

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. 12,745
)
 APPLICATION OF BURLINGTON RESOURCES OIL)
 AND GAS COMPANY AND CONOCO, INC., TO)
 AMEND THE SPECIAL RULES AND REGULATIONS)
 FOR THE BASIN-DAKOTA GAS POOL TO)
 INCREASE WELL DENSITY AND AMEND WELL)
 LOCATION REQUIREMENTS, SAN JUAN,)
 MCKINLEY, SANDOVAL AND RIO ARRIBA)
 COUNTIES, NEW MEXICO)
)

OFFICIAL EXHIBIT FILE

EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

October 18th, 2001

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER, Hearing Examiner, on Thursday, October 18th, 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.

* * *

HOLLAND & HART LLP
AND
CAMPBELL & CARR
ATTORNEYS AT LAW

DENVER • ASPEN
BOULDER • COLORADO SPRINGS
DENVER TECH CENTER
BILLINGS • BOISE
CHEYENNE • JACKSON HOLE
SALT LAKE CITY • SANTA FE
WASHINGTON, D.C.

SUITE 1
110 NORTH GUADALUPE
SANTA FE, NEW MEXICO 87501-6525
MAILING ADDRESS
P.O. BOX 2208
SANTA FE, NEW MEXICO 87504-2208

TELEPHONE (505) 988-4421
FACSIMILE (505) 983-6043
www.hollandhart.com

October 18, 2001

HAND-DELIVERED

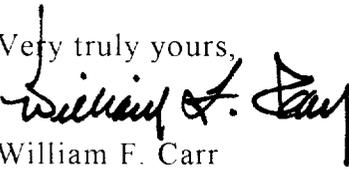
Ms. Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Energy, Minerals and
Natural Resources Department
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: **New Mexico Oil Conservation Division Case 12745**: Application of Burlington Resources Oil & Gas Company and Conoco Inc. to amend the Special Rules and Regulations for the Basin-Dakota Gas Pool to increase well density and amend well location requirements, San Juan, McKinley, Sandoval and Rio Arriba Counties, New Mexico.

Dear Ms. Wrotenbery:

Williams Production Company LLC supports the application of Burlington Resources Oil & Gas Company and Conoco Inc. for increased well density and special well location requirements in the Basin-Dakota Gas Pool. It is our opinion that 80-acre infill development of this pool can be economically justified and the net result will be the drilling of additional wells and the recovery of reserves that otherwise will be wasted.

Williams Production Company LLC believes approval of this application will prevent the waste of natural gas, and will not impair the correlative rights of the mineral owners in the pool.

Very truly yours,

William F. Carr

ATTORNEY WILLIAMS PRODUCTION
COMPANY LLC

WFC/keh

cc: Ralph L. Hawks, Jr.
Williams Production Company LLC



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway Suite A
Farmington, New Mexico 87401

October 16, 2001

**RE: Statement for Record at New Mexico Oil Conservation Division
Hearing on October 18, 2001**

New Mexico Oil Conservation Division (NMOCD) Case No. 12745
Burlington Resources Oil & Gas Company and Conoco Inc.
Proposed increase in well density and amend well location
requirements for the Basin-Dakota Gas Pool
Standard Gas Proration Unit (320 acres)
New Mexico portion of the San Juan Basin

The following represents the position of the Bureau of Land Management (BLM) concerning the increase in the density of Dakota formation wells from the current two (2) wells per standard 320 acre Gas Proration Unit to four (4) wells per standard Gas Proration Unit. The case also seeks an amendment to the current NMOCD Special Rules and Regulations concerning well location requirements. Three (3) Dakota formation pilot project areas were previously approved by the New Mexico Oil Conservation Division (NMOCD) and the BLM. The three(3) pilot projects are located in the San Juan 28-7 Unit, San Juan 27-5 Unit and the Culpepper Martin area. In each of these Dakota formation pilot project areas the well density was increased in the 320 acre gas proration unit. The purpose of these pilot projects was to gather additional reservoir engineering and geological data for the specific purpose of determining the proper well density for maximum recovery of Dakota formation reserves. The Dakota formation wells were drilled at locations which are presently unorthodox.

A primary BLM mandate is to promote the orderly and efficient exploration, development and production of oil and gas on Federal and Indian lands. In addition, the BLM is responsible for managing public lands for multiple use and maximizing the resource values for the American people. The multiple use concerns are presently being addressed in the Farmington Field Office Resource Management Plan revision.

