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July 6, 2009

HAND DELIVERED

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

Case 14355

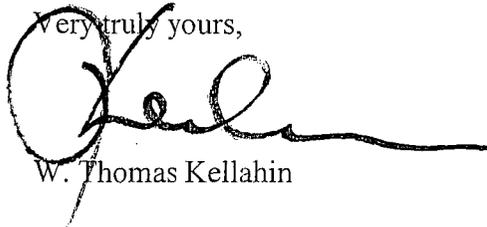
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2009 JUL -6 P 3:46

Re: Application of ConocoPhillips Company and Burlington Resources Oil & Gas Company, LP to establish a special transition area, including administrative procedure for expansion, and the modification of the Special Rules and Regulations for the Basin Fruitland Coal-Gas Pool for certain non-standard gas spacing and proration units along the border between New Mexico and Colorado, all within San Juan County, New Mexico

Dear Mr. Fesmire:

On behalf of ConocoPhillips Company and 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 August 6, 2009. Also enclosed is our proposed advertisement of this case for the NMOCD docket.

Very truly yours,



W. Thomas Kellahin

cc: ConocoPhillips Company (Burlington Resources Oil & Gas Company, LP)
Attn: Chuck Creekmore

CASE 14355: Application of ConocoPhillips Company and Burlington Resources Oil & Gas Company, LP to establish a special transition area, including administrative procedures for expansion and the modification of the Special Rules and Regulations for the Basin Fruitland Coal-Gas Pool within this area for certain non-standard gas spacing and proration units along the border between New Mexico and Colorado, all within San Juan County, New Mexico. Applicant seeks to modify these Rules in order to provide the necessary flexibility within New Mexico so that Fruitland coal-gas wells may be drilled to protect the common boundary between these two states and to provide a transition ("buffer") between this area and the balance of this pooling within New Mexico. This special transition area shall include Sections 7, 8, 9 of T32NR9W, Sections 7-12 of T32NR9W and Sections 9-12 of T32NR9W. The western end of this area is located approximately 4 miles east of the point where highway 550 crosses into Colorado and eastern end of this area is located approximate 4 miles east of the point where highway 511 crosses into Colorado, all within San Juan County, NM

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

RECEIVED OCD
2009 JUL -6 P 4: 01

**IN THE MATTER OF THE APPLICATION OF
CONOCOPHILLIPS COMPANY AND BURLINGTON
RESOURCES OIL & GAS COMPANY, LP TO ESTABLISH
A SPECIAL TRANSITION AREA, INCLUDING
ADMINISTRATIVE PROCEDURES FOR EXPANSION,
AND THE OF MODIFICATION OF THE SPECIAL RULES
AND REGULATION FOR THE BASIN-FRUITLAND
COAL-GAS POOL FOR THIS AREA
BETWEEN NEW MEXICO AND COLORADO,
SAN JUAN COUNTY, NEW MEXICO.**

CASE NO. 14355

APPLICATION

Application of ConocoPhillips Company and Burlington Resources Oil & Gas Company, LP, an affiliate of ConocoPhillips Company (collectively "ConocoPhillips") by its attorneys, Kellahin & Kellahin, to established a special transition area, including an administrative procedure for expansion, and the modification of the Special Rules and Regulations for the Basin Fruitland Coal-Gas Pool within this area for certain non-standard gas spacing and proration units along the border between Colorado and New Mexico, all within San Juan County, New Mexico. This special transition area shall include Sections 7, 8, 9 of T32NR7W, Sections 7-12 of T32NR8W and Sections 9-12 of T32NR9W. Applicants seek to modify these Pool Rules in order to provide the necessary flexibility within New Mexico so that Fruitland coal-gas wells may be drilled to protect the common boundary between these two states and to provide a transition ("buffer") between this area and the balance of this pool within New Mexico.

In support of its application, the Applicants state:

(1) ConocoPhillips Company and Burlington Resources Oil & Gas Company, LP are the current operators of fifteen non-standard proration and spacing units within New Mexico along the state border between New Mexico and Colorado referred as the "Stateline Project Area." See a Locator Map, a Project Map and a List of spacing units attached as Exhibit "A," Exhibit "B," and Exhibit "C", respectively, to this application.

(2) On the Colorado side of this common border, the Colorado Oil Conservation Commission has authorized the drilling of Fruitland coal-gas well within smaller spacing units and with densities greater than currently allowed within New Mexico.

