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W. THOMAS KELLAHIN*

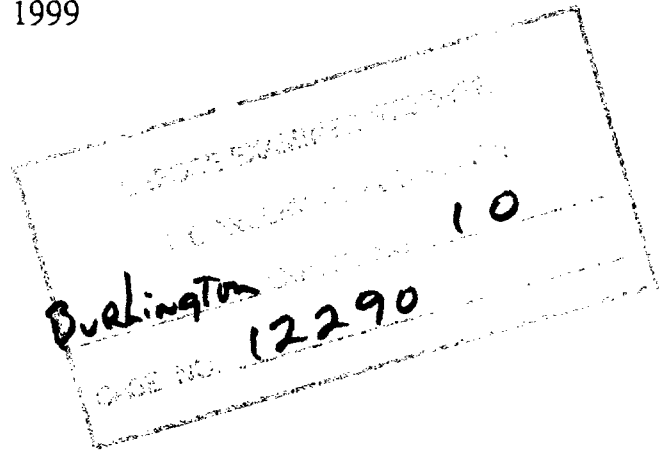
*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

December 29, 1999

VIA FACSIMILE
(505) 334-6170

Mr. Frank Chavez
District Supervisor
Oil Conservation Division
1000 Rio Brazos Road
Aztec, New Mexico 87410



Re: NMOCD Case 12290
Application of Burlington Resources Oil & Gas Company to
amend the rules for the Basin-Dakota Gas Pool for purposes
of changing the well location requirements.

Dear Mr. Chavez:

The referenced case deals with a request by Burlington Resources Oil & Gas Company ("Burlington") to conform the rules for the Basin-Dakota Gas Pool to the recently revised rules for the Blanco-Mesaverde Gas Pool (Order R-10987-A, issued February 1, 1999).

At the November 18, 1999, Examiner hearing of the referenced case, on behalf of Burlington, I introduced a computer generated map of the boundary of the Basin-Dakota Gas Pool which Burlington had obtained from New Mexico Tech-Socorro. (See enclosure 1, hearing Exhibit 4). I advised Mr. Stogner that there were Basin-Dakota Gas Pool wells in the pool but not within the boundary of this map.

At the conclusion of Burlington's presentation, Mr. Stogner continued the case to January 6, 2000 and requested Burlington to return and explain why it has used a map which did not accurately reflect the boundary for this pool. I would appreciate your assistance in helping me respond to Mr. Stogner's request.

As you know, in Southeastern New Mexico, after the Division's district office creates a new pool, it will periodically expand the pool boundary to include new wells as they are drilled and completed. However, it is my understanding that the Aztec-OCD has a different procedure for wells to be "added" to the Basin-Dakota Gas Pool. Please confirm for me if the following is a correct understanding of what occurs:

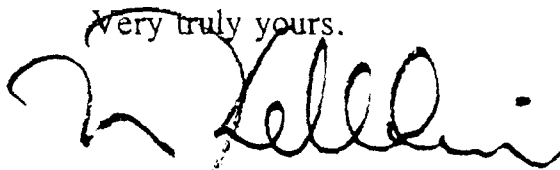
(1) On November 4, 1960, by Order R-1670-C, the Commission established gas prorationing for the Dakota producing interval in the San Juan Basin, abolished some 13 different Dakota pools and created the Basin-Dakota Gas Pool and described its horizontal limits to be "San Juan and Rio Arriba Counties, New Mexico, with the exception of the Baker-Creek-Dakota Gas Pool and the Ute Dome-Dakota Gas Pool together with any extensions thereof."

(2) Because of the particular language of this order, OCD-Aztec does not have a current pool map which shows all of the wells in the Basin-Dakota Gas Pool. Instead, OCD-Aztec simply maintains records showing any Dakota gas well in either of these counties as a Basin-Dakota Gas Pool well provided it is not in either the Barker-Creek-Dakota Gas Pool or the Ute Dome-Dakota Gas Pool.

