

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

rw - 5/8/08

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

**APPLICATION OF BURLINGTON RESOURCES CASE NO. 14119
OIL & GAS COMPANY LP FOR AN EXCEPTION TO
THE WELL DENSITY REQUIREMENTS OF THE
BLANCO-MESAVERDE GAS POOL
RIO ARriba COUNTY, NEW MEXICO**

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Burlington Resources Oil & Gas Company LP as required by the New Mexico Oil Conservation Division.

APPEARANCES OF THE PARTIES

APPLICANT

Burlington Resources Oil & Gas Company
3535 West 32nd Street
Farmington, NM 87501
Attn: Alan Alexander
Phone 505-326-9757

ATTORNEY

W. Thomas Kellahin
706 Gonzales Road
Santa Fe, New Mexico 87501
phone 505-982-4285
Fax 505-982-2047

OPPONENT**ATTORNEY**

None

STATEMENT OF THE CASE**APPLICANT:**

(1) Burlington is the current operator of the San Juan 29-7 Unit that includes, among other acreage, the W/2 of Section 26, T29N. R7W, Rio Arriba County, New Mexico.

(2) This spacing unit currently contains four wells completed in the Blanco-Mesaverde Gas Pool:

(a) the San Juan 29-7 Unit Well No. 58A (API #30-039-25617) located 790 feet FNL and 790 feet FWL (Unit D) of this section; and

(b) the San Juan Unit 29-7 Well No. 58N (API #30-039-30314) surface location 2485 feet FNL and 2075 feet FWL (Unit F) and subsurface location 2600 feet FSL and 1990 feet FWL of this section (Unit K) (The subject wellbore);

(c) the San Juan Unit 29-7 Well No. 58 (API # 30-039-07556) located 840 feet FSL and 890 feet FWL (Unit M)

(d) the San Juan Unit 29-7 Well No. 58M (API # 30-039-26618) located 1130 feet FSL and 1845 feet FWL (Unit N)

(3) While the rules for both pools allow four well producing in the spacing unit, the Well No. 58N, Well No. 58 and Well No. 58M are located in the same quarter section and therefore are in violation of the density requirements of this Special Pool Rules.

(4) Burlington seeks approval of an exception to the well density requirements of Rule I.B of the Special Rules and Regulations of the Blanco-Mesaverde Gas Pool approving the location of the San Juan 29-7 Unit Well No. 58N in the same quarter section as the San Juan 29-7 Well Nos. 58 and 58M and authoring Burlington to simultaneously produce all four wells in the spacing unit.

*order R-5459**Same
Quarter
Section**R-8170*

(5) On October 24, 2007, Burlington spud the San Juan 29-7 Unit Well No. 58N well at a standard surface location in Unit F of Section 26.

(6) On October 27-28, 2007, while using a RWD assembly ("Reaming While Drilling") to drill the intermediate hole, the RWD assembly caused the bit to walk and the hole become deviated. Burlington then ran a Teledrift survey at 829 feet to determine the location of the hole but there was a faulty reading that showed 1 degree of deviation instead of what was later determined to be between 9 and 10 degrees of deviation.

(7) After various attempt to correct the deviation, the wellbore finally reach a bottom hole location 2600 feet FSL and 1990 feet F WL in Unit F approximately 190 feet southwest of the original surface location. Sec Deviation survey attached as Exhibit "D"

(8) Burlington has shut-in the No. 58 wellbore since completing the No. 58N wellbore. rights of any other interest owner in the Blanco-Mesaverde Gas Pool and will afford Burlington the opportunity to utilize the existing wells to produce the reserves from this CPU.

(9) This spacing unit is within the participating area for the Mesaverde Pool and the ownership interests are common between the spacing units and all adjoining spacing units, therefore no notice has been sent.

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

Service Co. 2.

waste
or
no-waste


PROPOSED EVIDENCE**APPLICANT**

| WITNESSES | EST. TIME | EST. EXHIBITS |
|-----------------------------------|------------------|----------------------|
| Shon Robinson, petroleum engineer | @ 20 -min. | @ 8 |
| Alan Alexander, landman | @ 15- min | @ 4 |

PROCEDURAL MATTERS

None

KELLAHIN & KELLAHIN


W. Thomas Kellahin