Present information and data suggests that these pilot projects were successful in capturing significant additional reserves in each gas proration unit. The BLM supports the increased density fo four (4) wells per 320 acre gas proration unit and consistent rules for the entire New Mexico portion of the San Juan Basin. The BLM also supports uniform drilling windows that are consistent with other gas reservoirs in the basin. These consistent regulatory rules throughout the basin for four (4) Dakota formation wells per proration unit would have various benefits:

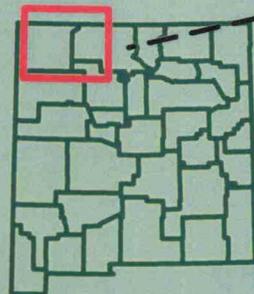
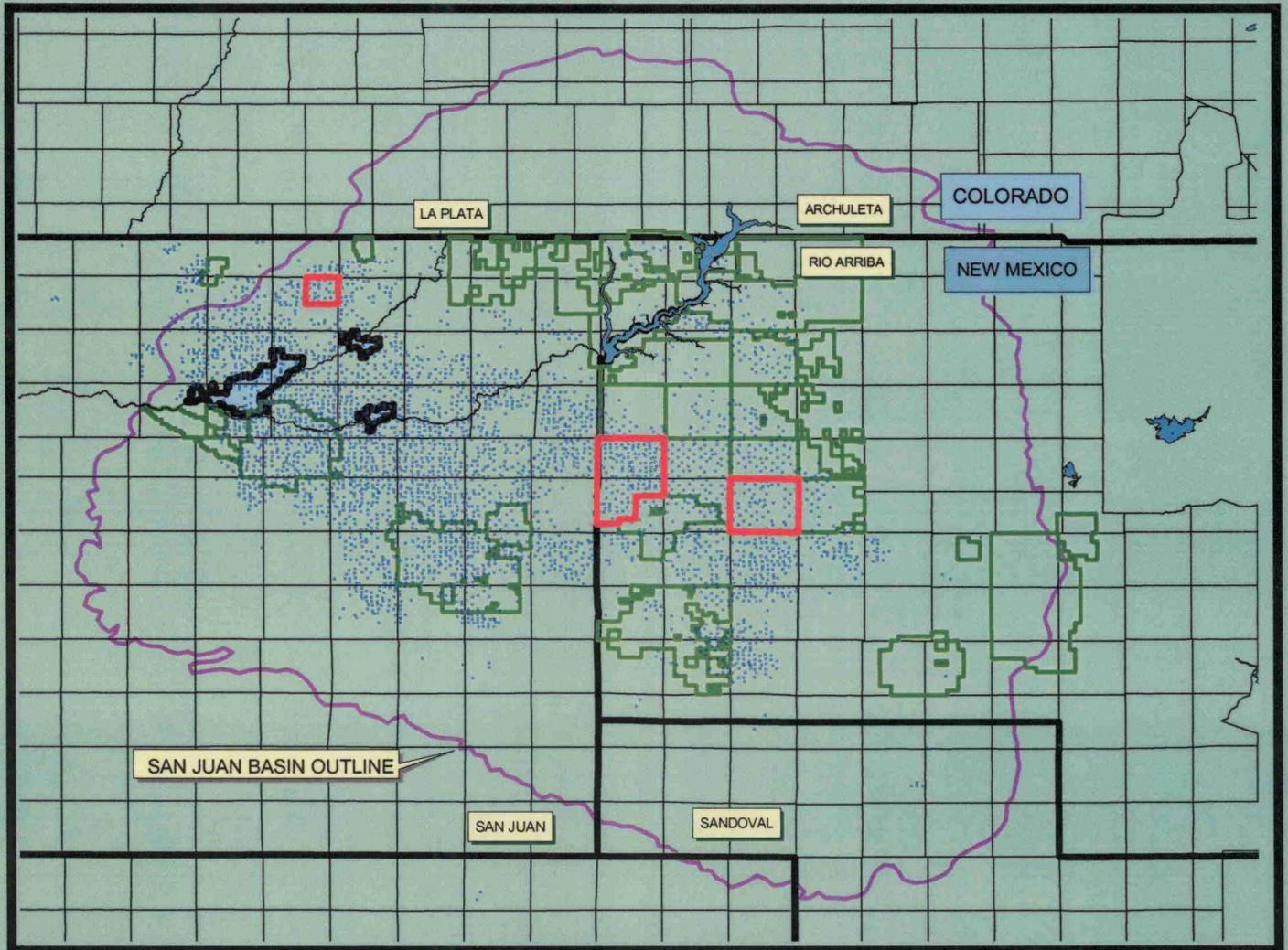
- 1.) Regulatory workloads at the State and Federal levels would be minimized.
- 2.) Consistent rules would increase commingling opportunities and maximize wellbore usage.
- 3.) Operators would be allowed to determine their own economics of drilling wells to recover additional reserves which would benefit all parties involved.
- 4.) Surface disturbances would be minimized by the potential utilization of previously disturbed areas and the usage of established infrastructure for gas sales.

In summary the BLM is in full support of increased well density in the Dakota formation. As a result of increasing the Dakota well density and establishing consistent rules and well location set back requirements, maximum recovery of natural gas resources in the Dakota formation, as well as other formations, can be achieved.

Jay Rippman for Steve Henke
Field Office Manager
Farmington

BURLINGTON RESOURCES OIL & GAS COMPANY LP

CONOCO INC.



NEW MEXICO CONSERVATION DIVISION

CASE 12745

OCTOBER 18, 2001