

## 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. 12,650

APPLICATION OF BURLINGTON RESOURCES )  
 OIL AND GAS COMPANY FOR APPROVAL OF )  
 A 317.51-ACRE NONSTANDARD GAS SPACING )  
 AND PRORATION UNIT, SAN JUAN COUNTY, )  
 NEW MEXICO )

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGSEXAMINER HEARING

BEFORE: DAVID R. CATANACH, Hearing Examiner

May 3rd, 2001

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID R. CATANACH, Hearing Examiner, on Thursday, May 5th, 2001, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South Saint Francis Drive, Room 102, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

\* \* \*

STEVEN T. BRENNER, CCR  
 (505) 989-9317

OIL CONSERVATION DIV  
 01 MAY 18 PM 1:37

## I N D E X

May 3rd, 2001  
Examiner Hearing  
CASE NO. 12,650

## PAGE

REPORTER'S CERTIFICATE

7

\* \* \*

## E X H I B I T S

Applicant's	Identified	Admitted
Exhibit 1	3	6
Exhibit 2	5	6
Exhibit 3	5	6
Exhibit 4	5	6

\* \* \*

## A P P E A R A N C E S

FOR THE APPLICANT:

KELLAHIN & KELLAHIN  
117 N. Guadalupe  
P.O. Box 2265  
Santa Fe, New Mexico 87504-2265  
By: W. THOMAS KELLAHIN

\* \* \*

1           WHEREUPON, the following proceedings were had at  
2   8:20 a.m.:

3           EXAMINER CATANACH: Call the hearing to order  
4   this morning for Docket Number 15-01. I'm going to call  
5   the continuances and dismissals first.

6           (Off the record)

7           EXAMINER CATANACH: And at this time I will call  
8   Case 12,650, which is the Application of Burlington  
9   Resources Oil and Gas Company for approval of a 317.51-acre  
10   nonstandard gas spacing and proration unit, San Juan  
11   County, New Mexico.

12          Call for appearances in this case.

13          MR. KELLAHIN: Mr. Examiner, I'm Tom Kellahin of  
14   the Santa Fe law firm of Kellahin and Kellahin, appearing  
15   on behalf of the Applicant.

16          EXAMINER CATANACH: Any additional appearances?

17          This case, Mr. Kellahin, is styled such that in  
18   the absence of objection this matter will be taken under  
19   advisement. I presume you have no witnesses today.

20          MR. KELLAHIN: That's correct, Mr. Examiner. I  
21   do have some exhibits to introduce in this case.

22          EXAMINER CATANACH: Okay.

23          MR. KELLAHIN: I've provided you an Exhibit 1,  
24   which is a plat, and if you'll unfold it I'll describe  
25   where the nonstandard proration unit is.

1           We're dealing with property that is on the  
2 northeast edge of the Allison Unit, operated by Burlington.  
3 You can see the Colorado-New Mexico border. Along that  
4 common borderline you can see a series of oddly configured  
5 irregular sections. And it's color-coded and cross-hatched  
6 in a way to help you identify the fact that there are a  
7 series of nonstandard proration units.

8           The one before you today completes the pattern.  
9 It's the one with the red hachure line running from  
10 northwest to southeast. It is on the eastern portion of  
11 Section 8 and the southwest quarter of 9. It's hard to  
12 follow the color code through there, but ignore the green  
13 line, which is the Allison Unit boundary, and if you look  
14 at the red line that goes northwest-southeast, then you'll  
15 see the configuration.

16           In Section 9, the balance of Section 9 is an  
17 approved nonstandard gas proration unit for Dakota and  
18 Mesaverde. There is no well. Burlington has no interest  
19 in that acreage outside of the Allison Unit.

20           When you look in Section 8 you'll see some  
21 numbers in relationship to the wells. The balance of  
22 Section 8 to the east -- I'm sorry to the west of the  
23 proposed unit, the Number 1 well is circled in "1". That's  
24 a Mesaverde-Dakota well. Number 2 is a Mesaverde infill  
25 well. And Number 3 is a Mesaverde-Dakota well. This is

1 one of those spacing units where there are three Mesaverde  
2 wells.

3 Over in the southwest quarter of 9, the number  
4 "4" that's circled, that's a Fruitland Coal Gas well.

5 When you turn your attention to Exhibit Number 2,  
6 that is the C-102 for the Allison Unit Com 64 well, which  
7 is the well to be drilled in the nonstandard GPU that's the  
8 subject of this case, and you can see the lot description  
9 and configuration, you'll find the well location. The well  
10 location is standard, pursuant to the Division rules for  
11 both of these pools.

12 In addition, behind Exhibit Number 2 I've  
13 identified a Division order as Exhibit 3. It's Order  
14 R-2046. This is an order entered in 1961 where the  
15 Commission approved a whole series of nonstandard Basin-  
16 Dakota Gas Pool spacing units. And when you read through  
17 the order you'll come to page 10, and a subset of page 10  
18 is Tract G, which shows that this spacing unit was approved  
19 for Basin-Dakota pursuant to this Order.

20 So what we're asking you to do now is to add the  
21 same configuration for the Mesaverde, and then we'll drill  
22 the Number 64 well as a commingled well.

23 And then the last exhibit is Exhibit 4, which is  
24 Mr. Alexander's certificate of notification in which he has  
25 sent my notice letter to all the offsetting interest owners

1 to this well, including all of the working interest owners  
 2 in the Allison Unit pursuant to the Rule. He's got green  
 3 cards attached to this, and neither Mr. Alexander nor I are  
 4 aware of any objection.

5 So with that explanation, Mr. Catanach, we would  
 6 ask that you move the introduction of Exhibits 1 through 4.

7 EXAMINER CATANACH: Exhibits 1 through 4 will be  
 8 admitted as evidence.

9 Mr. Kellahin, is this acreage entirely within the  
 10 Allison unit?

11 MR. KELLAHIN: No, sir. You can see by the way  
 12 it's cross-hatched, a substantial portion of the southwest  
 13 quarter of 9 is outside the unit. You see how it's  
 14 gerrymandered around through there?

15 EXAMINER CATANACH: Uh-huh.

16 MR. KELLAHIN: So it's part in, part out.

17 EXAMINER CATANACH: Okay. Anything further?

18 MR. KELLAHIN: No, sir.

19 EXAMINER CATANACH: All right. There being  
 20 nothing further, Case 12,650 will be taken under  
 21 advisement.

22 (Thereupon, these proceedings were concluded at  
 23 8:28 a.m.)

24 I do hereby certify that the foregoing is  
 a complete and correct copy of the proceedings of  
 the Examiner hearing of Case No. 12650  
 \* dictated by me on 5/31/2001  
 David R. Catanach  
 Oil Conservation Division

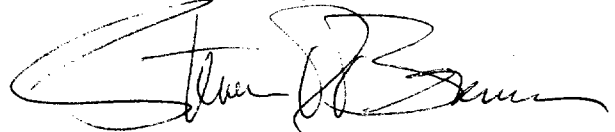
CERTIFICATE OF REPORTER

STATE OF NEW MEXICO    )  
                                   )   ss.  
 COUNTY OF SANTA FE    )

I, Steven T. Brenner, Certified Court Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I transcribed my notes; and that the foregoing is a true and accurate record of the proceedings.

I FURTHER CERTIFY that I am not a relative or employee of any of the parties or attorneys involved in this matter and that I have no personal interest in the final disposition of this matter.

WITNESS MY HAND AND SEAL May 3rd, 2001.




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STEVEN T. BRENNER  
 CCR No. 7

My commission expires: October 14, 2002