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W. THOMAS KELLAHIN*

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RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

February 1, 2002

HAND DELIVERED

Case 12837

Mr. Michael E. Stogner
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

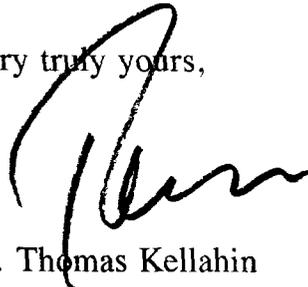
Re: *Application of Burlington Resources Oil & Gas Company to amend the Acreage and Well Location Requirements and Administrative Exceptions of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool to conform with the Acreage and Well Location Requirements and Administrative Exceptions of the Special Rules and Regulations for the Basin Dakota Gas Pool as promulgated by Division Order R-10987-B(1) issued January 29, 2002*

Dear Mr. Stogner:

On behalf of Burlington Resources Oil & Gas Company, please find enclosed my draft application to conform the Blanco-Mesaverde Rules to the new Basin Dakota Rules.

Please let me know if you see anything I have forgotten or if I have made a mistake. Unless you desire this on another docket, I plan to file this on February 19th for the March 21, 2001 docket.

Very truly yours,



W. Thomas Kellahin

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NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

February 19, 2002

HAND DELIVERED

Ms. Lori Wrotenbery, Director
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: *Application of Burlington Resources Oil & Gas
Company to amend the Acreage and Well Location
Requirements and Administrative Exceptions of the
Special Rules and Regulations for the Blanco-
Mesaverde Gas Pool to conform with the Acreage
and Well Location Requirements and
Administrative Exceptions of the Special Rules and
Regulations for the Basin Dakota Gas Pool as
promulgated by Division Order R-10987-B(1)
issued January 29, 2002*

Dear Ms. Wrotenbery:

On behalf of Burlington Resources Oil & Gas Company, please find enclosed our referenced application which we request be set for the Examiner's hearing currently scheduled for March 21, 2002.

Also enclosed is our proposed advertisement of this case for the NMOCD docket.

Very truly yours,

DRAFT

W. Thomas Kellahin

cc: Burlington Resources Oil & Gas Company
Attn: Mr. Alan Alexander

PROPOSED ADVERTISEMENT

Case _____: Application of Burlington Resources Oil & Gas Company to amend the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool, Rio Arriba and San Juan Counties, New Mexico. Applicant seeks to amend the Acreage and Well location Requirements and Administrative Exceptions of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool to conform with the Acreage and Well Location Requirements and Administrative Exceptions of the Special Rules and Regulations for the Basin Dakota Gas Pool as promulgated by Division Order R-10987-B(1) issued January 29, 2002.

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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:

APPLICATION OF BURLINGTON RESOURCES
OIL & GAS COMPANY TO AMEND THE ACREAGE
AND WELL LOCATIONS REQUIREMENTS AND
ADMINISTRATIVE EXCEPTIONS OF SPECIAL
RULES AND REGULATIONS FOR THE BLANCO
MESAVERDE POOL TO CONFORM TO THE ACREAGE
AND WELL LOCATIONS REQUIREMENTS AND
ADMINISTRATIVE EXCEPTIONS OF THE SPECIAL RULES
AND REGULATIONS FOR THE BASIN-DAKOTA GAS POOL
AS PROMULGATED BY DIVISION ORDER R-10987-B(1)
RIO ARRIBA AND SAN JUAN COUNTIES, NEW MEXICO

CASE NO. _____

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APPLICATION

Comes now BURLINGTON RESOURCES OIL & GAS COMPANY, by and through its attorneys, Kellahin and Kellahin, and applies to the New Mexico Oil Conservation Division to amend the Acreage and Well location Requirements and Administrative Exceptions of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool to conform with the Acreage and Well Location Requirements and Administrative Exceptions of the Special Rules and Regulations for the Basin Dakota Gas Pool as promulgated by Division Order R-10987-B(1) issued January 29, 2002.

In support of its application, Burlington Resources Oil & Gas Company ("Burlington") states:

- (1) Burlington is the operator of approximately 2287 wells currently producing from the Blanco Mesaverde Gas Pool.
- (2) On February 1, 1999, the Division issued Order R-10987-A in Case 12069 which increased the well density and amended the well locations requirements for the Blanco-Mesaverde Gas Pool.
- (3) On January 29, 2002, the Division issued Order R-10987-B(2) in Case 12745 which increased the well density and amended the well location requirements for the Basin Dakota Gas Pool.

