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February 7, 2007

**HAND DELIVERED**

*Case 13888*

2007 FEB 7 PM 2

Mr. Mark Fesmire, P.E., Director  
Oil Conservation Division  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

Re: Application of Burlington Resources Oil & Gas Company LP for approval of a Pilot Infill Well Project within the San Juan 27-5 Unit including directional wellbores and exceptions to the well density requirements of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool and the Basin-Dakota Gas Pool, Rio Arriba County, New Mexico

Dear Mr. Fesmire:

On behalf of Burlington Resources Oil & Gas Company LP, please find enclosed our referenced application which we request be set for hearing on the Examiner's docket now scheduled for March 15, 2007. Also enclosed is our proposed advertisement of this case for the NMOCD docket.

Very truly yours,



W. Thomas Kellahin

cc: Burlington Resources Oil & Gas Company LP  
Attn: Alan Alexander

**CASE 13888:** Application of Burlington Resources Oil & Gas Company LP for approval of a Pilot Infill Well Project within the San Juan 27-5 Unit, Rio Arriba County, New Mexico. Applicant seeks an order approving a pilot infill well project in Section 8, T27N R5W, including directional wellbores and exceptions from Rule I. B of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool and Rule II B. of the Special Rules and Regulations of the Basin- Dakota Gas Pool whereby 15 new producing and 2 pressure observation wells may be drilled within Section 8, Township 27 North Range 5 West to determine proper well density and well locations requirements for Mesaverde and Dakota wells with this Unit, Rio Arriba County, New Mexico

These wells are located approximately 8 miles south of the Gobernador, New Mexico.

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

**CASE NO.** 13888

**Application of Burlington Resources Oil & Gas Company LP  
for approval of a Pilot Infill Well Project within the San Juan  
27-5 Unit including directional wellbores and exceptions to the  
well density requirements of the Special Rules and Regulations  
for the Blanco-Mesaverde Gas Pool and the Basin-Dakota Gas  
Pool, Rio Arriba County, New Mexico**

**A P P L I C A T I O N**

Burlington Resources Oil Gas Company LP ("Burlington") by its attorneys, Kellahin & Kellahin, and applies to the New Mexico Oil Conservation Division ("Division") approval of a Pilot Infill Well Project within the San Juan 27-5 Unit, Rio Arriba County, New Mexico. Applicant seeks an order approving a pilot infill well project in Section 8, T27N R5W, including directional wellbores and exceptions from Rule I. B of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool and Rule II. B. of the Special Rules and Regulations of the Basin-Dakota Gas Pool whereby 15 new producing and 2 pressure observation wells may be drilled within Section 8, Township 27 North Range 5 West to determine proper well density and well locations requirements for Mesaverde and Dakota wells with this Unit, Rio Arriba County, New Mexico

In support of its application Burlington states:

- (1) Burlington is the current operator of the San Juan 27-5 Unit that includes, among other acreage, all of Section 8, T27N, R5W, Rio Arriba County, New Mexico. **See locator Map attached as Exhibit "A"**
- (2) The San Juan 27-5 Unit is within the current boundaries of both the Blanco-Mesaverde Gas Pool and the Basin-Dakota Gas Pool.

