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August 20, 1998

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NATURAL RESOURCES-OIL AND GAS LAW

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HAND DELIVERED

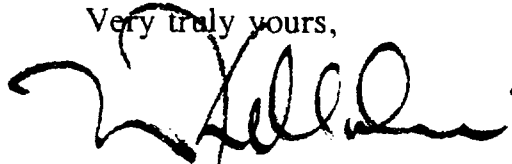
Ms. Lori Wrotenbery, Director
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Re: Allison Unit Well No. 39
E/2 Section 18, T32N, R6W, NMPM
Application of Burlington Resources Oil & Gas Company
for an Unorthodox Gas Well Location,
Rio Arriba County, New Mexico

Dear Ms. Wrotenbery:

On behalf of Burlington Resources Oil & Gas Company, please find enclosed our application for an unorthodox gas well location which we request be set for hearing on the next available Examiner's docket now scheduled for September 17, 1998. Also enclosed is our proposed notice for the advertisement.

Very truly yours,



W. Thomas Kellahin

cc: Burlington Resources Oil & Gas Company
Attn: Alan Alexander

OIL CONSERVATION DIV.
98 AUG 20 PM 2:02

Case _____: Application of Burlington Resources Oil & Gas Company for an unorthodox gas well location, San Juan County, New Mexico. Applicant seeks approval to drill its proposed Allison Unit Well No. 39 at an unorthodox gas well location 2640 feet from the north line and 15 feet from the east line (Unit H) of Section 18, Township 32 North, Range 6 West, NMPM, to the base of the Dakota formation, said location being unorthodox for any and all gas production from the Mesaverde and Dakota formations, and, if productive, to be dedicated to a standard 320-acre gas spacing and proration unit consisting of the E/2 of said Section 18. Said location is located approximately 8 miles east from the intersection of New Mexico State Highway 511 and the state line between New Mexico and Colorado.

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

**IN THE MATTER OF THE APPLICATION
OF BURLINGTON RESOURCES OIL & GAS COMPANY
FOR AN UNORTHODOX GAS WELL,
SAN JUAN COUNTY, NEW MEXICO**

CASE: _____

APPLICATION

Comes now BURLINGTON RESOURCES OIL & GAS COMPANY ("Burlington") by and through its attorneys, KELLAHIN and KELLAHIN, and applies to the New Mexico Oil Conservation Division ("NMOCD") for approval to drill its proposed Allison Unit Well No. 39 at an unorthodox gas well location 2640 feet from the north line and 15 feet from the east line (Unit H) of Section 18, Township 32 North, Range 6 West, NMPM, to the base of the Dakota formation, said location being unorthodox for any and all gas production from the Mesaverde and Dakota formations, and, if productive, to be dedicated to a standard 320-acre gas spacing and proration unit consisting of the E/2 of said Section 18.

In support thereof, Applicant states:

1. Burlington is the operator of the Allison Unit and proposes to drill its Allison Unit Well No. 39 ("Well 39") at an unorthodox gas well location 2640 feet from the north line and 15 feet from the east line (Unit H) of Section 18, Township 32 North, Range 6 West, NMPM.
2. On June 14, 1950, the New Mexico Oil Conservation Commission entered Order R-24 which approved the unit agreement for the development and operation of Allison Unit which is a voluntary exploratory unit consisting of all federal oil & gas leases.
3. Burlington proposes to drill Well 39 to a depth sufficient to test for gas production from the Dakota and/or Mesaverde formations within a proposed standard gas proration and spacing unit consisting of the E/2 of said Section 18.

4. Burlington has attempted to locate this well at a standard location within the E/2 of this section, but all such locations are not acceptable to the surface owner for topographical reasons.

5. On July 20, 1998, Burlington submitted to the Division an administrative application for approval of the Well 39 at this proposed unorthodox gas well location which the Division denied by letter dated July 23, 1998.

6. Burlington desires that this matter be heard at an Examiner's hearing for the following reasons:

(a) no Dakota or Mesaverde well has been drilled in this proposed spacing unit;

(b) any standard location in this spacing unit acceptable to Burlington would be located upon surface owned by a non-government surface owner who has no ownership interest in the oil & gas minerals.

(c) The surface owner desires that the first well located in this spacing unit be located at the proposed unorthodox well location.