(3) The Rules within Colorado can be summarized as follows: **a density of one well per 80-acres.**

(4) On the New Mexico side of this common border, the New Mexico Oil Conservation Commission has authorized the drilling of Fruitland coal-gas wells at locations and densities within this portion of the "low Productivity Area" that can be summarized as follows: 320-acre gas spacing and proration units with no more than 2 wells with each located in a different 160-acre tract--**a density of one well per 160-acres.** See Orders R-8768 thru R-8768-F

(5) In order to provide the necessary flexibility within New Mexico so that Fruitland coal-gas wells may be drilled to protect the common boundary between these two states and to provide a transition ("buffer") between this area and the balance of this pool within New Mexico, the Applicants seek the following:

(6) The establishment of a special transition area (the "Stateline Project Area") shall include Sections 7, 8, 9 of T32NR7W, Sections 7-12 of T32NR8W and Sections 9-12 of T32NR9W and shall provide:

(a) That in the northern half of each of the non-standard spacing units within this special transition area, the Division will allow two (2) Fruitland coal-gas wells and authorized the Division's district office in Aztec to grant (i) exceptions for well locations ("NSLs") for both vertical and directional wellbores, and (ii); waive subsurface density restrictions for directional wellbores;

(b) That in the southern half of each of the non-standard spacing units within this special transition area, the Division will allow one (1) Fruitland coal-gas wells and authorized the Division's district office in Aztec to grant exception for well locations for both vertical and directional wellbores.

(7) The rules for the northern half of the special transition area will provide the necessary flexibility within New Mexico to allow operators to take appropriate drainage protective measures when and where its is deemed necessary and determined to be economic so that wells may be drilled to protect the common boundary between these two states.

(8) The rules for the southern half of the special transition area will provide the necessary "buffer" between this area and the acreage within New Mexico that continues to be subject to a well density of one well per 160-acres pursuant to the current rules for the "low productivity area" of the Basin-Fruitland Coal-Gas Pool in New Mexico.

(9) In addition, the applicants seek an administrative procedure so that the Aztec District Office of the Division can expand either the western or the eastern ends of this Stateline Project Area to meet any further expansion of 80-acre infill density drilling within Colorado that may affect the spacing units within New Mexico.

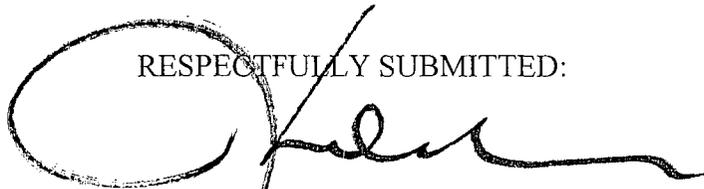
(10) The applicants have consulted with the Farmington office of the Bureau of Land Management and the OCD-Aztec about this application and believe that both are in support of this application.

(11) Approval of this application will not impair the correlative rights of any other interest owner in the Fruitland coal-gas well.

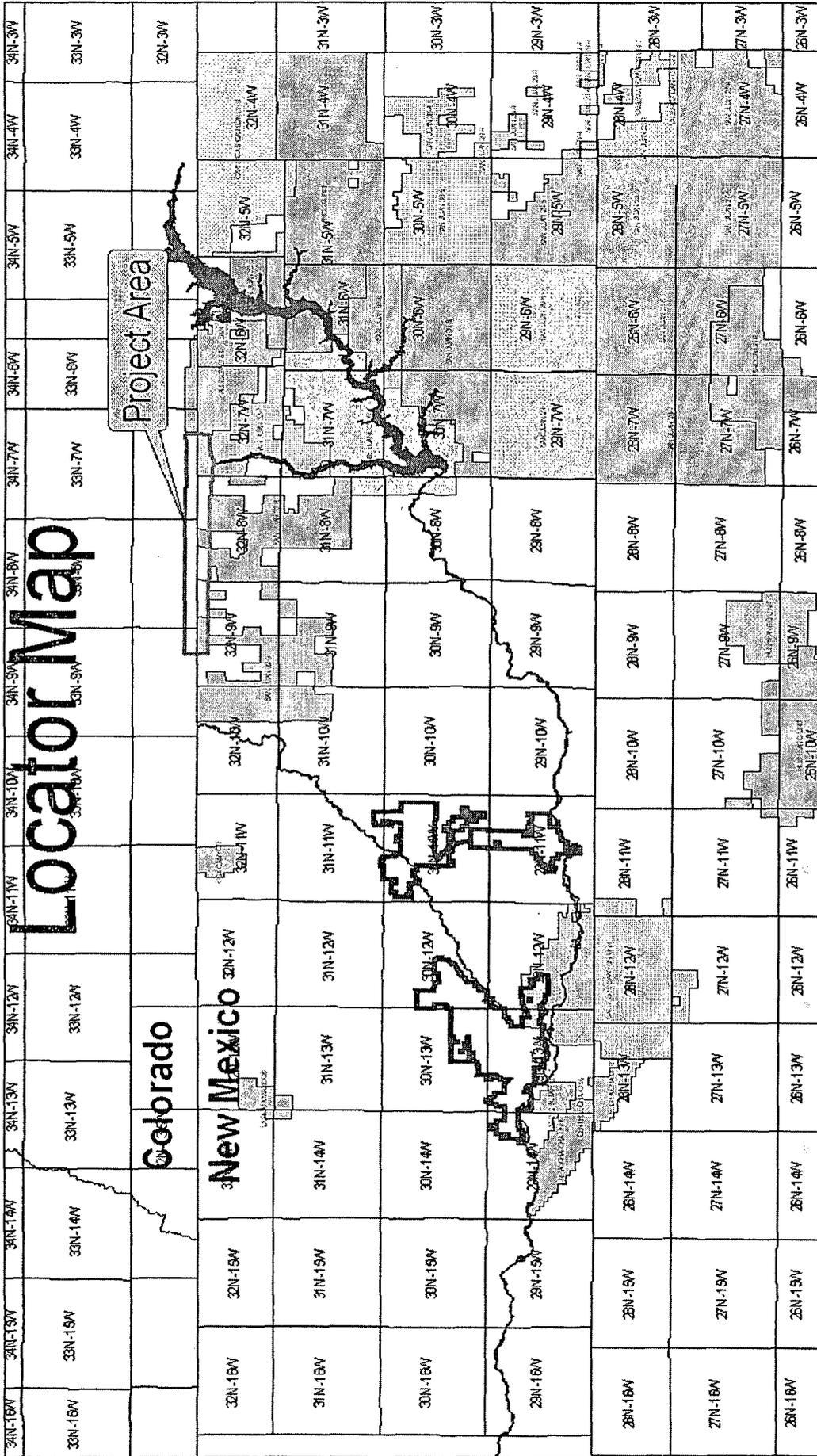
(12) Approval of this application will be in the best interests of conversations, the prevention of waste and the protection of correlative rights.

