

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

July 29, 1997

HAND DELIVERED

Mr. William J. LeMay, Director
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

RECEIVED

JUL 29 1997

Oil Conservation Division

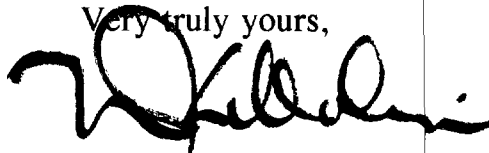
**Re: El Paso "23" Federal Well No. 2
N/2 Section 23, T26S, R30E, NMPM
Application of Burlington
Resources Oil & Gas Company
for Compulsory Pooling,
Eddy County, New Mexico**

11830

Dear Mr. LeMay:

On behalf of Burlington Resources Oil & Gas Company, please find enclosed our referenced application which we request be set for hearing on the Examiner's docket now scheduled for August 21, 1997. 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
Attn: Rick Gallegos

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PROPOSED ADVERTISEMENT FOR NMOC D DOCKET

CASE 11837: Application of Burlington Resources Oil & Gas Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling certain owners of mineral interests from the base of the Bone Springs formation to the base of the Wolfcamp underlying the N/2 of Section 23, T26S, R30E, NMPM, Eddy County, New Mexico, forming a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre gas spacing within said vertical extent, including but not limited to the Ross Draw-Wolfcamp Gas Pool. Applicant seeks to be designated as the operator of the well. Said unit is to be dedicated to Burlington Resources Oil & Gas Company's El Paso "23" Federal No. 2 which in accordance with Rule 111 is to be a multilateral directional wellbore whose Producing Intervals will be located within its Producing Area and dedicated to a Project Area consisting of the N/2 Section 23, T26S, R30E, NMPM. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for the risk involved in drilling said well. Said well is located approximately 12 miles east from the intersection of US Highway 285 and the border between New Mexico and Texas.

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

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**IN THE MATTER OF THE APPLICATION
OF BURLINGTON RESOURCES OIL & GAS
COMPANY FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 11837

APPLICATION

Comes now BURLINGTON RESOURCES OIL & GAS COMPANY (formerly Meridian Oil Inc.), by its attorneys, Kellahin & Kellahin, and in accordance with Section 70-2-17(c) (1978) applies to the New Mexico Oil Conservation Division for an order pooling certain owners of mineral interests from the base of the Bone Springs formation to the base of the Wolfcamp underlying the N/2 of Section 23, T26S, R30E, NMPM, Eddy County, New Mexico, forming a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre gas spacing within said vertical extent, including but not limited to the Ross Draw-Wolfcamp Pool. Applicant seeks to be designated as the operator of the well. Said unit is to be dedicated to Burlington Resources Oil & Gas Company's El Paso "23" Federal No. 2 which in accordance with Rule 111 is to be a multilateral directional wellbore whose Producing Intervals will be located within its Producing Area and dedicated to a Project Area consisting of the N/2 Section 23, T26S, R30E, NMPM. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for the risk involved in drilling and completing said well.

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

1. Burlington, is the proposed operator for a multi-lateral directional wellbore in the N/2 of Section 23, T26S, R30E, NMPM, Eddy County, New Mexico.

2. Burlington has attempted to consolidate on a voluntary basis all of the oil and gas working interests ("operating rights") within a 320-acre gas spacing unit consisting of the N/2 of said Section 32 as a possible 320-acre spacing unit on which Burlington, as operator, intends to locate and drill the El Paso "31' Federal Well No. 2 as described above and as illustrated on Exhibits A and B, attached.

3. Despite its good faith efforts, Burlington has not been able to obtain the voluntary agreement of certain mineral owners as indicated on Exhibit "C".

4. In accordance with Division Rule 111, Burlington will submit to the Division its request for approval to drill the subject multilateral horizontal wellbore subject to the following:

- (i) Project Area: 320-acre gas dedication (N/2 Section 23).
- (ii) Producing Area: being not closer than 660 feet to any side boundary or closer than 1650 feet to any end boundary of the 320-acre spacing unit.
- (iii) Bottom hole targets: not closer than 660 feet to any side boundary or closer than 1650 feet to any end boundary of the 320-acre spacing unit.