(d) Based upon currently available data, a Dakota well located at the proposed unorthodox location is geologically comparable with any standard location;

(e) Based upon currently available data, a Mesaverde well located at the proposed unorthodox location is geologically comparable with any standard location the previously approved Dakota standard location;

(f) the utilization of a single wellbore results in substantial economic savings.

(g) Burlington plans to downhole commingle production from this single wellbore.

(h) the utilization of a single location minimizes surface disturbance.

(i) it is not economically practical to attempt to directionally drill this well to a standard subsurface location;

(j) twining this well on the existing pad with the Allison Unit Well No. 111 which is a Basin Fruitland Coal Gas producer located in Unit G of this section would cause interference with the proposed Allison Unit Well No 39-M to be located 2065 feet FSL and 2325 feet FEL;

(k) the unorthodox location only encroaches upon the W/2 of Section 17 which is also included in the Dakota and Mesaverde participating areas for the Allison Unit, thus correlative rights will protected because production from the subject well will be shared equitably by the owners of the unit.

(l) approval of this well location for the Allison Unit Well No 39 would allow for a reasonable pattern of planned development.

7. Approval of this application will afford the owners of the Allison Unit the opportunity to produce their just and equitable share of the gas underlying this unit, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

8. Notification of this application to affected parties is not required because the parties entitled to participate in this well are also the same parties towards whom the well encroaches.

WHEREFORE, Applicant requests that, after notice and hearing, this Application be approved as requested.

KELLAHIN and KELLAHIN

BY 

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P. O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285

BURLINGTON RESOURCES OIL AND GAS COMPANY

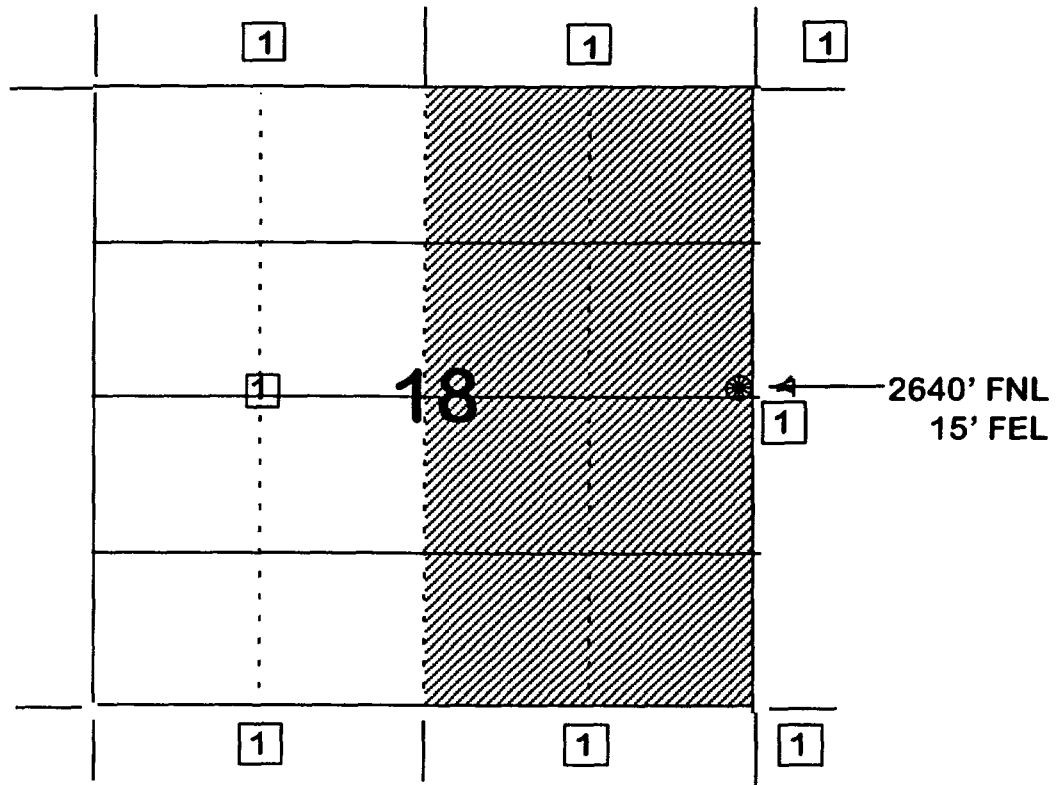
Allison Unit #39

OFFSET OPERATOR \ OWNER PLAT

Mesaverde/Dakota Formations

Nonstandard Location

Township 32 North, Range 6 West



1) Burlington Resources