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August 24, 2007

**TO: NOTICE OF THE HEARING OF THE FOLLOWING NEW MEXICO OIL  
CONSERVATION DIVISION CASE:**

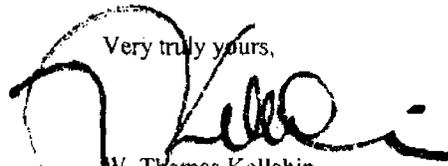
**Re: Application of Burlington Resources Oil & Gas Company LP for a downhole  
commingling reference case for its San Juan 28-4 Unit pursuant to Division Rule 303.E  
Rio Arriba County, New Mexico**

On behalf of Burlington Resources Oil & Gas Company LP, please find enclosed our  
referenced application for the San Juan 28-4 Unit that has been set for hearing on the New Mexico  
Oil Conservation Division Examiner's docket now scheduled for 8:15 a.m. September 20, 2007.  
The hearing will be held in Porter Hall in the Division's offices located at 1220 South Saint  
Francis Drive, Santa Fe, New Mexico, 87505.

As an interest owner who may be affected by this application, we are notifying you of  
your right to appear at the hearing and participate in this case, including the right to present  
evidence either in support of or in opposition to the application. You are not required to attend this  
hearing, but as an owner of an interest that may be affected by this application, you may appear  
and present testimony. Failure to appear at the hearing may preclude you from any involvement in  
this case at a later date.

Pursuant to the Division's Rule 1208.B, you are further notified that if you desire to  
appear in this case or to oppose the proposed risk charge (See Order R-11992), then you are  
required to file a Pre-Hearing Statement with the Division not later than 5:00 PM on Thursday,  
September 13, 2007, with a copy delivered to the undersigned. The Pre-Hearing Statement should  
include: the names of the parties and their attorneys; a concise statement of the case; the names of  
all witnesses the party will call to testify at the hearing; the approximate time the party will need to  
present its case; and the identification of any procedural matters that are to be resolved prior to the  
hearing.

Very truly yours,



W. Thomas Kellahin

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

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

APPLICATION OF BURLINGTON RESOURCES  
OIL & GAS COMPANY LP FOR DOWNHOLE  
COMMINGLING REFERENCE CASE FOR ITS  
SAN JUAN 28-4 UNIT PURSUANT TO DIVISION  
RULE 303.E, RIO ARRIBA COUNTY, NEW MEXICO.

CASE NO.

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APPLICATION

Comes now BURLINGTON RESOURCES OIL & GAS COMPANY LP, by and through its attorneys, Kellahin and Kellahin, and applies to the New Mexico Oil Conservation Division for the establishment of a downhole commingling reference case pursuant for its San Juan 28-4 Unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, in accordance with Division Rule 303.E, seeks to establish a downhole commingling reference case to modify the notification rules on an area-wide basis authorization for downhole commingling of Dakota and Mesaverde production in the wellbores of existing or future wells drilled anywhere within the San Juan 28-4 Unit located in Township 28 North Range 4 West, NMPM, Rio Arriba County, New Mexico, said production being portions of the Basin-Dakota Gas Pool and the Blanco-Mesaverde Gas Pool.

In support of its application, Burlington Resources Oil & Gas Company LP ("Burlington") states:

(1) Burlington is the operator of the San Juan 28-4 Unit which currently includes 22 wells in the Basin Dakota Gas Pool and 23 wells of the Blanco-Mesaverde Gas pool all located within an area known as the "San Juan 28-4 Unit" consisting of 16,733.16 acres, more or less of acreage, as identified on Exhibit "A".

(2) The absence of the establishment of a "reference case" as provided in Rule 303.E, Division general state-wide Rule 303.C requires that administrative applications for downhole commingling of gas production be submitted, processed and approved on a well by well basis including notification by certified mail return receipt requested to each interest owner where ownership is not common in the zones to be commingled.

(3) As a result of the entry of Order R-11363, dated April 26, 2000, the Basin-Dakota and the Blanco-Mesaverde Pools were approved as "pre-approved pools" for downhole commingling of production thus eliminating the need to justify pressure and economic criteria on a well by well basis.