I do not know how New Mexico Tech generated its pool map and I do not know how to correct it so that I can provide Mr. Stogner with an accurate pool map which will include all the wells dedicated to the Basin-Dakota Gas Pool. Any assistance you can provide would be most appreciated.

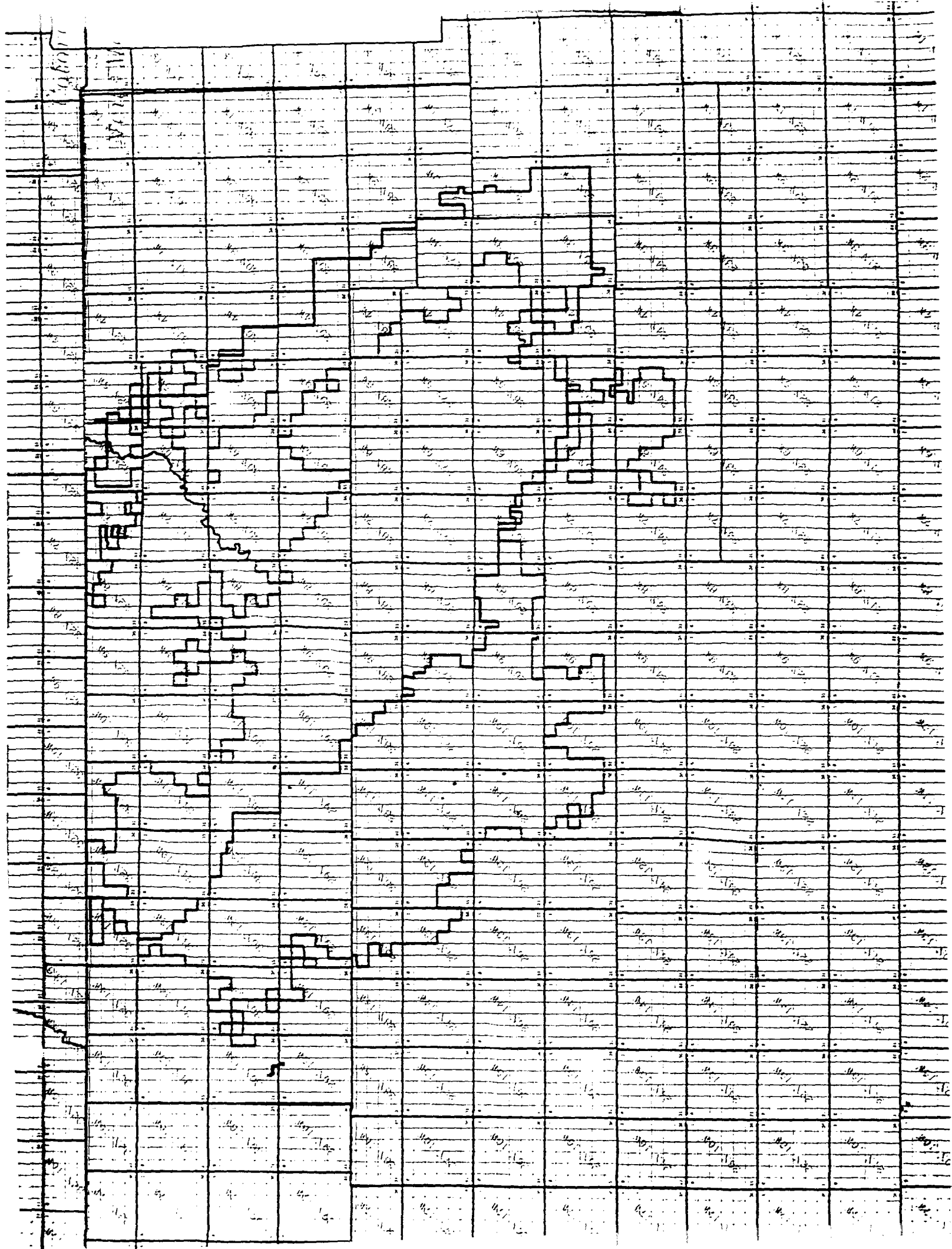
In addition, this same topic raised an issue about the accuracy of the notice list Burlington used to notify all operators in the Basin-Dakota Gas Pool of this proposed rule change. For notification purposes, Burlington sent notice to all operators in the Basin-Dakota Gas Pool based upon a list provided to them by the Aztec office of the Division. Please confirm for me that the OCD-Aztec list of operators for this pool is accurate for the intended notice purpose.

