

**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:**

**CASE NO. 12045
Order No. R-11065**

**APPLICATION OF BURLINGTON RESOURCES OIL & GAS COMPANY FOR AN
UNORTHODOX GAS WELL LOCATION, RIO ARRIBA COUNTY, NEW
MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on September 17, 1998, at Santa Fe, New Mexico, before Examiner Mark W. Ashley.

NOW, on this 14th day of October, 1998, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

- (1) Due public notice has been given as required by law and the Division has jurisdiction of this case and its subject matter.
- (2) The applicant, Burlington Resources Oil & Gas Company ("Burlington"), seeks approval to drill its San Juan "27-5" Unit Well No. 85-E at an unorthodox gas well location 795 feet from the North line and 2435 feet from the West line (Unit C) of Irregular Section 5, Township 27 North, Range 5 West, NMPM, Rio Arriba County, New Mexico, to test the Dakota and Mesaverde formations, Basin-Dakota and Blanco-Mesaverde Gas Pools.
- (3) Lots 3 and 4, the S/2 NW/4 and the SW/4 (W/2 equivalent) of Section 5 are to be dedicated to the San Juan "27-5" Unit Well No. 85-E forming a standard 319.81-acre gas spacing and proration unit for these pools.
- (4) The proposed location is within the applicant's San Juan 27-5 Unit, a federal exploratory unit approved by Division Order R-322, dated May 19, 1953.
- (5) Well acreage and location requirements within the Basin-Dakota and Blanco-Mesaverde Gas Pools are governed by Division Order R-8170, as amended, which requires standard 320-acre gas spacing and proration units with wells to be located no closer than 790 feet to any outer boundary of the quarter section on which the well is located and no closer than 130 feet to any quarter-quarter section line or subdivision inner boundary.

(6) These rules further provide that a Dakota or Mesaverde infill well shall be located in the quarter section of the gas spacing and proration unit not containing a Dakota or Mesaverde well, and shall be located with respect to the gas spacing and proration unit boundaries as described in paragraph (5). No Dakota infill well shall be drilled nearer than 920 feet to an existing Dakota well on the same gas spacing and proration unit.

(7) At the time of the hearing Burlington testified that on April 17, 1998 the U.S. Bureau of Land Management approved Burlington's application to drill the San Juan "27-5" Unit Well No. 85-E as an infill Basin-Dakota gas well at a standard location 1075 feet from the North line and 825 feet from the West line (Unit D) of Section 5.

(8) On July 13, 1998 Burlington submitted an application to the Division for administrative approval of an unorthodox location for the San Juan "27-5" Unit Well No. 85-E. The application stated the location would be moved to 795 feet from the North line and 2435 feet from the West line (Unit C) of Section 5 due to terrain and the presence of existing pipelines and powerlines.

(9) On July 23, 1998 the Division denied Burlington's administrative application due to insufficient geologic and engineering data.

(10) Burlington further testified at the hearing that drilling at the proposed unorthodox location is the most efficient manner of development for the following reasons:

- (a) for a Basin-Dakota well, the proposed unorthodox location is geologically comparable to the previously approved standard location;
- (b) for a Blanco-Mesaverde well, the proposed unorthodox location is geologically more favorable than the previously approved standard location;
- (c) the utilization of a single wellbore to develop both Dakota and Mesaverde gas reserves results in substantial economic savings;
- (d) Burlington plans to downhole commingle Basin-Dakota and Blanco-Mesaverde production from this single wellbore; and
- (e) the unorthodox location only encroaches upon the NE/4 of Section 5, which is also included in the Dakota and Mesaverde participating areas for the San Juan 27-5 Unit Agreement, thus correlative rights will be protected because production from the San Juan "27-5" Unit Well 85-E will be shared equitably by the owners of the unit.

(11) No other offset operator and/or interest owner appeared at the hearing in opposition to the application.

(12) The applicant's request should be granted.

(13) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in this unit and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

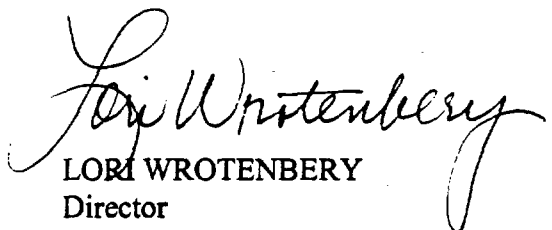
(1) The applicant, Burlington Resources Oil & Gas Company, is hereby authorized to drill its San Juan "27-5" Unit Well No. 85-E at an unorthodox gas well location 795 feet from the North line and 2435 feet from the West line (Unit C) of Irregular Section 5, Township 27 North, Range 5 West, NMPM, Rio Arriba County, New Mexico, to test the Dakota and Mesaverde formations, Basin-Dakota and Blanco-Mesaverde Gas Pools.

(2) Lots 3 and 4, the S/2 NW/4 and the SW/4 (W/2 equivalent) of Section 5 are to be dedicated to the San Juan "27-5" Unit Well No. 85-E forming a standard 319.81-acre gas spacing and proration unit for said pools.

(3) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director

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