

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

Burlington Resources Oil & Gas Company
Comments On

Industry Notice Requirements
NMOCD Proposed Rule # 1207.A.4

Case No. _____ Exhibit No. _____
Submitted by _____
Hearing Date _____

Background and basis for analysis:

In 1997 Burlington contracted with land brokers (Brokers) to perform record checks in San Juan County to determine the ownership of Pennsylvania interest in 500,000 acres (781 sections). This search required 24 months and verified 3,405 (Working Interest only) owner records. Burlington utilized seven (7) contract Brokers over this time period, which was the maximum number of Brokers that could be utilized due to the physical plant limitations in the San Juan County Courthouse. This type of limitation of physical plant facilities would apply in all County Courthouses or Abstract offices. Our contract personnel estimated that in order to verify royalty, overriding royalty or other types of mineral ownerships (Pennsylvanian age) they would have to research an additional 26,507 records, which would require 186 months or approximately 15 years.

Blanco Mesaverde Pool example:

Blanco Mesaverde Pool = 1,045,000 acres (1,632 sections)

Blanco Mesaverde Acres Operated By Burlington = 419,000 acres (654 sections)*

Blanco Mesaverde Acres Requiring Record Check = 626,000 acres (978 sections)

*Burlington would have Division Order owner records available on computer. This advantage would not likely be available to other operators.

Estimated working interest owner records = 4,263**

Estimated royalty, overriding royalty and other mineral owner records =
33,186**

** These are conservative estimates since the Mesaverde is a developed formation and ownership is always more diverse in developed pools.

Contract Land Broker, Time and Expense (260 working days/yr. @ \$250/day) to perform a record check (based upon Pennsylvanian experience) for notice requirements under proposed NMOCD 1207 rule utilizing the example of the Blanco Mesaverde Pool -- 626,000 acres to be checked:

A. Based upon utilizing seven (7) contract brokers:

1. Thirty (30) months or 2.5 years (\$1,137,500) to verify working interest owner records
2. One hundred and eighty six (186) months or 15.5 years (\$17,631,000) to verify royalty, overriding royalty or other type mineral ownership.

B. Based upon conducting record search in one year*:**

- 1. Seventeen (17) contract brokers (\$1,105,000) to verify working interest owner records.**
- 2. One hundred eight (108) contract brokers (\$7,020,000) to verify royalty, overriding royalty or other mineral owners.**

***** The results of a record search that extended beyond one year would be obsolete/inaccurate because of the changes in ownership (death/heirship/transfers, assignments, etc) that would occur before the ownership check could be completed. These statistics are given for illustrative purposes only since the physical plant in the County Clerks office could not accommodate more than seven contract brokers at any one time.**