
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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 CHECKLIST

THIS CHECKLIST 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

- [D] Other: Specify _____

2006 DEC 12 AM 10 01

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or **XX** 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] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

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

Patsy Clugston

Print or Type Name

Patsy Clugston
 Signature

Sr. Regulatory Specialist

Title

12/6/06

Date

Patsy.L.Clugston@conocophillips.com
 e-mail Address

Jones, William V., EMNRD

From: Duran-Saenz, Theresa, EMNRD
Sent: Wednesday, January 03, 2007 2:05 PM
To: Patricia Clugston
Cc: Jones, William V., EMNRD
Subject: McGrath #3S NSL Application

Good afternoon Ms. Clugston:

Your email addressed to David K. Brooks was forwarded to me for response. Your NSL application for McGrath #35 was received by our office on 12/13/06 and assigned to Mr. Will Jones on 12/14/06. It is in the review process. If you have any further questions, you may contact Mr. Jones at (505) 476-3448. Thank you.

1/3/2007