WHEREFORE, ConocoPhillips Company and Burlington Resources Oil & Gas Company, LP requests that this application be set for hearing before an Examiner of the Oil Conservation Division on August 6, 2009 and after notice and hearing as required by law, the Division enter its order granting this application.

RESPECTFULLY SUBMITTED:

A large, stylized handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', is written over the typed name and address below.

W. THOMAS KELLAHIN
KELLAHIN & KELLAHIN
706 Gonzales Road
Santa Fe, New Mexico 87501
(505) 982-4285



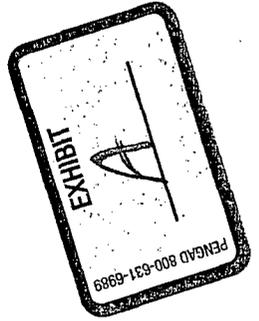
Legend

-  project area outline.shp
-  AZTEC
-  BLOOMFIELD
-  FARMINGTON

ConocoPhillips
Sac Juan

NM State Line Project

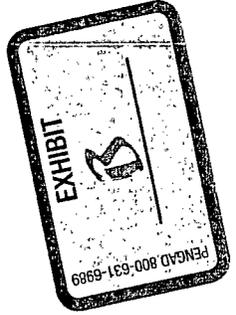
Prepared By: **BLW** Date: **05/11/2009**
 File Number: Printed Date:
 File Name: File Size:





ConocoPhillips
 San Juan
NM State Line Project

Prepared By: MLW Date: 05/11/2009
 File Number: _____ Revised Date: _____
 File Name: _____



- Legend**
- Project Area
 - Increased Density DB
 - NOTICE_DB
 - Fruitland Coal Spacing Colorado
 - 80 Acre Acreage
 - ALLISON UNIT
 - SAN JUAN 32-7
 - SAN JUAN 32-8
 - SAN JUAN 32-9

A	SJ 32-9 UNIT 302 SJ 32-9 UNIT 302S	2215FSL 1430FNL	1333FWL 1880FEL	N/2 N/2
B	SJ 32-9 215 SJ 32-9 215S	1305FSL 1050FSL	905FWL 660FEL	S/2 S/2
C	EAGLE 777 EAGLE 777S	2180FSL 960FSL	1160FWL 1825FEL	N/2 S/2
D	SJ 32 FED 12 1 SJ 32 FED 12 1A	1078FSL 1695FSL	1226FWL 1380FEL	S/2 N/2
E	TRAIL CANYON 100	1790FSL	810FEL	N/2
F	TRAIL CANYON 101S TRAIL CANYON 101	1855FSL 1850FSL	1570FWL 850FEL	N/2 N/2
G	SJ 32-8 UNIT 264 SJ 32-8 UNIT 264A	2469FSL 1001FSL	663FWL 1212FEL	N/2 S/2
H	REESE MESA 102S REESE MESA 102	2440FSL 1900FSL	690FWL 1815FEL	N/2 N/2
I	REESE MEASA 7	1665FSL	925FWL	N/2
J	REESE MEASA 8 REESE MEASA 8S	700FNL 1735FSL	330FWL 2045FEL	N/2 N/2
K	REESE MEASA 104	840FNL	1465FEL	N/2
L	SJ 32-7 247 SJ 32-7 247S	1125FSL 1180FNL	1746FWL 2865FEL	S/2 N/2
M	SJ 32-7 248A SJ 32-7 248	805FSL 1102FNL	1150FWL 2418FWL	S/2 N/2
N	SJ 32-7 249A SJ 32-7 249	755FSL 828FNL	1780FEL 519FWL	S/2 N/2

