

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

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Deputy Cabinet Secretary

Mark Fesmire

Division Director

Oil Conservation Division



May 6, 2008

Burlington Resources Oil & Gas, LP

Attn: Ms. Patsy Clugston

3401 E. 30th Street

Farmington, NM 87401

Administrative Order NSL-5816

**Re: Luthy Well No. 3S
API No. 30-045-34485
Unit B, Section 12-25N-8W
San Juan County**

Dear Ms. Clugston:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR08-09257044**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on April 1, 2008, and

(b) the Division's records pertinent to this request.

Burlington Resources Oil & Gas, LP (Burlington) has requested to drill the above-referenced well at an unorthodox Fruitland and Pictured Cliffs gas well location, 615 feet from the North line and 2010 feet from the East line (Unit B) of Section 12, Township 25 North, Range 8 West, N.M.P.M., in San Juan County, New Mexico.

The E/2 of Section 12 will be dedicated to this well in the Fruitland Coal to form a standard 320-acre gas spacing unit in the Basin-Fruitland Coal Gas Pool (71629). This location in the Fruitland Coal is governed by Rule 7.A(1) of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool, as amended by Order No. R-8768-F, effective July 17, 2003, which provides generally that a well shall be located at least 660 feet from any unit boundary.

The NE/4 of Section 12 will be dedicated to this well in the Pictured Cliffs to form a standard 160-acre gas spacing unit in the Ballard-Pictured Cliffs Gas Pool (71439). Spacing in the Ballard-Pictured Cliffs Gas Pool is governed by statewide Rule 104.C(3), which provides for 160-acre units, with wells to be located at least 660 feet from any unit boundary.

Oil Conservation Division * 1220 South St. Francis Drive

* Santa Fe, New Mexico 87505

* Phone: (505) 476-3440 * Fax (505) 476-3462* <http://www.emnrd.state.nm.us>



May 6, 2008

Page 2

This location is unorthodox in both polls since it is less than 660 feet from both the northern and western unit boundaries.

Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

It is our understanding that you are seeking this location for topographic reasons.

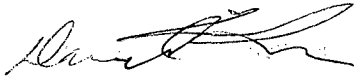
It is also understood that notice of this application to offsetting operators or owners is unnecessary because Burlington owns 100% of the operating rights in all affected offsetting units.

Pursuant to the authority conferred by Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 40.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Aztec
United States Bureau of Land Management - Farmington