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- (4) The current rules for Dakota wells located within a federal exploratory unit in the Basin Dakota Gas Pool are different from the current rules for Mesaverde wells located in those same federal exploratory units.
- (5) The rules for the Blanco-Mesaverde Gas Pool should be amended to conform to the current Basin-Dakota Gas Pool Rules
- (6) In addition, in order to avoid any confusion, the Blanco Mesaverde Gas Pool Rules should be formatted to conform to the Basin-Dakota Gas Pool Rules.
- (7) Burlington, proposes that the Blanco-Mesaverde Gas Pool Rules be amended as follows:

I. ACREAGE AND WELL LOCATION REQUIREMENTS

A. Standard GPU (Gas Proration Unit): A Standard GPU in the Blanco-Mesaverde Gas Pool shall be 320 acres, more or less, comprising any two contiguous quarter sections of a single section that is a legal subdivision of the U. S. Public Land Surveys.

B. Well density:

(1) Up to four (4) wells may be drilled on a standard GPU, as follows:

(a) the **FIRST OPTIONAL INFILL WELL** drilled on a GPU shall be located in the quarter section not containing the **INITIAL** Mesaverde well;

(b) the **SECOND OPTIONAL INFILL WELL** drilled on a GPU shall be located in a quarter-quarter section not containing a Mesaverde well and within a quarter section of the GPU not containing more than one (1) Mesaverde well;

(c) the **THIRD OPTIONAL INFILL WELL** drilled on a GPU shall be located in a quarter-quarter section not containing a Mesaverde well and within a quarter section of the GPU not containing more than one (1) Mesaverde well;

(d) at the discretion of the operator, the second or third optional infill well may be drilled prior to the drilling of the first optional infill well;

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(e) no more than two wells shall be located within either quarter section in a GPU; and

(f) any deviation from the above described well density requirements shall be authorized only after hearing.

(2) The plat (Form C-102) accompanying the "Application for Permit to Drill ("APD") (Form C-101 or federal equivalent) for subsequent wells on a GPU shall have outlined the boundaries of the GPU and shall show the location (well name, footage location, API number) of all existing Mesaverde wells on the GPU plus the proposed new well.

C. Well Locations:

(1) Except as provided in subparagraph II.C(2) below, wells drilled on a GPU shall be located not closer than 660 feet to the outer boundary of the GPU and not closer than 10 feet to any interior quarter or quarter-quarter section line or subdivision inner boundary.

(2) Well locations inside federal exploratory units: Wells located within federal exploratory units are permitted an exception to the 660-foot setback requirement to the outer boundary of a GPU and shall be permitted to be no closer than 10 feet to any section, quarter section or interior quarter-quarter section line or subdivision inner boundary, provided, however:

(a) wells shall not be closer than 660 feet to the outer boundary of the federal exploratory unit;

(b) a well located within the unit area but adjacent to an existing or prospective GPU containing a non-committed tract or partially committed tract shall not be closer than 660 feet to the outer boundary of its GPU;

(c) a well located within a non-committed or partially committed GPU shall not be closer than 660 feet to the outer boundary of its GPU;

(d) a well located within a participating area but adjacent to an existing or prospective GPU that is not within the same participating area shall not be closer than 660 feet to the outer boundary of the participating area;

(e) a well located within the unit area but in an existing or prospective GPU that is a non-participating GPU shall not be closer than 660 feet to the outer boundary of its GPU.

(3) The operator filing an APD for any well within a unit area that is closer to the outer boundary of its assigned GPU than 660 feet shall provide proof in the form of a participating area plat that such well meets the requirements of II.C(2) above.

III. ADMINISTRATIVE EXCEPTIONS:

The Division Director, in accordance with Division Rule 104, may administratively grant an exception to the well locations requirements of II.C above upon application to the Division which includes notification by certified mail-return receipt requested to affected parties. [See Division Rule 1207.A(2)].

(8) Copies of this application have been sent to all operators in the pool.

(9) Approval of this application is in the best interests of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE Applicant requests that this matter be set for hearing on October 28, 1998 before a duly appointed Examiner of the Oil Conservation Division and that after hearing is matter, the Division enter its order granting this application.

Respectfully submitted

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W. Thomas Kellahin
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Santa Fe, New Mexico 87504
(505) 982-4285
Attorneys for Applicant