

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

APPLICATION OF BURLINGTON
RESOURCES OIL & GAS COMPANY LP
FOR COMPULSORY POOLING,
SAN JUAN COUNTY, NEW MEXICO.

CASE NO. 15238

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APPLICATION

Burlington Resources Oil & Gas Company LP ("Burlington") through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of N.M. Stat. Ann. § 70-2-17, for an order pooling all mineral interests in the Mesaverde and Dakota formations underlying the S/2 of Section 33, Township 31 North, Range 11 West, N.M.P.M., San Juan County, New Mexico to form standard 320-acre spacing and proration units for pools spaced on 320 acres within those formations, which presently include the Blanco-Mesaverde (Gas) Pool (Pool Code 72319) and the Basin Dakota (Gas) Pool (Pool Code 71599). In support of its application, Burlington states:

1. Burlington is a working interest owner in the S/2 of Section 33 and has the right to drill thereon.
2. Burlington proposes to dedicate the above-referenced spacing and proration units to its proposed **Heaton 1B Well**, to be directionally drilled from a surface location in the SE/4 NW/4 (Unit F) to a standard bottom hole location in NW/4SE/4 (Unit J) of Section 33. The completed interval for this directional well will

remain within the 660-foot standard offset as required by Division Order R-8170 which governs both the Blanco-Mesaverde (Gas) Pool and the Basin Dakota (Gas) Pool.

3. Burlington has sought and been unable to obtain voluntary agreement for the development of these lands from all of the working interest owners in the subject spacing unit.

4. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit Burlington to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests in this non-standard spacing unit should be pooled and Burlington should be designated the operator of this proposed horizontal well and spacing unit.

WHEREFORE, Burlington requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 20, 2014, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all mineral interests in the subject spacing and proration units;
- B. Designating Burlington Resources Oil & Gas Company LP operator of the spacing units and the well to be drilled thereon;
- C. Authorizing Burlington to recover its costs of drilling, equipping and completing the well;
- D. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

- E. Imposing a 200% penalty for the risk assumed by Burlington in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

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ATTORNEYS FOR BURLINGTON OIL & GAS COMPANY LP

CASE 15238:

Application Of Burlington Resources Oil & Gas Company LP For Compulsory Pooling, San Juan County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests in the Mesaverde and Dakota formations underlying the S/2 of Section 33, Township 31 North, Range 11 West, N.M.P.M., San Juan County, New Mexico to form standard 320-acre spacing and proration units for pools spaced on 320 acres within those formations, which presently include the Blanco-Mesaverde (Gas) Pool (Pool Code 72319) and the Basin Dakota (Gas) Pool (Pool Code 71599). Said units are to be dedicated to applicant's proposed **Heaton 1B Well**, to be directionally drilled from a surface location in the SE/4 NW/4 (Unit F) to a standard bottom hole location in NW/4SE/4 (Unit J) of Section 33. The completed interval for this directional well will remain within the 660 feet standard offset required by the rules. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Burlington Resources Oil & Gas Company LP as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 4 miles Southwest of Inca, New Mexico.