- (3) Effective December 2, 2002, the Division entered Order R-10987-A for the Blanco-Mesaverde Gas Pool and effective January 29, 2002 entered Order R-10981-B for the Basin-Dakota Gas Pool that both provide, in part, that a standard gas proration unit of 320-acres ("GPU") may contain up to a total 4 wellbores so that no more than 2 well are within a 160-acres and that an infill well shall not be located within the same quarter-quarter section as another well, being effectively 80-acre well density.
- (4) Section 8, T27N, R5W has been selected by Burlington as the proposed Pilot Project Area that currently contains 7 producing wells. **See tabulation of current wells attached as Exhibit "B"**
- (5) If approved, Burlington proposes to drill from existing well pads within Section 8 an additional 15 producing wells and 2 pressure observation wellbores. **See tabulation of current wells attached as Exhibit "C" and locator map attached as Exhibit "D"**
- (6) All of Section 8 is within both the Mesaverde and the Dakota Participation Areas for the San Juan 27-5 Unit, therefore the interests within the San Juan 27-5 Unit have be fixed and no corrective rights will be impaired by approval of this pilot project.
- (7) Burlington has conducted a preliminary study to analyze the estimated ultimate gas recoveries within the San Juan 27-5 Unit that indicates:
- a. increasing well densities in both the Mesaverde and the Dakota may improve ultimate recoveries;
  - b. Volumetric and decline curve analysis indicate poor recoveries under current well densities;
  - c. It is prudent to drill additional wells with a pilot project area in order to evaluate the optimum well density under current costs and pricing environments;
  - d. pilot wellbores can be drilled from existing pads to minimize surface disturbance;
  - e. there is an overlap in Mesaverde and Dakota potential within this Unit making it feasible to conduct a pilot within Section 8 for both formations in a single wellbores.

(8) Approval of a Pilot Project will afford an opportunity to:

- a. Determine the optimum well density for both the Mesaverde and the Dakota formations within the San Juan 27-5 Unit
- b. Confirm the economic viability for increasing well densities
- c. Validate the reservoir simulation and geologic studies that were used for the preliminary modeling for this project

(9) Notice of this application and the requested hearing will to be sent to the Mesaverde and Dakota interest owners in the San Juan 27-5 Unit.

(10) Approval of this application is in the best interests of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Burlington requests that this application be set for hearing before an Examiner of the Oil Conservation Division on March 15, 2007 and after notice and hearing as required by law, the Division enter its order approving this application.

RESPECTFULLY SUBMITTED:

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over the typed name.

W. THOMAS KELLAHIN  
KELLAHIN & KELLAHIN  
706 Gonzales Road  
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(505) 982-4285

