

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

2011 SEP 19 A 9:54

**IN THE MATTER OF THE APPLICATION OF
BURLINGTON RESOURCES OIL & GAS COMPANY LP
FOR COMPULSORY POOLING
(Huerfano Unit Com #311)
SAN JUAN COUNTY, NEW MEXICO.**

CASE NO. 14734

AMENDED APPLICATION

Burlington Resources Oil & Gas Company LP ("Burlington") by its attorneys, Kellahin & Kellahin, pursuant to NMSA 1978, Section 70-2-17.C, seeks an order pooling all mineral interests in the Gallup formation underlying the SE/4 and Dakota formations underlying Lots 1 and 2, S/2NE/4 and SE/4 (the E/2 equivalent) of Section 2, T25N, R9W, NMPM, San Juan County, New Mexico, forming a standard 320.39-acre gas spacing and proration unit for the Dakota formation spaced on 320-acre spacing and a standard 160-acre gas spacing and proration units for the Gallup formation spaced on 160-acre spacing. These units are to be dedicated to its Huerfano Unit Com Well No. 311 (API # 30-045-35291) to be drilled and completed at a standard surface well in Unit I and downhole commingled wellbore for production from Dakota and Gallup formations.

In addition, Burlington requests that the Division adopt cost and production allocation procedures between the Gallup and Dakota, a COPAS accounting procedure with the annual COPAS overhead cost adjustment, payment default provisions and future proposed recompletions provisions. Also to be considered will be the costs of drilling and completing said wells and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and, pursuant to Commission Order R-11992, a charge 200% charge for the risk involved in this well.

In support of its application Burlington states:

BACKGROUND

1. These two spacing units ("the Drill Blocks") are completely within the outline of the Huerfano Unit that is operated by Burlington but some leases within these Drill Blocks are not committed to the Huerfano Unit.
2. There is a Joint Operating Agreement dated June 1, 2011 by and between Burlington, as operator, and Koch Exploration Company and others, as non-operators for these two Drill Blocks. This 2011-JOA provides for the drilling of Gallup and Dakota wellbores constituent with the current well spacing and density orders for these formations and also provides other contemporary provisions including those for cost allocation procedures, payment default provisions and future proposed recompletions.
3. All oil & gas leases are State of New Mexico leases, there are no fee or federal leases in the Drill Blocks

WELL PROPOSAL

4. By letter dated July 13, 2011, Burlington sent a written well proposal including AFE to all working interest owners.
5. As of August 15, 2011, Burlington had obtained the voluntary agreement of all the working interest owners to the 2011-JOA with the exceptions of certain owners that are set forth in the following paragraph.

PARTIES TO BE POOLED

6. Some of the interest owners in the Gallup formation have agreed to participate in this Gallup & Dakota well, but currently there are owners in the Gallup formation that have declined to sign the 2011-JOA:

a. Koch Exploration Co.	18.750000%
b. Production Gathering Co. LP	00.312500%
c. George Umbach	00.468750%
d. Marcia L. Berger Education Foundation	00.429372%
e. WWR Enterprises, Inc.	00.429372%
f. WCB Investments, LLC	00.429230%
g. JRB Investments, LLC	00.214757%
h. Cyrene L. Inman	00.847176%
i. Pennies From Heaven LLC	00.847176%
j. Las Colinas Minerals. L.P.	02.065507%

7. This Gallup spacing unit is subject to the Dufers Point-Gallup Dakota Pool (pool code 19859)

8. Some of the interest owners in the Dakota formation have agreed to participate in this Gallup & Dakota well, but currently there are the following owners in the Dakota formation that have declined to sign the 2011-JOA:

a. Koch Exploration Co.	09.363585%
b. George Umbach	00.234090%
c. Production Gathering Co. LP	00.156060%
d. Marcia L. Berger Education Foundation	00.214425%
e. WWR Enterprises, Inc.	00.214425%
f. WCB Investments, LLC	00.214354%
g. JRB Investments, LLC	00.107248%
h. Cyrene L. Inman	00.423072%
i. Pennies From Heaven LLC	00.423072%
j. Las Colinas Minerals, L.P.	01.031496%

9. The subject 320.39-acre spacing unit is located within the Basin-Dakota Gas Pool (pool code 71599)

REQUESTED RELIEF

10. Burlington despite reasonable effort has been unable to obtain the voluntary agreement of these two interest owners in this spacing unit. Pursuant to Section 70-2-17.C NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, Burlington needs an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.

NOTICE

11. In accordance with the Division's notice requirements, a copy of this application has been sent to the parties whose interest are to be pooled as listed in Paragraphs 6 and 8 above notifying each of this case and of the applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for October 13, 2011.

WHEREFORE, Burlington, as applicant, requests that this application be set for hearing on October 13, 2011 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interest described in the appropriate spacing unit for these wells at a standard well location upon terms and conditions which include:

1. Burlington Resources Oil & Gas Company LP be named operator;

2. Provisions for applicant and all working interest owners to participate in the costs of drilling, completing, equipping and operating these wells;
3. Adoption of cost and production allocation procedures between the Gallup and Dakota, a COPAS accounting procedure with the annual COPAS overhead cost adjustment, payment default provisions and future proposed recompletions provisions.
4. In the event a mineral interest or working interest owner fails to elect to participate, then provision be made to recover out of production, the costs of the drilling, completing, equipping and operating the well, including a risk factor penalty of 200%; Provision for overhead rates per month drilling and per month operating and a provision providing for an adjustment method of the overhead rates as provided by COPAS;
5. For such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:

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AMENDED

OCD advertisement for October 13, 2001 Examiner's docket

CASE 14734: (Readvertised and Continued from the September 29, 2001 Examiner Hearing) **Application of Burlington Resources Oil & Gas Company LP ("Burlington") for Compulsory Pooling, San Juan County, New Mexico.** Applicant seeks an order pooling all mineral interests in the Gallup formation underlying the SE/4 and Dakota formations underlying Lots 1 and 2, S/2NE/4 and SE/4 (the E/2 equivalent) of Section 2, T25N, R9W, NMPM, San Juan County, New Mexico, forming a standard 320.39-acre gas spacing and proration unit for the Dakota formation spaced on 320-acre spacing and a standard 160-acre gas spacing and proration units for the Gallup formation spaced on 160-acre spacing. These units are to be dedicated to its Huerfano Unit Com Well No. 311 (API # 30-045-35291) to be drilled and completed at a standard surface well in Unit I and to downhole commingled wellbore for production from Dakota and Gallup formations. In addition, Burlington requests that the Division adopt cost and production allocation procedures between the Gallup and Dakota, a COPAS accounting procedure with the annual COPAS overhead cost adjustment, payment default provisions and future proposed recompletions provisions. Also to be considered will be the costs of drilling and completing said wells and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and, pursuant to Commission Order R-11992, a charge 200% charge for the risk involved in this well. These spacing units are located approximately 1-1/2 miles East from Dzilh-Na-O-Dith-Hle and approximately 30 miles Southeast of Bloomfield, New Mexico

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