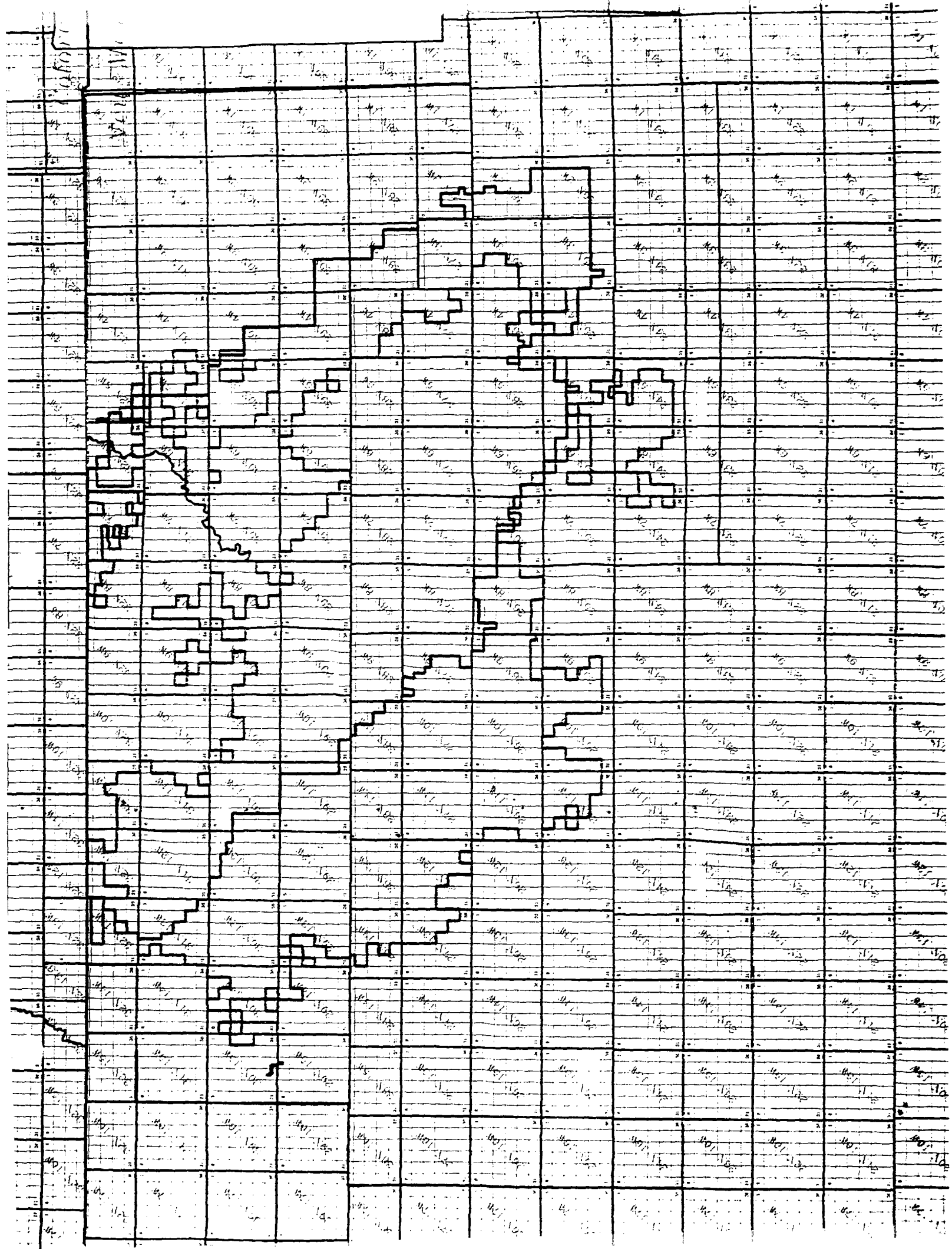
Very truly yours.