## Exhibit "A"

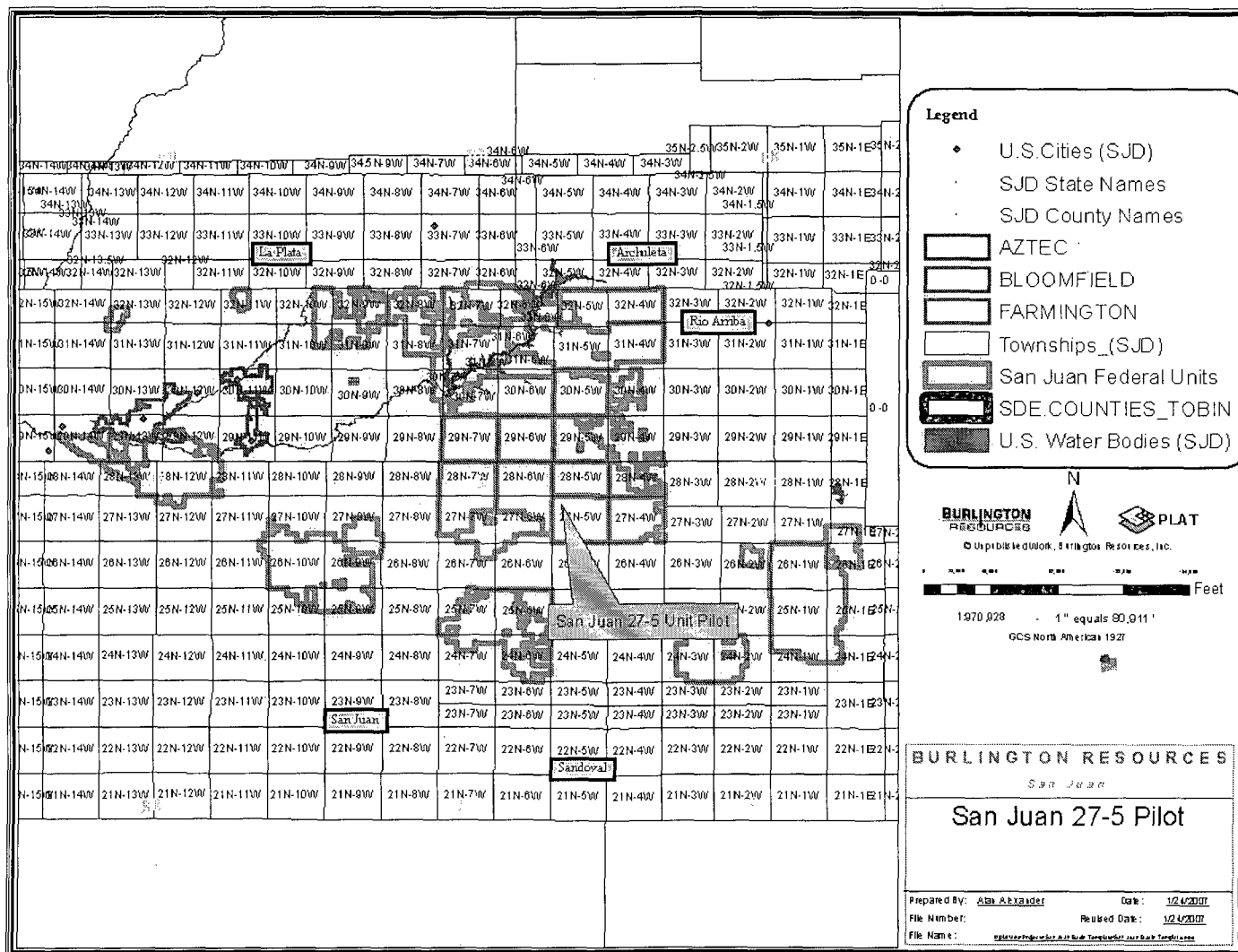


Exhibit "B"

Section 8 27N 5W Well List

*Current Wells*

| Well Name          | No   | Sec | Twn  | Range | Unit Letter | Footage | E/W | Footage | N/S | Formation 1    | Formation 2    |
|--------------------|------|-----|------|-------|-------------|---------|-----|---------|-----|----------------|----------------|
| SAN JUAN 27-5 UNIT | 176  | 008 | 027N | 005W  | B           | 1800    | FEL | 1170    | FNL | PICTURED CLIFF |                |
| SAN JUAN 27-5 UNIT | 112M | 008 | 027N | 005W  | C           | 1655    | FWL | 665     | FNL | MESAVERDE      | DAKOTA         |
| SAN JUAN 27-5 UNIT | 150R | 008 | 027N | 005W  | E           | 1180    | FWL | 1745    | FNL | PICTURED CLIFF |                |
| SAN JUAN 27-5 UNIT | 112F | 008 | 027N | 005W  | F           | 2445    | FWL | 2485    | FNL | MESAVERDE      | DAKOTA         |
| SAN JUAN 27-5 UNIT | 70   | 008 | 027N | 005W  | G           | 1850    | FEL | 1650    | FNL | MESAVERDE      | DAKOTA         |
| SAN JUAN 27-5 UNIT | 70F  | 008 | 027N | 005W  | I           | 930     | FEL | 1755    | FSL | MESAVERDE      | DAKOTA         |
| SAN JUAN 27-5 UNIT | 112  | 008 | 027N | 005W  | L           | 960     | FWL | 1840    | FSL | MESAVERDE      | DAKOTA         |
| SAN JUAN 27-5 UNIT | 63   | 008 | 027N | 005W  | N           | 1840    | FWL | 850     | FSL | MESAVERDE      | PICTURED CLIFF |
| SAN JUAN 27-5 UNIT | 70Y  | 008 | 027N | 005W  | O           | 1595    | FEL | 915     | FSL | MESAVERDE      | DAKOTA         |

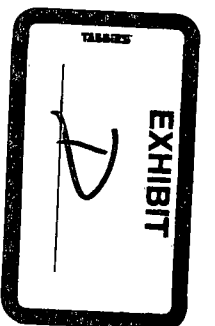
Exhibit "C"