(4) In addition, allocation formula are administered and approved by the District Office of the Division.

(5) Currently, the Division still requires the applicant for downhole commingling for this unit to notify in writing to each interest owner where ownership is not common in the zones to be commingled.

(6) For the San Juan 28-4 Unit this rule requires notice to 7 interest owners at current development levels.

(7) In support of its request to establish a "reference case" to delete the requirement that each application for downhole commingling be sent to each interest owner affected, Burlington will provide evidence and testimony which will demonstrate that:

- (a) because this is a "divided" unit with various participating areas, the interest ownership between any zones to be downhole commingled within a given wellbore in the Unit will not be common;
- (b) pursuant to Division Rule 303. D, applicant is currently required to notify all interest owners in the unit every time a Form C-107-A is submitted to the Division and,
- (c) providing notice to each interest owner in the unit of subsequent downhole commingling application is unnecessary and is an excessive burden to the applicant.

(8) In seven prior Burlington cases, the Division has entered orders in DHC referenced cases that have eliminated the notice requirements:

- (a) Order R-10692, Nov 1, 1996, Case 11601 for the San Juan 32-9 Unit,
- (b) Order R-10694, Nov 12, 1996, Case 11626 for the San Juan 27-5 Unit
- (c) Order R-10695, Nov 12, 1996, Case 11627 for the San Juan 28-5 Unit
- (d) Order R-10696, Nov 18, 1996, Case 11628 for the San Juan 28-6 Unit
- (e) Order R-10697, Oct 8, 1996, Case 11629 for the San Juan 29-7 Unit
- (f) Order R-10786, April 2, 1997, Case 11685 for the Canyon Largo Unit
- (g) Order R-10476-B, Oct 17, 1997, Case 11815 for the San Juan 28-7 Unit

(9) The ownership is not common among these two pools/formations within the San Juan 28-4 Unit and notification in this case by certified mail return receipt constitutes satisfactory notification in all subsequent cases to each interest owner where ownership is not common in the zones to be commingled.

(10) Burlington therefore requests that the Division authorize that all downhole commingling applications received by the Division after October 1, 2007 for downhole commingling of production from Mesaverde and Dakota wells within the San Juan 28-4 Unit may cite the order entered in this case as a reference case for:

**elimination of unnecessary notice:** such that any future or further notice concerning downhole commingling applications within this unit shall not be required to any owner (including royalty, overriding royalty or working interest owners) in instances where ownership are not common or percentages are not identical in the zones to be commingled

(11) Applicant requests that this matter be docketed for hearing on the Division's Examiner docket now scheduled for September 20, 2007.

