

**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:**

**APPLICATIONS OF BURLINGTON RESOURCES
OIL & GAS COMPANY LP TO AMEND ORDER R-9918
FOR DOWNHOLE COMMINGING REFERENCE CASE
FOR THE ALLISON UNIT, SAN JUAN COUNTY, NEW MEXICO**

CASE No. 14281

**RECEIVED
2009 FEB 25 PM 17**

PRE-HEARING STATEMENT

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

APPEARANCES OF THE PARTIES

APPLICANT

Burlington Resources Oil & Gas Company
3401 East 30nd Street
Farmington, NM 87402
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

None

ATTORNEY

STATEMENT OF THE CASE

APPLICANT:

Burlington, in accordance with Division Rule 303.E, seeks to amend a downhole commingling reference case to extend to the entire Allison Unit. Order R-9918 authorization downhole commingling of Dakota and Mesaverde gas production in the wellbores of existing or future wells drilled anywhere within the Dakota and Mesaverde participation areas of the Allison Unit. Applicant seek to expand *this* order to also (a) include the Picture Cliffs formation and Fruitland Coal-Gas Pool, (b) include non-participation areas acreage within the Allison Unit, and (c) delete additional notice to each affected interest owners within the unit area. The Allison Unit is located in portions of Sections 7, 8, 9, 16-21, 28-31, T32N, R6 W, and in portions of Sections 9-16, 23-26, T32N, R7W, NMPM. Said unit is located approximately 4.2 miles south of Allison, Colorado.

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 provided evidence and testimony which will demonstrated that:

- (a) because **this** is an undivided unit for working interest but a "divided" unit for royalties and overrides with various participating areas, the interest ownership between any zones to be downhole commingled within a given wellbore in the Unit will therefore not be common;
- (b) pursuant to Division Rule 303. D, applicant is currently required to notify all interest owners in the non-participating areas of the Allison Unit *every time a* Form C-107-A is submitted to the Division which can involve as many as 450 different owners;
- (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.
- (d) Burlington, without objection, *has* successfully downhole commingled Mesaverde and Dakota production pursuant to Order R-9918,
- (e) Burlington contends that Order R-9918 should be expanded to include the Fruitland Coal-Gas Pool and the Pictured Cliff Pools
- (f) Burlington owns 97.561711% of the working interest in all formations in the Allison
- (g) Unit.

Burlington and ConocoPhillips have previously received similar reference orders in 14 of their operated Federal Units.

The ownership is not common between the pools/formations within the Allison 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.

Burlington therefore requests that the Division authorize that all future downhole commingling applications received by the Division after the effective date for amended order R-9918 for downhole commingling of production from wells within the Allison 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 ownerships are not common or percentages are not identical in the zones to be commingled

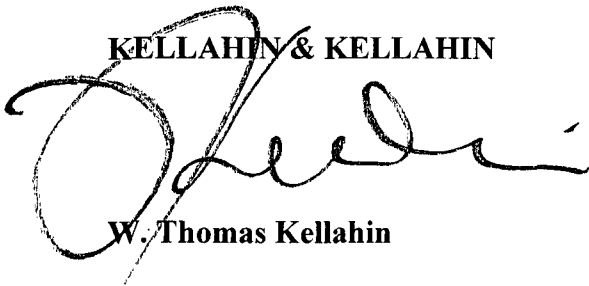
Notice of this application has been sent to all interest owners entitled *to received notice*.

APPLICANT

WITNESSES	EST. TIME	EST. EXHIBITS
Micah Wolfe (landman)	20-30 min.	12
Kassadie Gastgeb (Engineer)	1 hr	25

PROCEDURAL MATTERS

KELLAHIN & KELLAHIN



W. Thomas Kellahin