5. Pursuant to Section 70-2-17(c) NMSA (1978) and in order to obtain its just and equitable share of production from the subject well and this spacing unit, Burlington needs an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.

6. In accordance with the Division's notice requirements, a copy of this application has been sent to the parties to be pooled as shown on Exhibit "C".

7. Burlington requests that this matter be set for a hearing before the Division on the next available Examiner's docket now scheduled for August 21, 1997.

WHEREFORE, Burlington, as applicant, requests that this application be set for hearing on August 21, 1997 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interests described in this spacing unit for the drilling, completing and operating the subject well upon terms and conditions which include:

- (1) Burlington Resources Oil & Gas Company be named operator;
- (2) provisions for applicant and all working interest owners to participate in the costs of drilling, completing, equipping and operating the well;
- (3) in the event a working interest owner fails to elect to participate, then provision be made to recover out of production the costs of the drilling, completing, equipping and operating the well including a risk factor penalty of 200 %
- (4) provision for overhead rates per month drilling and per month operating and a provision providing for an adjustment method of the overhead rates as provided by COPAS.
- (5) for such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:

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

W. THOMAS KELLAHIN
KELLAHIN & KELLAHIN
P. O. Box 2265
Santa Fe, New Mexico 87504

DISTRICT II

P. O. Drawer DD
Artesia, NM 88211-0719

DISTRICT III

1000 Rio Brazos Rd.
Aztec, NM 87410

DISTRICT IV

P. O. Box 2088
Santa Fe, NM 87507-2088

OIL CONSERVATION DIVISION

P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Submit to the Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