W. Thomas Kellahin

cfx: Division (Santa Fe)
Attn: Michael E. Stogner
cfx: Burlington Resources
Attn: Alan Alexander





STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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FAX TRANSMITTAL SHEET

Tom Kelleher FROM: Frank T. Chavez

REMARKS: _____

NUMBER OF PAGES INCLUDING COVER: 3

Tom:

The particular language of Order R-1670C has been interpreted to exclude Dakota formation production from several Dakota oil and comingled Dakota oil pools, too. Also, Section 21 of T23N R5W in Sandoval County is part of the pool.

I would recommend that a pool map show the outline of both counties plus that small portion of Sandoval and show the other Dakota pool boundaries as exclusions.

The list of Basin Dakota operators below was generated from the latest ONGARD data.

AMOCO PRODUCTION CO
BENSON-MONTIN-GREER DRILLING CORP
BLEDSOE PETRO CORP
BONNEVILLE FUELS CORP
BRUCE ANDERSON
BURLINGTON RESOURCES OIL & GAS CO
CAULKINS OIL CO
CENTRAL RESOURCES INC
COLT RESOURCES CORPORATION
CONOCO INC
CROSS TIMBERS OPERATING COMPANY
D N C ENTERPRISES INC
DAVID H ARRINGTON OIL & GAS INC
DEVON ENERGY CORP (NEVADA)
DUGAN PRODUCTION CORP
E L FUNDINGSLAND
ELLIOTT OIL CO
ELM RIDGE RESOURCES INC
ENERGEN RESOURCES CORPORATION
FLOYD OIL CO
FLOYD OPERATING CO
FORCENERGY GAS EXPLORATION INC
FOUR STAR OIL & GAS CO
FULLER PRODUCTION INC.
GREAT WESTERN DRILLING CO
GREYSTONE ENERGY INC
HALLWOOD PETROLEUM INC
HARVEST ENERGY COMPANY
JIMMY ROBERSON ENERGY CORPORATION
KIMBELL OIL CO OF TEXAS
KOCH EXPLORATION CO
LITTLE OIL AND GAS, INC.
LIVELY EXPLORATION CO

LOUIS DREYFUS NATURAL GAS CORP.
M & G DRLG CO INC
M & M PRODUCTION & OPERATION
MANANA GAS INC
MARATHON OIL CO
MCELVAIN OIL AND GAS PROPERTIES INC
MERRION OIL & GAS CORP
NASSAU RESOURCES INC
P-R-O MANAGEMENT INC
PHILLIPS PETROLEUM CO NW
PRO NM ENERGY INC
QUESTAR EXPLORATION & PRODUCTION CO
RC RESOURCES CORP
REDWOLF PRODUCTION INC
RICHARDSON OPERATING CO
ROBERT C DINTELMAN
ROBERT L BAYLESS
ROBERT L BAYLESS PRODUCER LLC
ROCANVILLE CORP
RODDY PRODUCTION CO INC
SAN JUAN RESOURCES OF COLORADO INC
SCHALK DEVELOPMENT CO
SMOKEY OIL COMPANY
SOUTHWEST PRODUCTION CO
THOMAS OPERATING CO INC
THOMPSON ENGR & PROD CORP
TURNER PRODUCTION CO
UNION OIL CO OF CALIFORNIA
W B HAMILTON ESTATE
W M GALLAWAY
WILLIAMS PRODUCTION COMPANY