Surface of ?  
B#L

New wells Planned

| Well Name          | Number  | Sec | TwN  | Rng  | Unit | Footage | Direction | Footage | Direction | Bottom Hole | Frm 1 | Frm 2 |
|--------------------|---------|-----|------|------|------|---------|-----------|---------|-----------|-------------|-------|-------|
| SAN JUAN 27-5 UNIT | 112P2   | 008 | 027N | 005W | C    | 1655    | FWL       | 665     | FNL       | C (SE)      | MV    | DK    |
| SAN JUAN 27-5 UNIT | 112P1   | 008 | 027N | 005W | E    | 1180    | FWL       | 1745    | FNL       | D (SE)      | MV    | DK    |
| SAN JUAN 27-5 UNIT | 112P4   | 008 | 027N | 005W | E    | 1181    | FWL       | 1746    | FNL       | E (SE)      | MV    | DK    |
| SAN JUAN 27-5 UNIT | 112P5   | 008 | 027N | 005W | E    | 1182    | FWL       | 1747    | FNL       | F (NW)      | MV    | DK    |
| SAN JUAN 27-5 UNIT | 112POW2 | 008 | 027N | 005W | F    | 2445    | FWL       | 2485    | FNL       | K (NE)      | MV    | DK    |
| SAN JUAN 27-5 UNIT | 112P9   | 008 | 027N | 005W | F    | 2446    | FWL       | 2486    | FNL       | K (SE)      | MV    | DK    |
| SAN JUAN 27-5 UNIT | 112P8   | 008 | 027N | 005W | L    | 960     | FWL       | 1840    | FSL       | K (NW)      | MV    | DK    |
| SAN JUAN 27-5 UNIT | 112P13  | 008 | 027N | 005W | N    | 1840    | FWL       | 850     | FSL       | N (NW)      |       | DK    |
| SAN JUAN 27-5 UNIT | 70P3    | 008 | 027N | 005W | B    | 1800    | FEL       | 1170    | FNL       | B (SE)      | MV    | DK    |
| SAN JUAN 27-5 UNIT | 70POW1  | 008 | 027N | 005W | G    | 1850    | FEL       | 1650    | FNL       | G (SW)      | MV    | DK    |
| SAN JUAN 27-5 UNIT | 70P6    | 008 | 027N | 005W | G    | 2445    | FWL       | 2485    | FNL       | G (SE)      | MV    | DK    |
| SAN JUAN 27-5 UNIT | 70P7    | 008 | 027N | 005W | F    | 1850    | FEL       | 1650    | FNL       | H (NW)      | MV    | DK    |
| SAN JUAN 27-5 UNIT | 70P12   | 008 | 027N | 005W | F    | 930     | FEL       | 1755    | FSL       | I (NW)      | MV    | DK    |
| SAN JUAN 27-5 UNIT | 70P11   | 008 | 027N | 005W | I    | 930     | FEL       | 1755    | FSL       | J (SE)      | MV    | DK    |
| SAN JUAN 27-5 UNIT | 70P10   | 008 | 027N | 005W | I    | 2445    | FWL       | 2485    | FNL       | J (NW)      | MV    | DK    |
| SAN JUAN 27-5 UNIT | 70P14   | 008 | 027N | 005W | O    | 1595    | FEL       | 915     | FSL       | O (NW)      | MV    | DK    |
| SAN JUAN 27-5 UNIT | 7015    | 009 | 027N | 005W | O    | 1596    | FEL       | 916     | FSL       | P (NW)      | MV    | DK    |



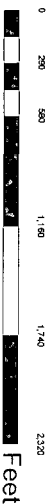


# Legend

27.5 Horizontal Wells Bottom Hole Location and

**BURLINGTON**  
RESOURCES

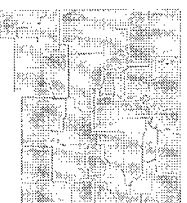
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1:3,000

- 1" equals 250'

GCS North American 1927



**BURLINGTON RESOURCES**

*San Juan*

**San Juan 27-5 Unit**  
**Pilot Wells**  
**Section 8, T27N, R5W**

Prepared By: Alan Alexander Date: 11/28/2005

File Number: 11/28/2005

File Name: C:\Users\alexander\Documents\San Juan\Burlington Resources\San Juan\Burlington Resources.mxd