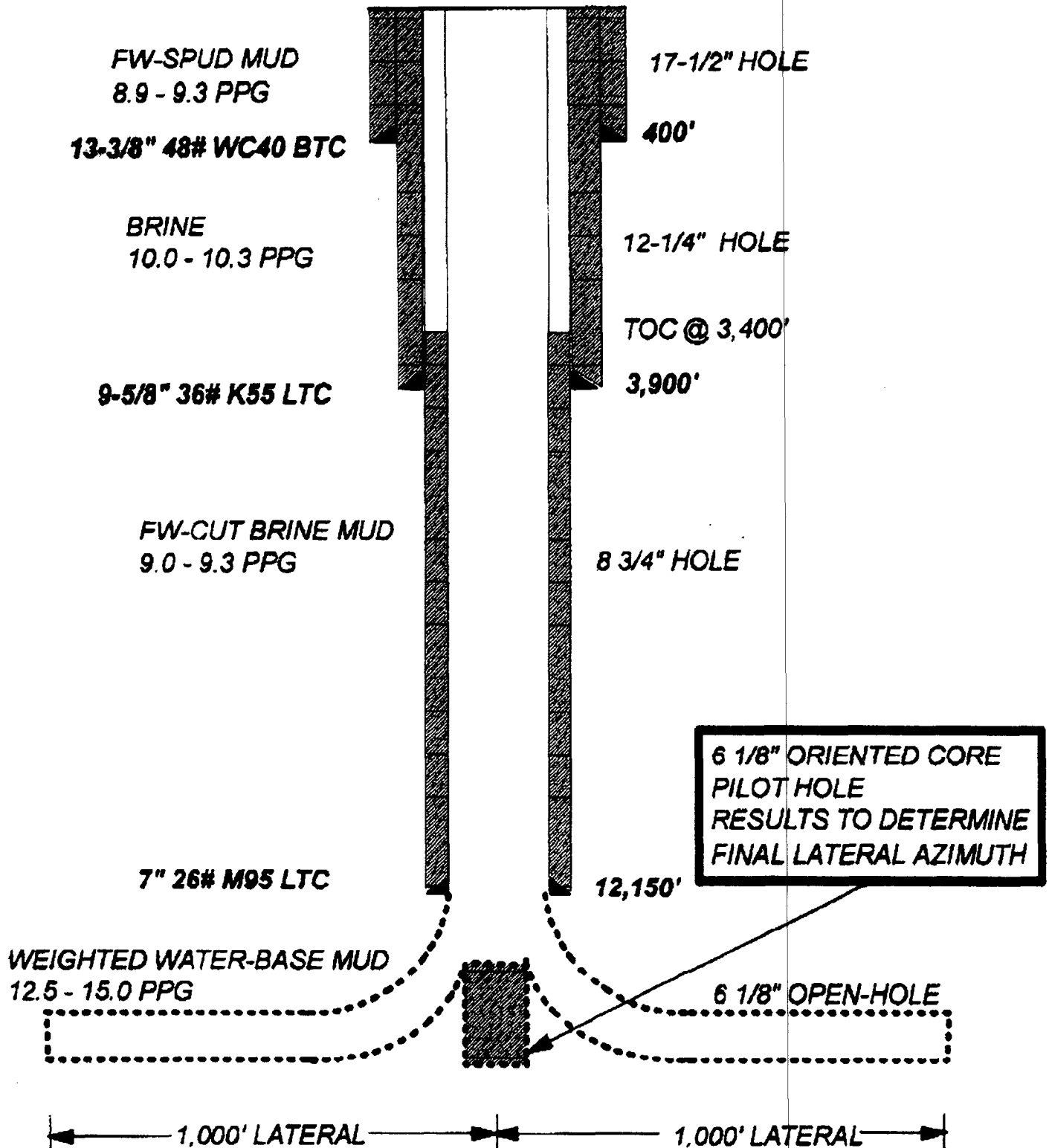
☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-015-29307		2 Pool Code 84330		3 Pool Name Ross Draw Wolfcamp (Gas)					
4 Property Code 14828		5 Property Name EL PASO 23 FEDERAL (ALT.)						6 Well Number 2	
7 OGRIS No. 26485		8 Operator Name BURLINGTON RESOURCES OIL & GAS CO.						9 Elevation 3101'	
* SURFACE LOCATION									
10 UL or lot no. b	11 Section 23	12 Township 28 SOUTH	13 Range 30 EAST, N.M.P.M.	14 Lot Ida	15 Feet from the 1120'	16 North/South line NORTH	17 Feet from the 2630'	18 East/West line EAST	19 County EDDY
" BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE									
20 UL or lot no.	21 Section	22 Township	23 Range	24 Lot Ida	25 Feet from the	26 North/South line	27 Feet from the	28 East/West line	29 County
30 Dedicated Acres		31 Joint or Infill		32 Consolidation Code		33 Order No.			
HORIZONTAL PROJECT AREA									
NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION									
						OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.			
						Signature Donna Williams Printed Name Regulatory Compliance Title 7/28/97 Date			
Dual lateral well in a 320 acre proration unit and horizontal project area. Each lateral is approximately 1000' in length and will remain within the producing area and remain orthodox as prescribed by the field and/or statewide rules which are applicable.						SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.			
						Date of Survey JULY 14, 1997 Signature Professional Certifying ROGER J. JOHNSON, #12128 JOB #52944 / 23 SE / JSJ			

EXHIBIT
A

EL PASO FEDERAL 23 No. 2
Sec. 23, Blk 50, T26S, R30E
ROSS DRAW (WOLFCAMP) FIELD
EDDY COUNTY, NEW MEXICO
WELLBORE DIAGRAM



EXHIBIT

3

EXHIBIT "C"

Geodyne Nominee Corporation
Two West Second Street
Suite 3104
Tulsa, Oklahoma 74103-3104

Ralph E. Williamson
Box 994
Midland, Texas 79702

J. C. Williamson
Box 16
Midland, Texas 79702

Trade Exploration Corp.
3400 City Center Tower II
301 Commerce Street
Fort Worth, Texas 76102

Jacque Oil and Gas Limited
3400 City Center Tower II
301 Commerce Street
Fort Worth, Texas 76102

Bryan C. Wagner
3400 City Center Tower II
301 Commerce Street
Fort Worth, Texas 76102

Lois G. Williamson
802 Palomino
Midland, Texas 79705

James D. Finley
3400 City Center Tower II
301 Commerce Street
Fort Worth, Texas 76102

H. E. Patterson
3400 City Center Tower II
301 Commerce Street
Fort Worth, Texas 76102

Finwing Corporation
P. O. Box 10886
Midland, Texas 79702

K P Acquisition Corp.
500 West Texas, Suite 1450
Midland, Texas 79701