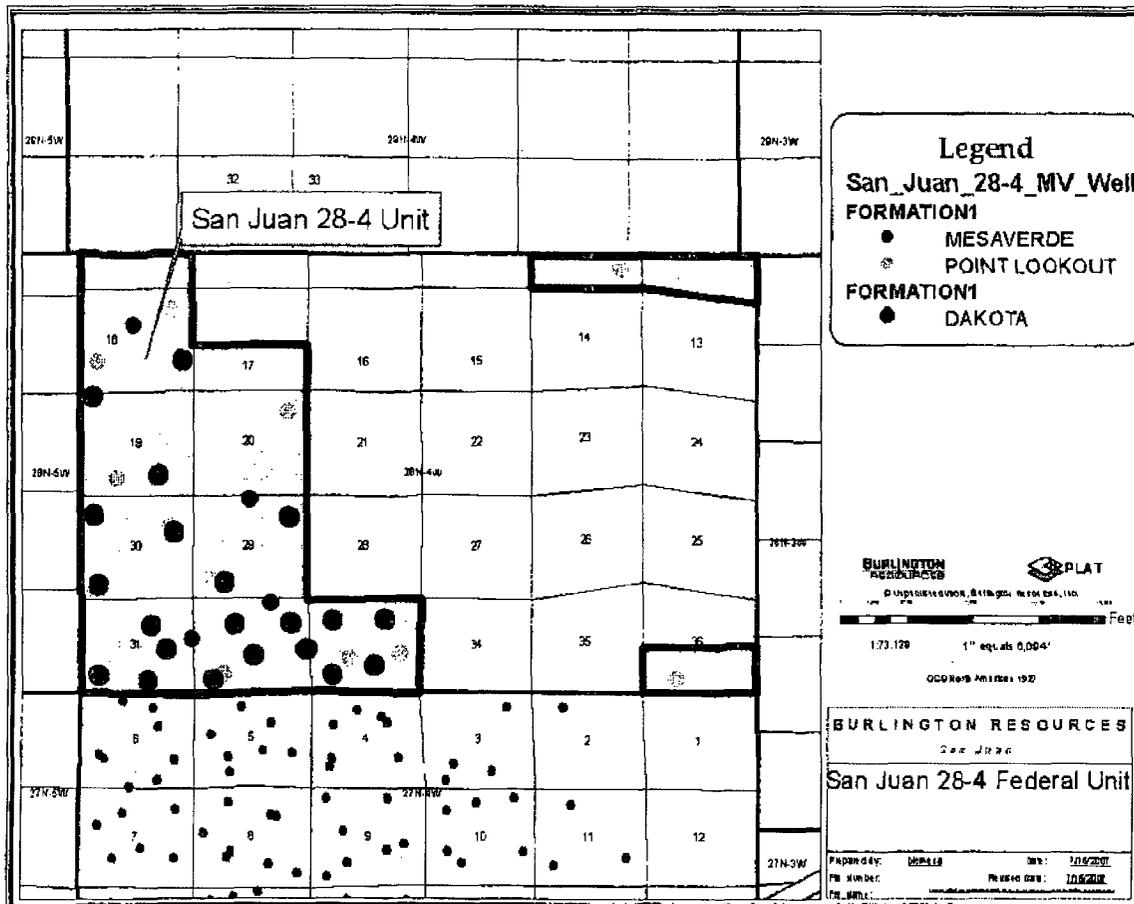
(12) Notice of this application has been sent to all interest owners entitled to receive production within the unit.

WHEREFORE Applicant requests that this matter be set for hearing on September 20, 2007 before a duly appointed Examiner of the Oil Conservation Division and that after notice and hearing as required by law, the Division enter its order granting this application.

Respectfully submitted



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Attorneys for Applicant



SJ 28-4  
DHC Reference Case  
Notification of 09.20.07 Hearing

Received Certified Receipt  
as of 09.11.07

BANK ONE OHIO NA TRUSTEE	DRAWER 99084	FORT WORTH TX	76199-0084	SJ 28-4 DHC REFERENCE CASE - ALEXANDER	Yes.
BUREAU OF LAND MANAGEMENT	1235 LA PLATA HIGHWAY	FARMINGTON NM	87401-1808	SJ 28-4 DHC REFERENCE CASE - ALEXANDER	Yes.
COMMISSIONER OF PUBLIC LANDS	310 OLD SANTA FE TRAIL	SANTA FE NM	87501	SJ 28-4 DHC REFERENCE CASE - ALEXANDER	Yes.
CRITCHFIELD ROBERT	P O BOX 2605	FORT WORTH TX	76113	SJ 28-4 DHC REFERENCE CASE - ALEXANDER	Yes.
MINERALS MGT SERVICE	P O BOX 5810	DENVER CO	80217-5810	SJ 28-4 DHC REFERENCE CASE - ALEXANDER	Yes.
ROMERO FAMILY LIMITED PARTNERSHIP	P O BOX 840845	DALLAS TX	75283	SJ 28-4 DHC REFERENCE CASE - ALEXANDER	Yes.
XTO ENERGY INC	135 S LASALLE ST	CHICAGO IL	60674-4849	SJ 28-4 DHC REFERENCE CASE - ALEXANDER	Yes.
ANADARKO E & p COMPANY LP	P.O. BOX 730875	DALLAS TX	75373-0875	SJ 28-4 DHC REFERENCE CASE - ALEXANDER	Yes.
MAR OIL & GAS CORPORATION	PO BOX 5155	SANTA FE NM	87502	SJ 28-4 DHC REFERENCE CASE - ALEXANDER	

